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THE ECONOMIC TIMES

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Foreign Aid Counterpart Fund Operations

In the first 11 months of the current financial year Rs. 243 million was credited to the Ceylon Government Foreign Aid Counterpart Fund and Rs. 240 million was withdrawn from the Fund. In comparison Rs. 255 million was credited in the corresponding period of the previous financial year and Rs. 244 million was withdrawn from it.

The balance at the Fund at the end of August 1971 was Rs. 3 million—Rs. 9 million being credited and Rs.8 million being withdrawn.

Money Supply Increases

The money supply in Ceylon increased by Rs. 166.5 million or 8.5 per cent in the period end December 1970 to end July 1971 compared to an increase of 5.4 per cent in the corresponding period last year.

The money supply at Rs.2,133.1 million at the end of July represented an increase of Rs. 149.7 million or 7.5 per cent over the level in the corresponding month of last year.

The money supply fell by Rs. 17.3 million in July, after having recorded an increase of Rs. 30.7 million in the preceding month. Demand deposits and currency holdings of the public declined by Rs. 3.6 million and Rs. 13.7 million respectively.

The following table presents the change in the composition of money supply and an analysis of the causes leading to this change in July.

In July, the operations of the private sector were mainly responsible for the decline in money supply. The contractionary effect attributable to this sector was Rs. 33.1 million, which may be compared with a contraction of Rs. 56.2 million in June. The operations of the government sector also exerted a contractionary effect of Rs. 9.7 million, in sharp contrast to an expansion of Rs. 83.7 million in the previous month. The effect of these contractionary forces were offset substantially by an expansion of Rs. 11.6 million in bank credit to the semi-government sector and an increase of Rs. 19.1 million in net external banking assets.

CHANGE IN MONEY SUPPLY AND UNDERLYING FACTORS.. JULY, 1971

Rs. Million

Composition		
(*a*) Change in demand deposits held by the public		— 3.6
(*b*) Change in currency held by the public		—13.7*
Net Change in Money Supply		—17.3*
Analysis		
1. External banking assets (net)		+19.1
2. Private Sector		—33.1
(*a*) Commercial bank credit to co-operative institutions ...	—60.2	
(*b*) Commercial bank credit to other private sector constituents	+ 1.7	
(*c*) Time and savings deposits of co-operative institutions ...	+ 2.3	
(*d*) Time and savings deposits of other private sector constituents	— 1.5	
(*e*) Other liabilities and accounts (net) of commercial banks ...	+24.6	
3. Semi-Government Sector		+11.6
(*a*) Commercial bank credit to government corporations ...	+13.0	
(*b*) Time and savings deposits of government corporations ...	— 1.4	
4. Government Sector		— 9.7
(*a*) Commercial banks' holdings of Treasury bills, government and government guaranteed securities and government and government import bills	—14.2	
(*b*) Cash items purchased on government account	+34·5	
(*c*) Central Bank's holdings of Treasury bills and government and government guaranteed securities	+27.2	
(*d*) Central Bank's advances	—35.6	
(*e*) Central Bank's other liabilities and accounts (net)	+11.4	
(*f*) Government deposits with banking system and cash balances with the Treasury and Kachcheries	—33.3*	
5. Adjustments for items in transit		— 5.1
Net Change		—17.3

Note —Signs indicate effect on Money Supply.
*Provisional.

FICCI wants trade treaty with ECM

The Federation of Indian Chamber of Commerce and Industry has urged the Government to continue its effort to negotiate with the European Common Market a comprehensive treaty for tariff concessions and elimination of quota restrictions on export items of interest to India.

Commenting on the British Parliament's endorsement of Britain's entry into the European Economic Community, FICCI President, Mr. S. S. Kanoria said this endorsement had to be viewed against the background of "emerging trends of protectionist policies adopted by some of the most advanced countries of the world."

Mr. Kanoria described as 'anachronistic' the tendency of countries to create tariff in the context of the generalised system of preferences.

With Britain joining the Common Market, the E. E. C. would become a powerful economic bloc capable of affecting the trading opportunities of developing countries, he said.

Mr. Kanoria noted Britain's unilateral imposition of a 15 per cent tariff on cotton textile imports from Commonwealth countries from January 1 next and said its entry into the E.E.C without providing for adequate safeguards for the trade of developing countries would mean a further setback to their legitimate interests.

"Since the common external tariff of the E. C. M. would become applicable to Britain by stages, it is hoped that the U.K. would be persuaded to maintain the status quo at least in respect of its trade relations with the Commonwealth partners until the process of harmonisation of tariffs of the enlarged community becomes completely operative," he said.— UNI.

In this Issue

Petroleum Corp. plans new projects

The Ceylon Petroleum Corporation will shortly invite world wide tenders for the construction of a plastic container manufacturing plant and a plant for the reconditioning of steel drums.

Both projects have been approved by Government, according to a spokesman of the Corporation.

Exchange Saving

When these plants commence operations the anticipated foreign exchange saving is estimated at Rs. 1.5 million. These two plants are scheduled to start functioning by the latter half of 1972.

At present the Corporation is marketing lubricating oil for which purpose tin plates are imported.

Watch out for the Special Supplement on Industrial Development Sponsored by by the President of THE SMALL INDUSTRIALISTS ASSOCIATION OF CEYLON.

CEYLON TEA FETCHES LESS AT LONDON

The average monthly price fetched by Ceylon tea at the London Auctions has been less in the first half of this year compared with the same period last year.

The following table of figures released by the Tea Commissioner's Department show the downward trend.

(New Pence/Kilo)

	1970	1971
January	47.73	46.94
February	46.91	45.68
March	48.59	45.61
April	49.49	46.22
May	52.77	50.36
June	51.18	48.03

CEYLON'S FORTNIGHTLY FINANCIAL REVIEW

MARKET PRICES

COLOMBO

CLOSING PRICES 1-11-71

TEA (Rs. Cts Per lb.)

Approximate range of prices (including teas sold Ex-Estates

	B. O. Ps	B. O. P F.s
High Grown :	Rs. 1.67 — 3.20 1 at 3.30 1 at 3.45 1 at 3.90	Rs. 1.60 — 3.05 2 at 3.10 1 at 3.15 1 at 3.25
Medium-Grown :	Rs. 1.65 — 1.C0	Rs. 1.62 — 1.85
Small Leaf Low-Grown :	Rs. 2.00 — 2.25	Rs. 1.C0 — 1.75
Leafy Low-Grown :	Rs. 2.10 — 2.40	
Tea For Price :	Rs. 1.50 — 1.60	Rs. 1.45 — 1.…
	F. B. O. Ps	**F. B. O. P. F.s**
Tippy Teas :	Rs. 2.30 — 2.65	Rs. 2.00 — 7.00 1 at 8.00 1 at 41.00 1 at 12.00

RUBBER

PRICES FOR THE WEEK ENDED 30.10.71

	(Rs. cts.—per lb.) Closing Quotations	Avg. to date	Avg to Same Period 1971	1970
RSS No. 1	74 3/4		80 3/4	91 1/2
RSS No. 2	62 1/4		72 1/4	86 3/4
RSS No 3	59 3/4		70 1/4	84 3/2

COPRA	*Opening Price*	*(Rs. per candy) Clos. Price*
Estate copra No 1	200.75	197.00
COCONUT OIL *(Rs per ton*		
October	1,340/;	1,300/-
November	1,340/-	1,300/-
DESSICATED COCONUT	Opening price	(per lb) Closing Price
October	.54	.51
November	.51	.49

PRICES OF THE WEEK ENDING 10.10.71

Commodity	**Buyers Qutations** (Per lb)	**Export DUTY**
Cardamoms	13.50 — 14.75	40%
Cardamom Seeds	9.75 — 9.80	on true
Cloves	55.00 — 56.00	F.O.B.
Cloves Stems	5.50 — 6.00	value
Mace	13.80 —	
Nutmeg (Shelled)	5.00 — 5.25	
Nutmeg (Unshelled)	2.60 —	
Pepper (Black)	5.00 — 5.50	
Papain (White)	20.00 — 2.00	
Papain (Brown)	17.00 — 18.00	
Cinnamom H/1	3.05 —	40% on
Cinnamom H/2	2.95 — 2.90	true f.o.b.
Cinnamom Quilings No 1	2.25 — 2.50	value
	Per Cwt.	**Export Duty**
Cocoa	Unquoted	40% on
Coffee	375.00—400.00	true f.o.b
Kapok (Clean)	145.00	value
Kapok (Unclean)	45.00	
Croton Seeds	100.00 — 125.00	
Essential Oils	**Per 25 . op./bl.**	
Cinnamom Leaf Oil	17.50 per 25 ozs	
Cinnamom Bark Oil	Per oz 21.00 per oz.	
Citronella Oil Estate Quality	Per lb. 7.50 per lb.	**10% on**
Citronella Oil Ordinary	Per lb 7.30	true f.o.b. value

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 31.10.71

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

Cereals	(Per Bag 154/158 lbs)	
	(Per bushel)	
Paddy	13.00—14.00	
Other varieties	12.00—	
acPcRir Boiled	68.00—	
Coutry Rice No. 1	75.00— 80.00	
—Cotuntry Rice No. 2	70.00— 71.00	
—Samba Rice	95.00— 98.00	
—Kora Rice	100.00— 10 00	
—Maize .. *Per Cwt*	32.00—32.50	
Pulses *Per Cwt*		
—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	
Millet : *Per Bushel*		
—Finger Millet (Kurrakkan)	11.00—	11.50
—Sorgum	Unquoted	(per ton)
—Soya Beans	850.00	(per cwt)
Spices Condiment *Per lb.*		
—Mustard	9.00—9.50	
—Chillies *Per Cwt*		
—Dired Long	340.00—	350.00
—Dired Round	Unquoted	
—Off Grade	"	
—Goraka..		
—Vinilla .. Per lb.	80/- —	85/-
—Tamarind	—	
—Ground Nuts *Per cwt*	120.00 —	125.00
—Cawshe.. *Per 80 lb*	67.00 —	70.00
Per lb.		

TEA REPORT

Auction No. 40 held on 1st November, 1971.

The total quantity offered was 7,503,533 lbs., comprising 4,115,710 lbs. Leaf Gradex, 861.757 lbs. Dusts, 27,801 lbs. Reprints, 108,437 lbs. Sundry Lots and 2,417,629 lbs. Ex Estate. Quality was irregular with most Western teas plain and weathery. Good demand was shown but at lower rates.

High-Grown Teas: These opened much easier, the higher priced BOP's dropping by 20/50 cents a lb, except where Air Mail orders on a few coloury teas kept these at last rates. More interest developed by the end of the Sale and the decline was not so marked. In the lower price range, the lighter liquoring sorts declined by 5/15 cents a lb. The brighter BOPF's were mainly neglected except a few purchased on specific orders, while the poorly manufactured teas were absorbed at around the Rs. 1.65—1.70 level. Leaf Grades were generally unchanged on last rates.

Medium-Grown Teas: Most of the better made Brokens maintained last prices but the browner stalkier sorts slipped a few cents further. A stronger demand at the end of the Sale pushed the coloury Mediums up by about 5/10 cents a lb. Well made OP's and Pekoes were firm to a few cents dearer.

Low-Grown Teas: The strong interest shown so far for these teas eased substantially at this Sale and most grades showed losses in value; Small Leaf BOP's about 5/15 cents a lb., BOPI's 10/20 cents a lb., BOPF's 5 cents a lb. Well made OP's generally maintained last week's rates while Pekoes were about firm.

Commodity Commentary

Tippy Teas: FBOP's and Small Leaf Flowery Fannings were generally firm on last rates. The showy teas, however, were easier. A special Tippy Invoice from the Uva district fetched a new record price of Rs. 41/- at this Sale.

Off Grades: Western Fannings eased by about 5 cents a lb. Other liquoring Off Grades were firm to a few cents dearer. Low Grown BP's declined by about 10 cents while the corresponding Fannings were firm to sligthtly dearer.

Dusts: Western sorts were 5/10 cents easier while other liquoring Dusts were firm. Low Growns were about 5 cents easier.

RUBBER REPORT

Week ending 30th October 1971

Trading in World Rubber Markets once again reached a low ebb, with the only interest being in covering activities by the Malayan Rubber Fund Board towards the close of the week. The *SINGAPORE MARKET* opened quiet and slightly easier but covering interest in physicals and some forward demand at the lower levels pushed values up slightly for November. The *LONDON MARKET* retained its soft undertone during the week the only redeeming factor was support at source by the M.R.F.B. for RSS 1. The cheaper offerings on the terminal were fairly well absorbed by profit-taking and latterly some interest developed in spot rubber for consumer grades which produced a steadier trend. The *NEW YORK MARKET* did not show any signs of worthwhile offtake and traders reported that activity was still on the thin side with the Dock strikes remaining a deterrent to business. Towards the close of the week it was reported that the ports of Philadelphia and New Orleans had resumed work under a Court order but traders said that this had little bearing on the market at present. On balance London and Singapore improved by.15 of a penny and 1.50 dollar cents, respectively.

RSS 1 opened the week at 73 1/2 cents showing a drop of 01 cent on the previous week's closing figure but steadily improved with each day to reach 74 3/4 cents on the fourth day of trading, at which price the market closed without any fluctuations. Approximately 75 tons of Sheet Rubber were sold by Members or our Association of which 88% consisted of Nol 1 Sheet.

Latex Crepe: There were 377 tons of Latex Crepes on offer at the two sales held during the week showing an increase of 72 tons on the previous week's figure. At the opening sale (204,213 lbs.) latex crepes opened easier but as the sale progressed prices improved all round to touch last week's closing levels. At the subsequent sale (541 211 lbs) latex crepes opened unchanged and remained about steady for most grades.

Scrap Crepe: There were 103 tons of Scrap Crepe on offer at the two sales held during the week showing a decline of 23 tons on the previous week's figure. Scrap Crepes remained more or less steady at both sales held during the week showing hardly any price fluctuations.

Produce Report

Week ending 31st October, 1971

Cardamoms: 8,696 lbs. of Cardamoms were offered, a decrease of 2,796 lbs. compared to the previous week's total. With more competition, the strong demand for Cardamoms continued, No. 1 quality being quoted at Rs. 13/50 to Rs. 14/75 per lb., an increase of 2./50 per lb. on the lower limits. Next best grades were proportionately dearer at Rs. 11/- to Rs. 12/75 per lb. whilst Off grades too improved to be quoted between Rs. 6/- to Rs. 8/- per lb. Seeds however continued to decline with transactions taking place at around Rs. 9/75 to Rs. 9/80 per lb. One lot of superior bold cardamoms fetched the attractive price of Rs. 22/55 per lb.

Cocoa: 163 Cwts. of Cocoa were on offer, an increase of 17 cwts. Once again No. 1 quality was Unquoted due to lack of suitable bids. Below best grades were still easier at Rs. 150/- to Rs. 170/- per cwt., whilst darker and poorer sorts too declined to fetch between Rs. 60/- to Rs. 140/- per cwt.

Coffee: Approximately 1 cwt. of Coffee which was on offer was withdrawn due to lack of suitable bids.

Nutmeg: 9 1/2 lbs. of Unshelled Nutmeg which were on offer were sold at Rs. 2/60 per lb.

Mace: 2 3/4 lbs. of Mace were transacted at Rs. 13/80 per lb.

Big export orders clinched at Leipzig Fair

The 1971 Leipzig Autumn Fair which ended recently under the Fair's traditional motto "For world open trade and technical progress" proved a boon to exporters from 55 countries who participated in the Fair.

Attended by as many as 6,500 exhibitors who included those of the socialist, capitalist and developing countries, Leipzig Fair was a mass of products of the highest technical standards and quality. The volume of business negotiated at the Fair reaffairmed Leipzig's importance as an emporium of world trade.

Trade promotion

The Leipzig Autumn Fair again offered favourable opportunities for the promotion of trade, based on euqality and mutual benefit with the developing countries and the capitalist industrial countries. Both exhibitors and buyers from these states used the Fair for intensive commercial talks. The growing interest which capitalist industrial countries displayin expandingtheir trade relations with the G.D.R. manifested itself in the presence in Leipzig of well-known firms from France, Japan, Great Britain, Belgium, Italy, the Federal Republic of Germany and the Netherlands.

The fact that foreign exhibitors and buyers made numerous contacts, conducted negotiations and transacted business with each other was fresh proof of Leipzig's significance as a centre of world trade.

In addition to a number of scientific meetings organised by the G.D.R. Chamber of Technology the widely varied programme of specialist scientific and technical events included numerous exhibit-related specialist lectures given by leading exhibitors from both at home and abroad.

In recognition of outstanding quality, 75 Gold Medals and Diplomas were awarded for products offered by Fair exhibitors from 19 countries: 34 of these for exhibits from G.D.R. industry and twelve for topclass products from the U S.S.R.

Among the more important export orders negotiated at Leipzig include;—

An agreement on the import of 600 lorries and 34,500 cars from the U.S.S.R. was concluded between the foreign trade enterprise Transportmaschinen and their Soviet partner Avtoexport.

These vehicles included proven types as well as new models, for example the Saporoshez, Moskvich, Volga and Shiguli.

The Director-General, Helmut Ihle, signed an agreement for Transportmaschinen and the Vice-President, Mr. I. A. Pankratov, signed for the All Unions Association Avtoexport. Present at the signing were the Deputy Minister for External Economic Relations of the G.D.R., Kurt Enkemann, the acting Trade Representative of the U.S.S.R. in the G.D.R., Mr. S. P. Denissov, as well as other leading personalities from the industry and foreign trade of both countries.

Following the conclusion of the agreements on car imports for 1972 tangible stipulations were agreed upon during the last phase of negotiations by the foreign trade enterprise Transportmaschinen and Soviet All Union Association Avtoexport concerning the import of cars in the period from 1973 to 1975. This means that the materialization of a long-term trade agreement of car imports from the Soviet Union is now made certain by this contract.

Interest in Polygraph products

At this year's Leipzig Autumn Fair, great international attention has been attached to the range exhibited by VEB Polygraph Leipzig. Discussions and negotiations took place with business partners from such countries as Poland, Bulgaria, the Democratic Republic of Vietnam, the Mongolian People's Republic, France, Sweden, Finland, and Japan. Also from Brazil, India, and Mexico exports and customers were welcomed.

Official delegations from the Moldavian Socialist Soviet Republic, headed by the Minister of the Light Industry, Sherakin, and the Deputy Minister for Services, Soretnia, as well as from Poland with the Deputy

EXPORT INTELLIGENCE

Minister of Foreign Trade, Waroski, gathered information on the exhibits of this combine. The personalities from abroad were very much impressed by the machines and production lines exhibited by the printing machine and allied industries of the G.D.R.

The Hungarian foreign trade enterprise for products of the instrument industry, METRIMPEX, was very satisfied with this year's Fair business. Many customers have already shown a special interest in the biological micro-analyser "OP-210"—an instrument of the Handicraft Production Co-operative for the Construction of Electrochemical Instruments Radelkis. The "OP-210" was awarded a Fair Gold Medal The head engineer of the production co-operative, Mr. Thomas Damokes estimated that the demand for this instrument at the 1971 Autumn Fair was about four times as large as the present supply capacity of his factory.

Textile and shoe machines

The process of including technical trade-groups into the exhibition programme of the Leipzig Autumn Fair will be concluded by 1972, when the trade-group of textile and shoe machines has been incorporated. At the 1971 Leipzig Autumn Fair, the G.D.R.'s textile machine industry exhibited complete technical solutions for the production of man-made fibre and for the processing of chemical and natural fibre.

The textile machine industry prepared itself for the introduction of new processes in testile technology. With various new items and improved versions, which recently were successfully shown at the International Textile-Machine Exhibition in Paris and found the interest of the international specialists at the Leipzig Fair.

Export opportunities

The following foreign firms are interested in importing from Ceylon the goods indicated below:.

M/s Ciabatti Dante, I.L.E.T.,
Viale Lantreatti, 26,
Grosetto, Itally.
Timber.

M/s Fabri Baroni Fareb,
ViadeiGelsi, 14,
S. Lazzaaro Di Squena,
Bologna, Italy.
Canned bottled fruit juices (concentrated).

M/s R. N. Rattansi & Sons,
P.O. Box 269, Dar-es-Salaam
Tanzania.
Readymade bush shirts, Textiles; Footwears of all kinds; Fresh fruits; Dried fruits; Spices Pulses of all kinds and foodstuffs. etc.

M/s. Millbrock Shirt Ltd.
388, King Street West,
Toronto, Ontario.
Shirts of blended fabric.

M/s Economical Mercantile Agency,
17, Ben Shatwan Street,
Komeith Street,
El Amer Building,
Libya.
Pineapple juices and slices canned in tins.

MANAGEMENT

JOB ENRICHMENT

In many plants, job enrichment means allowing workers to carry assembly to completion: sometimes even testing, rather than doing just one small job endlessly.

(Courtesy Horizons)

Every man a manager

To erase, or at least minimize, the distinctions between office and production workers, hourly rated" employes are referred to as operators" or even as "managers." Some didn't like this at first, Donnelly says. "It can sound like a gimmick. But now with the work teams, they feel they *really are* managing their work." The feeling of equality was reinforced this year when all hourly paid employes were put on salary. All time clocks were removed. Absenteeism and tardiness are both down, and "people are behaving in an increasingly responsible way," according to Henry Kort, the factory manager.

"Knowing they're doing this," says Mrs. Pat Laarman, 23, a production inspector, "you're more eager and willing to be here because you want to give the fullest co-operation. They're willing to pay you when you're gone, you should be willing to give them full worth."

Donnelly supervisors make an extraordinary effort to keep all hands fully informed on both prospects and problems. Charts of sales, production, inventory and profits are prominently displayed in each division. Surveys and questionnaires are distributed frequently, and are discussed abundantly after they have been collated. Detailed articles on new developments are included in the *Donnelly Mirror*, a glossy-paper monthly put out for employes. Groups and divisions meet frequently, and all attending know they are free to speak out.

Management listens carefully to what the operators say, and it hears much more than complaints. One maintenance man thought of a way to build a machine for beveling mirror edges for only US $250, compared to the US $900 machine Donnelly would otherwise have bought. His machine was also superior because it was easier to move and maintain. When the Company planned to buy a new glass machine, the production worker who was to run it was taken along with the Engineer to California, to try it out before making a commitment. Work teams work hard at among other things, reducing the number of jobs, because they know that as production costs drop, bonuses go up (they have already increased twenty-one-fiold since 1961). Quality-control personnel have been reduced from 14 to four since 1967, while production has doubled. The percentage of returned goods has declined from 3 to 0.2 percent in two years. Scrap loss is down from 13 to 3 percent over eight years. When the employes requested pay increases costing US$292,000 in 1970, the company agreed but said, "You'll have to contribute something more. We're not going to add to inflation. Show us how you're going to do it." Work teams held special meetings to root out wasteful practices, and within three weeks management had cost-reduction commitments totaling US $636,000 from foremen, department managers, and engineers.

With this kind of impetus, Donnelly's business has grown sharply, while the cost of its products—mostly auto mirrors—has gone down each year. Of course management has been busy in the outside world as well: Sales have gone up from US$3,600,000 in 1965 to the present US$13,800,000 level, and profits have increased an average of 22 percent annually in recent years. The inside workings of Donnelly's satisfaction-generating machinery were strikingly illuminated during a meeting of a work group composed of grinders, seamers, and inspectors from the second shift. Foreman Doug Murr, 28, led the discussion, skilfully drawing out the quiet ones, holding talkative ones back so everyone had a chance, explaining patiently and clearly until each person understood. The group talked about the new weekly pay policy. Jane, a seamer, minimized reports that some were taking advant-

(Contd. on Page 16)

SHARE MARKET REPORT

Conditions on the Share Market remained quiet, according to the Report of the Colombo Brokers' Association for the week ended october 29.

	Previous Price	Oct. 29	+or—
	Rs. Cts.	Rs. Cts.	Rs. Cts.
Teas			
Welimadas	4.00	4.00	—
Tea-cum-Rubber			
Vogans	.65	.65	—
Rubber			
Ceylon Rubbers	11.00	10.50	— .50
Mahagamas	11.50	12.00	+ .50
Commercials			
Ceylon Nutritional Foods ...	8.50	7.00	—1.50
Associated Motorways ...	12.50	10.00	—2.50
Kandy Textiles	5.25	4.25*	—1.00
Richard Pieris	9.00	9.00*	
Development Finance	65.00	60.00	—5.00
Commercial Bank	5.74	5.75	
Ceylon Hotels Corp.	1.00	1.00	
Hayleys	10.00	10.00	

There was no changes in tea shares and tea-cum-rubbers and no business in coconuts.

The following dividend announcement was made;-

Ceylon Cold Stores Ltd—9% Final payable on 18.12.71.

Local coriander may produce a new "atomic" variety!

A new, super variety of the spice coriander, familiar to every Ceylon housewife, is being grown at Throws Farm, the 475-acre experimental crop husbandry farm near Great Dunmow, in Eastern England.

Now Ceylon is being asked to help to produce this 'super' brand of coriander. "What we like to do", says Dr. Brian Bland, Throws Farm's technical services manger, "is to experiment with seeds from different parts of the world.

"We hope to have some from Mexico", he said, "and if anyone in Ceylon would like send us a sample, we would be very pleased to exchange information and send out samples of our seeds."

Earlier this year Dr. Bland sent a sample of seeds to the Atomic Energy Authority at Harwell. Now it might sound strange to bombard seed atomically, but the idea was to produce a super variety, called a polyploid, in the fastest possible time.

'Something special'

"Normally It takes several years to improve a strain", Dr Bland explained, "because you have to keep selecting strains and developing them, and you get the improved strains by mutation. But we were in a hurry. So we used the services at Harwell, where they irradiated the seeds to affect the genes, and we think that by this method we have produced something special."

The final results will not be known until the crop from the atom-blasted seeds has been threshed. The crop was grown on a small pilot plot and harvested and is now waiting for someone to cull the seeds and count them.

Coriander is a member of the parsley family. It has been grown in Britain for at least 200 years, and the company that owns Throws Farm, the giant Rank Hovis MacDougall organisation, now produces 90 per cent of all the coriander grown in Britain.

The whole spice is an important ingredient in gin. When ground, it is used to flavour curries, and as such it is a highly important cooking ingredient in Ceylon and other eastern countries. Some of it is used to make feed more palatable to poultry. It is also a potentially useful break crop in cereal growing areas, because it may be planted after a number of years to break a disease cycle in the cereal.

Selected for quality

Seeds are selected for quality germination and purity, and the stalks should have good standing ability. At Throws Farm they recommend growing coriander in an open enviornment to avoid virus infections from weeds in the same botanical family.

In preliminary observations last year, it was found that coriander plants with access to bees and insect pollinators gave yields nearly three times that from plants without access.

For Ceylonese interested in sending coriander seed samples to Dr Bland, the address is; Throws Experimental Crop Husbandray Farm, Stebbing, Dunmow, Essex, England.

SCIENCE AND TECHNOLOGY

SURVEY OF EARTH RESOURCES

The United States Space Agency last week selected scores of experiments from 22 countries including India, for surveys of earth resources from new types of satellites to be launched in 1972 and 1973.

The experiments selected from India is ground resources survey in India and adjacent waters and Arabian Sea by Dr. P. R. Pisharoty, Ahmedabad.

The experiments aboard the two satellites includes projects to determine the feasibility of studying land use and soil erosion in Guatemala, winter monsoon clouds and snow cover in Japan, spring flood hazards in Norway and locust breeding sites in Saudi Arabia.

Initial experiments from scientists in the United States will examine the practicability of remote construction, the relationship of ocean colour to the improvement of commercial fishing, the replanting of land used for strip mining and country-wide land use planning.

The first vehicle to carry the experiments, selected from among more than 700 proposed to the National Aeronautics and space Administration (NASA) last June, will be the 950 kg. ERTS-A, the first Earth Resources Technology Satellite.

NASA said it expected the spacecraft to produce a combination of more than 300,000 photographs and digital information each week. Most of the data is to be processed and made available to experiments within 10 days.

ROBOT WITH A BRAIN

IHI unveiled the 'Conslarm' DCR-24, a high - efficienct robot with a brain which it developed, at the 9th International Trade Fair held at Harumi, Tokyo, from April 16 through May 5.

The mechanical man is linked with the MK-24, a computer-like controller having a memory device developed by IHI, and has been dubbed the DCR-24. In performance, it is a big improvement over the robot for industrial use.

For example, its address number has been increased by several score of that of the IHI "Conslarm" P.T.P. type. Besides the P.T.P. (point to point) and the C.P. (continuous path) mode, the P.T.P. and C. P. combined mode is also possible.

As a result, it can reproduce clearly a complex path or a delicate movement.

One of the features of the robot with the brain is that it can make its own judgement and change the path schedule

COMPUTER FORECASTS FOREST GROWTH

Rate of growth and quality of timber from trees in forest plantations in the developing countries may soon be forecast by computer.

A research project undertaken by the Commonwealth Forestry Institute at Oxford and supported by Britain's Overseas Development Administration will be based on data collected by forestry departments in a number of countries.

Since 1964 measurements have been made of the diameter of each tree in a specimen plot, the height of the four thickest trees, and their disease 'rating.'

The figures will be fed into a computer to produce equations - growth models - for the prediction of future yields. The first countries to benefit from this research will be Kenya, Uganda, Tanzania and Malawi.

Besides estimating the yield of timber, the computer will forecast its quality and the most suitable desnity of trees per plot to produce such a yield.

Investment prospects for small Industrialists — LATEX FOAM RUBBER PRODUCTS

Foam rubber is a material with cellular structure made out of rubber latex moulded or moulded and cut into blocks or forms for use in upholstery, padding, furnishings, bedding, carpet backing and insulation etc. It has a porous surface skin allowing it to breathe readily. Latex foam is widely used in applications requiring a cool and comfortable cushioning material.

MARKET

The production of foam rubber cushions and mattresses is at present confined to one unit in the private sector. Th e output has been on an increasing trend with a production of 99,115 numbers valued at Rs. 1.45 million in 1969. One small-scale unit has been approved recently.

Foam rubber products like cushions mattresses and pillows are increasingly used in hospitals, hotels, and other institutions mainly because they are bactericidal, less susceptible to humidity and dampness, resistant to vermin, moths etc.

The present demand for these items is generally among the middle and upper income groups. According to the consumer survey report of 1963, 2.6% of the income recievers earn over Rs. 500/- a month and they support approximately 55,000 households or a population of 330,000 persons on an average of 6 persons to a household. Assuming that on an aveage 4 mattresses, 4 cushions and 4 pillows are used per household it could be estimated that at present there is a total of 660,000 articles (or 220,000 numbers of mattresses, pillows and cushions in each category) in use among this income group. Taking the average life of the existing articles to be 5 years it could be estimated that the annual replacement demand for each of these categories of articles is 44,000 Nos. or a total of 132,000 Nos. The additional demand due to the increase in population at a rate of 2 1/2% per year is 16,500 Nos. Therefore the total annual requirement would be 148,500 Nos. or 49,500 Nos. in each of the categories (pillows, cushions and mattresses). Taking 50% of the cushions and foam rubber the annual demand for these two categories of items alone would be 37,120 Nos. Although there is a demand for mattresses it is felt that rubberised coir mattresses would be preferred to foam rubber mattresses because of their low prices e.g. the price of a foam mattress is Rs. 1[illegible] compared to a rubberised coir mattress which is only Rs. 96/-. Therefore the proposed unit is for the manufacture of cushions, pillows and upholstery pads.

Further the demand for foam rubber is more keenly felt in the upholstery industry: particularly in the manufacture of automobile, railway, aircraft motor cycle and bicycle seats. It competes successfully with other forms of padding as it is a better shock-absorbant apart from its cushioning comfort. The number of registered vehicles as on 31st March, 1971 was as follows;

	No. Vehicles	No. seats	Foam Rubber required sq. ft.
Private & hiring cars invalid carriages	86,783	347,132	1,388,528
Private coaches & omnibuses	9,922	297,600	1,190,640
Motor cycles	19,200	38,400	38,400
Lorries proper and ambulance & hearses	32,226	128,904	516,616
No. of bicycles in use (approximately) ...	600,000	600,000	300,000
Annual production of bicycles	40,000	40,000	20,000
	788,131	1,452,096	3,453,184

Foam rubber required per seat is calculated at the rate of 4 sq. ft. for an automobile seat. The average thickness of the seat is 2 1/2".

Therefore the potential demand for upholstery of auto mobiles excluding the requirements of the C.G.R. is about 3.45 million sq. ft. It could be estimated that atleast 10% of this vehicle fleet needs to be upholstered annually. The annual requirement would therefore be atleast 345,000 sq. ft. approximately.

In term of upholstery too it could be estimated that atlest 880,000 sq.ft. of padding material are in use at present within the income group earning over Rs. 500/- a month.

Taking the replacement rate to be 10 years the annual demand would be 88,000 sq. ft. Therefore the total annual demand for upholstery both for automobile and furnishings is 433,000 sq ft. Allowing 50% of the above requirement to be of coir the annual demand for foam rubber would be 216,000 sq ft.

Further, there is also a substantial demand for foam products in the world market too. According to the available data, of the total world trade in Rubber in 1964: 20.8% valued at 215.8 million US was of unhardened vulcanised rubber and other articles of rubber not elsewhere specified. It could be estimated that atleast 40% of this quota was of foam products. Further the total import of foam rubber goods by the 4 main consumer countries—UK, US, France and Japan in 1968 was 163,524 metric tons of which 58,424 metric tons was of natural foam rubber goods. There is scope for further development of the export of these goods of natural rubber to these countries because of better physical properties of natural rubber like better tear, resilience etc. and lower prices. It is suggested that [illegible] of the local demand for foam rubber should be produced to the export market initially and measures should be taken to develop this subsequently.

SCOPE FOR DEVELOPMENT

Allowing for the existing production it could be conservatively estimated that at present there is scope for the immediate establishment of one unit with an annual production capacity of [illegible] pillows and cushions with an average thickness of 1 1/2" and 75,000 sq. ft. of 2 1/2" thick foam rubber for upholstery and furnishings. On the basis that the production of foam has been increasing at an average rate of [illegible]% per annum it could be further estimated that an additional unit could be established subsequently. The location of these units should preferably be in Rubber growing areas like Avissawella, Kalutara, Kegalle, Dompe etc. This unit could also be accommodated in an industrial estate.

RAW MATERIALS

The main raw material required for this industry is 60% ammonia preserved concentrated latex and it is available locally. Other materials like latex stabilisers, antioxidants, accelerators, sulphur, zinc oxide, foam stabilisers, gelling agents, dispersing and wetting agents are required in small quantities and these items are to be imported.

MACHINERY & EQUIPMENT

	Rs.
3 Hobart mixers Rs. 5,000/- each	15,000
2 Latex storage tank Rs. 1,000/- each	2,000
1 Boiler (300 lbs./hr. 100 lbs. PSI)	15,000
1 Ball mill	3,000
2 Steam chambers with trays and and steam connections Rs. 5,000/- each	10,000
2 Drying chambers with steam pipes Rs. 5,000/- each	10,000
24 Aluminium moulhs Rs. 1,000/- each	24,000
2 Fire extinguishers Rs. 250/- each	500
Miscellaneous equipment	5,000
	Rs. 84,500

The Hobart mixers and the testing and weighing equipment which are included in the miscellaneous equipment should be imported. The Boiler is considered to be second hand one for purposes of costing this project and it is felt that it would be economical to obtain a second hand one as a new one would be of high price. The other items could be locally fabricated. (An IDB Study)

CAPITAL REQUIREMENTS

Fixed Capital	Rs.	Rs.
Land 1/2 an acre Rs. 5,000/- an acre	2,500	
Building 40'x50' Rs. 20/- a sq. ft. ...	40,000	
Installation of power and water supply	2,000	
Machinery and Equipment ...	84,500	
Other equipment and furniture ...	1,000	
Contingencies	5,000	135,000
Working Capital		
Stocks—Raw Material		
1/2 months concentrated latex ...	9,950	
3 months compounding ingredients	8,460	
Finished goods (one month) ...	28,900...	
Receivables less payables ...	25,000	
Cash requirement to meet operating expenses	10,000	82,310
Total capital employed		215,310

(To be continued)

U.S. Trade and Investment Policy . .

(Contd. from page 9)

The crisis of confidence can be traced to some major developments both here and abroad.

Foremost among these, without doubt, is the increased pressure of imports in the U. S. market. Moreover, our ability to capitalize on our comparative advantage has been impeded by foreign barriers to our exports.

Competition from other developed countries and the emergence of new industrial exporters in the developing world are, of course, normal historical developments. Increased foreign competition was to be expected as other countries rebuilt their economies after world war two and narrowed our technological lead. Our people have coped with change by devoting their energies to those activities which are most rewarding, not by persisting in producing goods which can be produced more chaply elsewhere.

We met the challenge of increased competition from a reconstructed Europe and Japan. Our share of world exports did not decline significantly and our trade surplus reached a peak in 1964. The pattern of our trade was changing, however, our exports shifted increasingly to high-technology capital goods, and we imported more consumer goods.

U. S. investment abroad played a role in quickening the pace of economic change in the 1960. The multinational enterprise has become a powerful factor in spreading modern technology, management, and production techniques throughout the world. This development has benefited the United States by helping to maintain for American firms a position in foreign and domestic markets which would otherwise have been lost.

Erosion of Trade

Our situation changed for the worse as our trade balance deteriorated by 5 billion dollars between 1964 and 1969. This erosion of our trade position is explained by several factors.

Of major importance was our failure to contain the inflationary pressures induced by accelerated government expenditures, including those accompanying the war in Vietnam, without timely and commensurate increases in taxation. Our unit-labor costs in manufacturing, which had been stable for many years, increased rapidly after 1964. Our price and income inflation attracted a huge volume of additional imports and worsened our trade balance.

Our problems were compounded by the fact that the United States, unlike the United Kingdom and France which experienced similar difficulties, did not have ready recourse to the remedy of a change in its ecchange rate. Because of the pivotal role of the dollar as a transaction and reserve currency, it is highly questionable whether the United States could effectively devalue its currency unilaterally even if it were to be convinced that such action was warranted. Revaluations upward by other countries have occurred, but with great reluctance and only after dollars in excess of their reserve needs were accumulated by their central banks.

Our problems were further compounded by various foreign government measures, particularly in the field of taxation. which artifically improved the trade position of other countries. Many of these measures in fact constitute direct or indirect subsidies.

The European community's protectionist common agricultural policy has damaged some of our major agricultural exports: and its preferential links with other countries in the mediterranean and Africa also have adversely affected our trade.

Japan has maintained many formal and informal import restrictions at the same time that it has greatly increased its exports to the United States. While Japan's spectacular increases in productivity were an essential condition of this export expansion, the latter has been stimulated by government measures and business practices not employed elsewhere nor contemplated in gatt. European restrictions on imports from Japan have contributed to increasing the flow of Japanese exports to our market.

Foreign Concern

Events in the United States, in turn, have given foreign countries cause for goncern.

We have failed thus far to enact legislation to implement the "chemicals package" negotiated in the kennedy round, involving elimination of the American selling price method of valuing certain imports:

We have imposed import restrictions on a number of products and have tightened our restrictions on others. so-called voluntary export restraints have been negotiated on cotton textiles and apparel, meat, and steel, while similar restrictions are being pressed for textiles and apparel made of manmade fibers and wool:

A bill providing for the automatic extension of such restrictions to any other foreign product that now, or in the future, might make significant inroads on the U. S. market was almost passed by congress in 1970, adding to the sense of impending crisis.

Today, the United States still accounts for 40 percent of the production of the non-communist world: but the European community and Japan have become major centers of economic power and strong competitors in world markets. Western Europe and Japan have been slow to assume the responsibilities that come with power and strength. The United States should continue to do its part: But other industrial countries must also assume their share of responsibility for their own defence and for the smooth functioning of the international economic system.

Indeed, the commission was impressed with the fact thab omany of the economic prolems we face today grow out of the overseas responsibilities the United States has assumed as the major power of the non-communist world.

We do not mean to imply that our balance-of-payments deficit can be ascribed to foreign aid and military expenditures or to any other single cause. We wish, however, to call attention to the basic strength of the private U.S. economy, which has been carrying a burden of government payments abroad quite disproportionate to that of any other country in the world.

Changes in the domestic setting. Realism also requires that we take account of some basic changes in the domestic economy. Advanced industrial societies, including our own, have become less tolerant of the disruptive effect of economic change. This is particularly true of dislocations due to foreign competition.

(To be continued)

Population growth and transport costs

Contd. fıom page 9

One can expect that fares will eventually be increased to keep revenues roughly in balance with costs. Our calculations indicate that an increase in the average fare per trip from 22.8 cents in 1968 to 29 cents in 1978 would keep costs and revenues roughly in balance in 1978. A further increase to 36 cents in 1988 would maintain the balance in that year. Our calculations were based on the assumption that the fare increase would cause no reduction in the use of the bus services, which may be somewhat unrealistic. However if imports of motor cars continue to be severely restricted, and train fares are also raised, the decline in use of the buses consequent on a fare increase might not be very great. At any rate, this assumption will make almost no difference in the size of the fare increase required to break even provided that the increases are introduced gradually so as not to lead to a sudden large drop in passenger and hence over-capacity.

Conclusion

Difference in the rate of population growth in the future are unlikely to have very much effect on the size of the Ceylon Transport Board's operating deficit, since a fall in the birth rate would lower both costs and revenue as compared with maintenance of the present birth rate Between 5 and 29 years after the fall in fertility, the deficit would be smaller if fertility declines, though the extent of the saving is small when compared with the rapid increase in the size of the deficit in both projections. After about 20 years, the deficit would become **larger** in the low projection, because of the assumption that transport costs are linked to the index of G.N P. per head of the labour force, which grows more rapidly in this projection.

(1) *The policy has undoubtedly achieved its aims of mobility of these groups. Bus rides per head of population increased from 56.1 in 1960 to 104.5 in 1968.*

(2) *The C.T.B. acquires all its double-deckers buses from the London Transport Board. The London Transport Board sells its 8 years old buses for Rs. 25,C00. They must be overhauled in Ceylon every three of four years at a cost of Rs.)45.000.*

(This article was prepared prior to the recent increase in public transport fares)

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

INDIA RULES OUT INDUSTRIAL POLICY SHIFT

Kailash Nagar

Despite the fall in the rate of growth of industrial production to 1.5 per cent in the first six months of this year, the government "will not change its industrial policy to suit the big industrial houses," Industrial Development Minister Moinul Haque Chaudhury told the AICC (N) session

Speaking on the economic situation, he said he was not unduly alarmed about the slow growth rate. The rate of 1.5 per cent in the first six months of this year (against more than 4 per cent last year) was slow. However, it was due not only to some shortages but the refusal of the big industrial houses to invest capital in fields where they had been allowed to, he said.

He based his optimism about a better performance in future on the present tempo of issue of licences. While licences issued last year totalled 363 and letters of intent to about 430, the number this year might more than double. Applications for licences to set up new industries were also pouring in and the number might reach anythings between 4,000 and 5,000 this year. The new industrial projects, would, how ever, start production only after a couple of years.

The Minister said his critics had been saying that by opening banned sectors to big industrial houses, the rate of growth could have been increased. "I agree that it is possible. But what will happen to the small man and our objective of removing the concentration of wealth?" he asked?

The objectives of the Congress and the Government's industrial policy were the same. They were to broadbase entrepreneurship and reduce the concentration of economic power in a few private hands.

To achieve this, the Government had been consciously encouraging small industry. About 128 items had been reserved for the small sector. This sector had been doing "wonderfully well". It had registered a 11 per cent growth last year. The government had also been trying to develop backward regions to remove regional imbalances in growth.

* * *

EEC CLOSES RANKS AGAINST USA

Luxembourg.

Common Market Ministers closed ranks against attempts by the United States to divide the European Community.

Following some reports that the United States would consider removing its 10 per cent import surcharge for West Germany alone, EEC Foreign Ministers meeting in restricted session here reaffirmed their unity and agreed to a series of steps for monetary and trade bargaining with the United States.

French Foreign Minister Maurice Schumann told reporters after the meeting that the EEC's common front had emerged strngthened from the discussions.

In Bonn, Chancellor Willy Brandt said the European Common Market countries should agree to an early return to fixed parities for their currencies.

He also said the permitted fluctuations in these pairties should be a little wider than before vis-a-vis non - EEC currencies.

It was time for Western Europe to take an initiative aimed at terminating the monetary crisis, he said. But they must arrange for "equilibrium" with other partners, particularly the United States.

Brandt added that the US balance of payments position should be corrected, and that this was a matter of vital importance to Europe. He stressed the need for close Franco-West German "dialogue" in monteary discussions.

PLANTS IN MANY US FACTORIES 'OBSOLETE'

Washington

Treasury Secretary Connally admitted for the first time that America's difficulty in competing with the Europeans and the Japanese was not all due to unfair trade practices of other nations but on account of America's obsoletemachines in many factories.

Connally told a televised press conference that 44 per cent of the equipment of America's industrial complex was ten years-old or even older. Six years ago the percentage was 35.

Connally said it would take "a lot of money" to modernise the equipment to make American manufactures more competitive.

He indicated that in exercising control on profits the authorities would take note of the fact that "profits have been unusually low this year and last year."

Connally again reiterated the Administration's determination to bring the annual rate of inflation down to between two and three per cent by the end of next year. After that the effort would be to bring it down still further.

DEVELOPING COUNTRIES FOUNDATION REPORT FOR 1970

Berlin

The recently published annual report of the Berlin-based German Foundation for Developing Countries shows that 34 international seminars, conferences and meetings were organized in 1970 with 2,505 participants from the countries of Africa, Asia and Latin America.

The main topics covered were economic growth, the social system, and education in the developing countries. Assistance is given to 979 scholarship-holders in 77 one-to-two year further training courses in the spheres of administration, technical training for industry, and agriculture.

A total of D.M. 14 million was at the Foundation s disposal in 1970.

GLOBAL NEWS

KRIVOI ROG GIANT

Soviet specialists are designing the world's biggest blast furnance, its net volume coming to 5,000 cubic metres. The design capacity - 4,000,000 tons of cast iron a year. This is the amount produced by the whole of pre-revolutionary Russia. An electronic computor will take care of all the operations.

The giant blast furnace will come into operation in Krivoi Rog - centre of Ukrainian steel industry - in 1974.

USSR COOPERATION WITH CHILE

Moscow.

An agreement between the Soviet Union and the Republic of Chile on cooperation in the development of the fishing industry has been recently signed.

It provides for Soviet technical assistance in designing, building and reconsctructing fishing ports in Chile and in training fishing industry person. el It is planned, for instance, to set up with Soviet assistance a centre for training specialists of middle qualification. In addition the Chileans will be trained in Soviet establishments of higher learning and research institutes and will undergo practical training at Soviet enterprises.

EUPHRATES DAM UNDER CONSTRUCTION

A hydroelectric power station is being built in Syria on the Euphrates river. This is the largest economic project now under construction in the republic.

The erection of the Euphrates hydro-scheme has become possible thanks to Soviet-Syrian cooperation. The US SR has granted Syria the appropriate loans, supplied the construction site with up-to-date technical facilities and sent its specialists there.

At present over 10,000 Syrian workers, technicians and engineers and hundred of Soviet specialists are employed here.

BRITAIN'S ENGINEERING AID TO DEVELOPING COUNTRIES

London.

"An important feature of Britain's aid to developing countries has for some time been the provision of the service of British consultants, in response to requests for assistance from the government of the country concerned, to carry out economic and feasibility studies, or other pre-investment investigations relating to worthwhile development."

This was the reply given by the Minister for Overseas Development, Mr. Richard Wood, in reply to a House of Commons question last week.

The Minister then went on to give the number of such investigations by British consulting engineers which have been approved in the last three financial years, and the total aid commitments involved.

The respective figures are; 1968/69, numbers approved - 37, value £- 1,107,620: 1969-70, numbers approved - 32, value - £951, 685: 1970-71, numbers approved - 39 value - £1,470, 520.

Indo — Yugoslav economic relations

In July 1971 the Fifth Session of the Indo-Yugoslav Joint Committee was held in New Delhi. The discussions and their outcome put the seal of approval of the two Governments to end the existing bilateral clearing system of payments between the two countries, in favour of a multilateral system of transactions in convertible currencies with effect from January 1, 1973.

Such a decision reflects the dynamic character of the relations that have existed between India and Yugoslavia over the past period of a decade and a half. This decision also demonstrates a will on the part of the two friendly countries to adapt their relations to ever-changing conditions in the respective countries and in the world at large. Besides, it also reflects a sense of mutual accommodation of each other's policies and points of view, in order not only to sustain the achieved levels of economic co-operation, but even to expand these to newer horizons.

By the time the existing agreement expires, it will have served the mutual co-operative effort of the two countries for a period of well over a decade. During this period phenomenal advancement of the economic relations between India and Yugoslavia has taken place, in the fields of trade, financial assistance and industrial co-operation.

The trade exchange between the two countries, which was of the order of $ 16.2 millions in 1963 increased to $ 88.2 millions in 1970, thereby recording an increase of more than 450 per cent in the last eight years.

During the first half of 1971, the Yugoslav imports from India were $ 30.6 millions compared to $ 18.2 millions in the same period last year and the exports to India amounted to $ 13 millions compared to $ 27 millions in the same period of 1970. As a result of this increased Indian exports and reduced Yugoslav exports India has gained a trade surplus of $ 17.6 millions in the first six months of the current year. (One dollar is equivalent to Rs. 7.5)

INCREASE IN INDIA'S EXPORTS

Yugoslavia over the years has maintained a sizable trade surplus with India.

In 1968 Yugoslavia introduced several measures of a financial, transport and customs character to facilitate an increase in the level of Indian exports to Yugoslavia. As a result, the exports from India to Yugoslavia increased from $ 20 millions in 1968, to $ 34.8 millions in 1969 and to $ 42.6 millions in 1970. During the first six months of the current year, the exports from Yugoslavia to India slumped by around 50 per cent, whereas Indian export recorded a rise of over 68 per cent in the same period as compared to the first half of 1970, giving India a significant trade surplus during this period.

FINANCIAL CREDIT

Though itself a developing economy, Yugoslavia has advanced to India two financial credits in 1960 and 1966 amounting to $ 120 million. These credits which were granted to finance Yugoslav supplies of equipment for capital projects have been largely utilised through the supply of ships equipment for several hydro electrical and thermo-electrical projects, food processing plants, coking, plant, cement and brick plants, etc.

Among various sectors the striking contribution made by these credits is noteworthy in the field of power generation and the development of the merchant fleet of India. In the former field, Yugoslavia supplied equipment for the setting up of 15 power plants in India capable of generating around 500 MW. In the field of shipping Yugoslavia, by the time all the deliveries will be completed, will contribute about 33 per cent of the total shipping tonnage as targeted by India at that time. So far, Yugoslavia has already supplied 18 ships of a tonnage of 718,000 d.w.t. At present there are four ships on order in Yugoslavia constituting a tonnage of 451,000 d.w.t., which means that at the end of the completion of the deliveries, Yugoslavia's contribution to the develop ment of the Indian merchant fleet will be 1,169,900 d.w.t.

JOINT VENTURES

Joint ventures have also played an important role in the working of the Indo-Yugoslav economic relations. The Yugoslav participation in these joint ventures is confined to the supply of technical know-how and equipment. These ventures are currently producing a wide range of goods ranging from road rollers and tractors to water meters and sophisticated electronic equipment.) For future efforts to launch such joint ventures in either country or jointly in third countries, certies, certain sectors where possibilities exist have already been identified. These are tractors, TV glass tubes, passenger cars and allied components and the supply of electric equipment for power plantst to other countries

AFRICA'S DEVELOPMENT STRATEGY AND LES
FOR DEVELOPING COUNTRIES

With a few exceptions like Nigeria and Egypt, the African economies are mostly small entities with their population ranging around 2-10 million. Their modern sectors are generally export oriented, but exports in most cases comprise just one or two commodities—may be a mineral as copper in Zambia or a cash crop as cocoa in Ghana.

To this day, the monetary sector of the economies, lying south of the Sahara, encompass only one-fourth of their respective total population: and throughout the colonial regime this sector was dominated by foreign element—mainly European, but in the East African countries also Asian. The manufacturing industry accounts for less than 10 per cent of their Gross Domestic Product (GDP) while the subsistence sector still accounts for nearly one-third of it. Thus, even though the African countries are, by and large, scarcely populated in terms of land; population ratio, the per capita income of most of newly independent African countries is one of the lowest in the world.

FIRST STEP

When after World War II, the African countries intensified their struggle for political emancipation, their leaders were aware that the nationalist movement for independence was only a step forward in the fight against mass poverty, drudgery and human degradation of the people. The long colonial rule had badly corroded the traditional African institutions, while the new imported institutions were only half-baked, some of them ill-suited to the African environment. Hence, ever since the attainment of independence, the African countries have been undergoing radical transformation in their social and economic structure which is often not adequately reflected in the statistical details of aggregate economic indicators.

In the developing Africa, excluding the Union of South Africa, the GDP rose at the rate of 4.8 per cent per annum compound between 1950 - 60, and the rate of 4 per cent in 1960 to 1967. It is noteworthy that the rate of growth in agriculture was 3.7 per cent in the 1950-60 decate which declined to 1.8 per cent in the subsequent years up to 1967. On the other hand, manufacturing industry's growth rate rose from 6.9 to 7.3 per cent per annum compound in the same periods. The per capita income rose by an average of 2.2. per cent a year from 1950 to 1967: it was 1.5 per cent for Northern Africa and 2.7 per cent for the sub-Saharan developing economies.

As regards productive sectors share in the GDP increment the share of agriculture declined from 63 per cent (factor cost, constant prices) to 18 per cent between 1960 and 1967 - the decline for Northern Africa being from 48 to 20 per cent and for sub Sahara African economies from 73 to 15 per cent. The share of mining in the same period rose from 8 to 40 per cent and that of manufacturing from 29 to 42 per cent. The rise in the share of manufacturing industry was particularly impressive for the countries south of the Sahara, where it rose from 22 per cent between 1950-1960 to 52 per cent between 1960-1967. Thus, the manufacturing sector—the core of industrial activity—has assumed increasing significance in the development process of many African countries during the post-war period. There is every indication that this trend is likely to continue.

CRUX OF THE MATTER

Of course, the central economic problem to be tackled by the developing countries is not merely raising the overall national income or for that matter the per capita income. Generally speaking the desire for development, in the under-developed countries implies desire for radical change in the social and economic set-up. It is a desire to breakup the built-in exploitative system as developed during the colonial period. To work for that, it requires clear understanding of the crux of the economic problem. Let us now look at that.

One of the important features of the African economies is that the modern 'capitalist' money sector comprises. two sub-sectors; (1) Indigenous African 'monetary' sector, and (2) 'Foreign Enclave' sector. Planning for economic development, in such circumstances, has to take into account not merely need to accelerate the rate of growth, but also the urgency to bring about the necessary structual changes which would be conductive to increasingly greater role to be played by the indigenous Africans in the development processes of their respective countries This is essential to undo the past social and economic injustice

NEO-COLONIALISM

In the past couple of decades, the disparities in the distribution of money income between the indigenous' and 'foreign enclave' sectors have further widened in favour of the latter. This is mainly because developments during the colonial period was generally devoid of the human factor.

In the post-war period, 'until recently", as Professor H. W. Singer writes "the Keynesian or neo-Keynesian approach has dominated the theory of development. In the Keynesian model, the problem of development is identified with the growth of per-capita GDP or national income. This growth is explained as the combined result of the rate of saving and the resultant physical accumulation on the one hand and the capital out-put ratio on the other. This picture of growth of development leads to the identification of certain capital requirements and helps to identify deficiencies or bottlenecks in terms of foreign exchange requirements, domestic savings and capital inflows."

The practical implementation of such a philosophy has, of course, helped in accelerating the rate of growth, but it has largely been achieved through further entrechment of the 'foreign enclave' in most of sub-Saharan economies of Africa. For instance, in 1950 the share of 'foreign enclave' in the GDP of such economies was 26 per cent, but by 1967 it had jumped up to 41 per cent. Thus, whereas the urgency of achieving faster

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tempo of development along with faster African advancement has invariably been aimed at by the new African governments, the theoretical tools for development planning were as yet out of date. Many of the African countries were not able to devise adequate ways and means of restructuring the economies steadily to reduce their dependence on the 'foreign enclave.' In this context it would be of interest to note some of the findings of the Industry Division of the Economic Commission for Africa. In a recent monograph it shows that "while the contributions of the foreign enclaves in African countries to their development is a recognizable fact, it should be realised that these contributions have never reached and are far from realizing the optimum. It would be pointless to blame colonialism for this any longer although that form of government did legalize the exploitation of the colonised countries by non-African private capital This system apparently has come to a formal end but its structures and philosophy still persist and have been recognised into new form of exploitation called 'neo-colonialism.' a name which fairly well difines the inherent values."

NEW STRATEGY

it is to be recognised that the forces of colonialism and imperialism are not dead as yet. The political instability internal bickering, divided political leadership and various stresses and strains of a developing economy provide an opportunity for increasing foreign interference. The foreign interests, in turn seek more and more concessions for accelerating the flow of foreign investment - particularly in the matter of private foreign investment. Once that is allowed beyond a certain limit, it is not unlikely that a situation is created in which an ex-colonial economy becomes amenable to considerable foreign influence. That might once again render it to a status of an appendage economy linked to an advanced economy —may be the same old colonial or another power. With that the ideal of economic independence recedes ever further. Also, the gap between the shares of the 'foreign enclave' and the 'indigenous sector' might widen ever more. On the other hand, securing of the larger share, in the modern sector of the economy, for wider masses of the Africans might become equally difficult to attain. This is how the forces of 'neocolonialism' could constitute a real danger to the newly independent countries.

The theory of economic development for developing economies should, therefore, take congnizance of this implied danger. Development, as such, cannot be divorce of certain value premises. Eco nomic objectives have to in line with the social goals they are to mean anythi to the masses of the peopl If the social goal is to establi an egaliatarian welfare societ the fruits of development ca not be permitted to be enjoy by a group like the 'forei enclave' in the context African economies or 'mon poly capital' in the India situation. They percola down to all sections of t population—particularly t weaker groups.

This article relates, in vance of the African econ and the development criter social and economic just holds some lessons that could learn from such a

To meet with this kind of problem, the ECA monogra mentions of a three-point d velopment strategy for t African economies which ai at making the social goals a economic objectives mutua consistent and rewarding. T points are;

(i) The money econor should expand in real terms.

Effect of population growth on public tran

By
Garwin W. Jones and S. Selvaratnam
Ministry of Planning and Employment

Public transport in Ceylon is provided by the Ceylon Tansport Board, which operate the island's buses, and the Ceylon Government Railway. The buses of the CTB carry 12 times as many passengers each year as the Railways although the average passenger journey (5.61 miles in 1968) is shorter than on the railway (20.1 miles in 1966-7). This reflects the greater proportion of city and suburban journeys in total journeys in the case of the C.T. B. Revenue from passengers in 1966-67 totalled Rs. 54.8 million in the case of the railways and Rs. 241.1 million in the case of the C. T. B. Clearly, in analysing the effect of population growth on the future cost and revenue of the transport services, greatest emphasis will need to be placed on the C.T.B.

During the past decade the C.T.B. has normally managed to run a small surplus on its operations. However, in the two most recent years for which data are available it has incured a loss - Rs. 10.3 million in 1967/68 and 15.6 million in 1968/69. This deficit represents only a small fraction of total expenditure (5.3 per cent in 1968/69). By contrast the railways regularly run a substantial deficit— Rs. 46.2 million in 1966/67, representing 31.1 per cent of its working expenditure. (including interest and annuity payable). The difficulty with the railway, of course, is to determine how much of the loss is attributed to its freight services. However, it is clear that the moment the government's revenue from passenger services operated by the C.T.B. and the railways does not cover its expenditure on those services, and it is therefore, in effect subsidizing these services to a small extent.

The point of departure in studying the effect of population trends on the future size of this government subsidy is the government's aim to keep fares low in the intersts of the low income groups. (1) This aim is so widly accepted that, despite changes in the party in power, the bus fare has not been changed for 22 years, but remains at 3.75 cents a mile. Not everybody pays even this low basic fare Children under 3 years travel free, children 3-12 travel half fare, and half fare season tickets are available for students at approved institutions, such as schools and universities.

It is amazing that the budget of the C.T.B. has managed to break even during most years despite wage increases. Part of the explanation may be the spreading of administrative overheads as the size of the operation grows. (The number of buses operated increased 51 per cent between 1960 and 1967/68 and the mileage operated by 84 per Lent during the same period). Another part of the explanatiod may be the very low cost of "new" buses. (2) Another factor may be the very heavy utilization of the buses. The load factor (percentage of seats occupied over the entire route) is around 60 per cent, one of the highest in the world. However, the load factor has not been increasing, and this cannot therefore account for the continued capacity of the budget to break even despite the lack of fare increases. Nor can it account for the tendency for revenue per mile travelled to increase slightly over time despite the fixed fare (see Table 1.

Table 1:
Ceylon Transport Board ; Revenue and operating costs per mile.

1959	99.7	108.0
1960	103.1	110.8
1961	107.5	110.2
1962	113.8	112.8
1963	119.9	114.8
1964/5	122.8	119.7
1965/6	120.9	119.7
1966/7	121.4	121.4

Wage increases over time will be a factor inexorably making for increased costs per passenger mile. It therefore seems likely that the small operating deficits in 1967/68 and 1968/69 are harbingers of increasing annual deficits unless the fares are raised somewhat. We can examine the likely trends in these deficit according to a number of assumptions, both about population trends. about extent of use of the facilities and about increases in operating costs. Specially the following alternatives will be examined, based on the underlying assumption that fares will be held constant;-

1. **Hige projectiod** (*a*) Unchanged number of trips per head (*b*) a 50% increse in number of trips per head

2. **Medium projection** (*a*) Unchanged number of trips per head (*b*) a 50M increse in number of trips per head

3. **Low projection** (*a*) Unchanged number of trips per head (*b*) a 50% increase in number of trips per head

In all projections, the assumption will be that o'perating cost increase at the same rate

Table 2. Trends on C 1968-

A. Constant Number of Trips head

High projection
1. Costs ...
Revenue ... ...
Costs minus revenue

2. **Medium projection**
Costs ... ...
Revenue ... ...
Costs minus revenue

3. **Low projection**
Costs ... ...
Revenue ... ...
Costs minus revenue

B. Rising number of trips per h

1. **High projection**
Costs ... ...
Revenue ... ...
Costs minus revenue

2. **Medium projection**
Costs ... ...
Revenue ... ...
Costs minus revenue

3. **Low projection** ...
Costs ... ...
Revenue ... ...
Costs minus revenue

) LESSONS

*is article relates, in broad terms, the recorded ad-
of the African economies over the past two decades.
development criteria as might suit the demands of
and economic justice in the African situation. It
some lessons that developing countries like Ceylon
earn from such a development strategy.*

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(ii) the growth rate of the indigenous population in the money economy should be faster than the growth rate of the total population and

(iii) The 'foreign enclaves' share in income declines in real terms.

It further stresses the point that "The set of criteria for development proposed clearly emphasises that the transformation of African societies and economies from their traditional subsistence pattern into modern societies operating in the money economy is at the core of the problem of African development...... It should be pointed out that the decline in relative share of income occuring to the 'foreign enclave' will, in most cases, be a symptom of development..." the criteria has a priori condition that "The *ultimate* realization of development must be a *higher* level of consumption for the masses of the populace this clearly implies that importance must be given to income distribution.

U. S. POLICY ON TRADE AND INVESTMENT

Excerpts from the text of the Summary on the Report of the U.S. President's Commission on International Trade and Investment Policy

The world has changed radically from the one we knew after World War II. We believe it is imperative that the United States, in its own interest, bring its international trade and investment policies into line with the new realities.

Critical Choices

We face critical choices. The welfare of our people—perhaps even the prospects for world peace, stability, and development—will depend on the wisdom and the realism with which we and other countries adapt to the changed circumstances of the seventies.

The next few years will determine;

— Whether our people can enjoy the benefits of open channels of trade and investment while coping with the real human problems of adjusting to rapid economic change;

— Whether the world will drift down the road of economic nationalism and regional blocs or will pursue the goal of an open world economy:

— Whether the European community and Japan will accept responsibilities commensurate with their economic power:

— Whether we can evolve with our trading partners a sound international monetary system reconciling domestic and international economic objectives:

— Whether developed and developing countries can mobilize the will and resources to cope with global problems of poverty, population, employment, and environmental deterioration:

— Whether we can seize new opportunities for improved political and economic relations with the communist world.

To meet these challenges, the United States must develop new policies that serve our national interest—a national interest which comprehends a prosperous and congenial world.

Crisis of Confidence

U. S. leadership and support have been crucial to the development of our present multilateral trade and payments system. As barriers to trade and capital movements have been progressively reduced, the world has experienced a period of unprecented economic growth. The United States has participated in the expansion of world production and trade. Yet there are unmistakable signs in the United States of a developing crisis of confidence in the system. The crisis is reflected in;-

Mounting pressures in the United States for import restrictions as foreign - made textiles, clothing, shoes, steels, electronic products, and automobiles penetrate our market:

Growing demands for retaliation against foreign measures which place American agricultural and other products at a disadvatage in markets abroad:

A growing concern in this country that the United States has not received full value for the tariff concessions made over the years because foreign countries have found other ways, besides tariffs, of impending our access to other markets:

Labor's contention that our corporations, through their operations abroad, are "exporting jobs" by giving away the competitive advantage the United States should drive from its superior technology and efficiency:

A sense of frustration with our persistent balance-of-payments deficit and a feeling that other countries are not doing their fair share in making the international monetarsystem work:

An increasing concern that the foreign economic policy of our government has given insufficient weight to our economic interests and too much weight to our foreign political relations: that it is still influenced by a "Marshall Plan Psychology" appropriate to an earlier period.

Overhanging these doubts and frustrations is the belief that we have lacked the sense of priorities and the organization to deal effectively with our foreign economic relations: that responsibilites in the executive branch have been unclear and authority fragmented: that congress and the private sector have not been adequately brought into the policy-making process: that effective machinery has not existed for integrating the interrelated parts into a coherent foreign economic policy that would serve our national objectives.

The new mood in the United States has not gone unnoticed abroad. Questions are being raised in Europe, Japan and other countries about the capacity of the United States to deal with its domestic problems and about the consistency and direction of its foreign economic policies.

If current frustrations here and abroad lead the world to reverse its basic course—a course set in international agreements to which all major non-communist countries have subscribed-the consequences could be far-reaching. One restrictive measure could lead to another. There could be serious effects on our own economic welfare, with the burden falling mainly on American consumers and on our export industries. Even greater losses would be suffered by other countries that are more dependent on foreign trade than is the United States. Escalating restrictions on trade could be accompanied by restrictions on foreign investment, with adverse consequences for both the United States and other countries.

The resulting tensions could not fail to affect our foreign relations generally. Our ties with Western europe, Japan, Canada, Australia, and New Zealand have a large Economic content, and our relations with the developing countries depend heavily upon achievement of reasonable trade and development goals.

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; transport costs in Ceylon

projection (a) Un
ber of trips per
50M increse in
ps per head

ojection (a) Un-
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ps per head

tions, the assum-
that operating
at the same rate as G.N.P. per head of the labour force. It could perhaps be argued that increasing scale of operations will lead to to certain economies of scale, such as spreading of administrative expenses and greater efficiency in repairs of buses. However it would be unwise to expect such economies to make very much difference And since load factors at the moment are very happy, they can be expected, at best, to be held constant or even lowered in the future, meaning that increasing services will require at least commensurate increases in bus mileage and hence in petrol costs and labour costs of drivers and conductors, which constitute by far the greater part of total costs.

e 2. Trends on Costs and Revenue of the Ceylon Transport Board, 1968-98, assuming fare held unchanged.

(in million rupees)

	1968	1973	1978	1983	1988	1993	1998
Number of Trips per							
h projection							
s	295.0	373.6	473.6	600.5	764.1	975.0	1,252.1
enue	279.3	322.6	372.3	422.7	480.3	547.7	626.0
s minus revenue ...	15.6	51.0	101.3	177.8	283.8	427.3	626.1
dium projection ...							
ts	295.0	373.5	472.5	597.1	752.6	954.6	1229.7
enue	279.3	322.6	371.8	421.5	477.7	533.4	594.6
ts minus revenue ...	15.6	50.9	100.7	175.6	274.8	421.3	635.0
projection							
ts	295.0	373.3	470.5	590.5	734.4	941.3	1218.4
venue	279.3	322.5	371.0	419.1	467.3	511.8	550.9
sts minus revenue ...	15.6	50.8	99.5	171.4	267.2	429.5	667.5
mber of trips per head							
gh projection							
sts	295.0	404.7	552.5	751.3	019.7	1,382.6	1,880.1
venue	279.3	349.5	434.3	528.8	641.0	776.6	945.8
sts minus revenue ...	15.6	55.2	118.2	122.6	378.7	606.0	934.3
dium projection ...							
sts	295.0	404.7	551.4	746.6	1,004.2	1,353.3	1,846.2
venue	279.3	349.5	433.9	527.1	634.4	756.2	892.8
sts minus revenue ...	15.6	55.2	117.5	219.6	369.8	597.2	953.4
projection							
sts	295.0	404.4	549.2	739.5	992.7	1,337.2	1,829.6
venue	279.3	349.4	433.0	524.1	623.4	727.1	827.2
sts minus revenue ...	15.6	55.1	116.2	124.4	369.3	610.1	1,002.4

Table 3. Costs minus revenue in low projection as compared with high projection
(in million rupees)

	1968	1973	1978	1983	1988	1993	1998
Deficit in high projection*...							
Minus deficit in low projection							
Constant number of trips per head	0	0.1	1.8	6.4	16.6	-2.2	-41.4
Rising number of trips per head	0	0.1	2.0	8.2	9.5	-4.1	-68.1
Difference between hign and low projections as							
— of deficit in high projection							
Constant number of trips per head	0	0	2	4	6	1	7
Rising number of trips per head	0	0	2	4	2	1	7

It is not easy to decide on the most reasonable assumption about number of trips per head. This has doubled in the past ten years (from 49 in 1958 to 104 in 1968). The main reasons, no doubt, are firstly, the maintenance of constant fares in the face of some increases in real, and greater increases in money, incomes: secondly, the considerably improvement in the coverage of services during the period: and thirdly the great difficulty in acquiring motor cars, due in import control. Ther is probably not much further scope for improving the coverage of services, and for this reason increases in the number of trips per head in the future can be expected to be slower than the past. The situation regarding import of cars is unlikely to alter very much for some time. We have used two assumptions regarding number of trips per heads; the first, that it will remain constant at its 1968 level: the second ,that it will increase by 50 per cent by 1968. Since the number of miles per trip has remained almost constant over the past ten years, we assumed that it would remain constant throughout the projection period.

Another uncertainly concerned the proportion of trips made by chlldren on half fare or season ticket holders. We had figures for number of season ticket holders but not for number of trips made. However , some rough estimates of the number of half- fare trips were made on the assumption that each month there are 80,CC0 season ticket holders and an equal additional number of children travelling half fare, and that these 160,000 children make an average of two trips a day 300 days a year. This yield a total of 96 million half fare trips in 1968, compared with 1,175 million full-fare trips. The number of half-fare trips may be on the low side, but we had no better basis for a higher estimate. Even with this small estimate of the number of half-fare trips, revenue per passenger mile of full-fare trips worked out to be 4. cents, whereas the fare schedule is only 3.75 cents per mile. No matter what assumption was made about the number of half-fare trips, this discrepancy would remain (and the greater the number of half-fare trips assumed, the larger it would become).

The results of these calculations are shown in tables 2 and 3. As would be expected the size of the annual deficits would increase very rapidly according to our assumptions, such that by 1978 receipts cover only between 76 and 80 per cent of costs, and by 1988 only between 61 and 64 per cent of costs. However, trends in population growth do not make great deal of difference to the gap between costs and revenues, particularly during the first ten years. Since trends after that point are so uncertain and since a fare increase will almost certainly have to be introduced by that time, it would be unwise to make very much out of the differences between the high and low projections after 1978. The reason why the deficit becomes larger in the low projection than in the other projections during the last decade is that costs increase faster in the low projection, because they are linked to trends in G.N.P.per head of the labour force, which grows faster in this projection.

Contd on Page 6

November 7th

54th Anniversary

Great October Socialist Revolution of the U.S.S.R. (1917—1971)

U.S.S.R. FOR PEACE AND SECURITY

On the 7th November 1917, the Great October Socialist Revolution took place in Russia under the guidance of the Communist Party and its leader V. I. Lenin.

This was an event of world historical importance. It began the new socialist era, opened a new epoch in world history, a epoch of social and national liberation. As a result of the October Revolution, the building of a new society has begun a society without exploitation of man by man, a society of free labour where the growth of prosperity has become an unalterable law of development.

The Soviet people have proved many times during the history of our country their devotion to the ideals of the new society saving the country from foreign subjugation with their courage and heroism, It was proved in the times of the civil war and during the armed intervention of fourteen imperialist states into our territory soon after the revolution. It was proved during the Second World War when the fascist hordes intruded into our country sowing devastation and death. But victory does not come easily; in 1941 - 1945 twenty million of Soviet people gave their lives for the freedom of their motherland: thousands of cities and villages,thousands of factories, collective farms and state farms were destroyed And years of selfless and hard labour were needed to heel the the economic wounds inflicted by the war.

The history of the development of the Soviet state is not only the chronicle of struggle, industrialisation, developing agriculture, and establishing distant towns. It is also the liquidation of illiteracy, the growth of culture, the establishing of new relations between the people of the new society and between the various nations of the USSR based on mutual respect, equality, mutual aid and cultural enrichment All this was achieved along the the way of socialist development started by the Immortal Lenin 54 years ago.

By

His Excellency
RAFIQ NISHANOV
(Ambassador of the USSR in Ceylon)

This year the Soviet people celebrate their Great October holiday at a time when they are struggling for the fulfilment of the programme worked out by the 24th Congress of the CPSU - the programme of economic and socio-political development of Soviet society The goal of this programme is the further increase of the all-round development of Soviet man, further raising up of his level of culture, education and social morality.

Basis of peace

The problems of maintaining durable peace are permanently in the focus of attention of our people and their leadership. Stricking illustration of this is the Peace Programme presented by Leonid Brezhnev, General Secretary of the Communist Party of the Soviet Union, and adopted by the 24th Congress of the CPSU.

The Soviet people are deeply convinced that the adoption of the co-ordinated measures outlined their will create the basis for a solid and lasting peace. They are ;—

* the liquidation of hotbeds of war in South-east Asia and the Middle East ;

* collective security in Europe, the simultaneous dismantling of NATO and the Warsaw Pact, the convocation of the All-European Conference ;

* the signing of treaties banning wepons of mass destruction, establishing nuclear-free zones and the final settlement of the problem of disarmament including nuclear disarmament; ment ;

* the liquidation of colonial regimes and the expansion of international co-operation in all fields.

All these measures will create the foundation for a firm and durable international peace. This Programme of Peace is a realistic platform for the fulfilment of which the Soviet Union is carrying out a persistent struggle.

(Contd. on page 16)

SOVIET ROUBLE IN THE DEVELOPING COUNTRIES

The development problems of the countries which have liberated themselves from colonial oppression affect the destinies of the great majority of people living in Asia, Africa and Latin America. The biggest of these problems is overcoming the economic backwardness these countries received as a legacy from colonialism which had continued for centuries. The struggle for economic progress, for promoting economic independence is the core of political activities in the countries of the "third world."

Highly important for facilitating young national states' efforts is the economic support they receive from the socialist countries, especially from the Soviet Union which has tremendous industrial, raw material, scientific and technological potential.

Proceeding from inter-government agreements on economic and technical co-operation, the Soviet Union promotes the economic growth of 40 developing countries, including 18 in Asia, 20 in Africa and two in Latin America. Among other things, the Soviet Union helps them to build industrial and hydraulic engineering projects, discover and process minerals, mechanise agriculture, and organise research and educational establishment.

The following figures characterise the growth of the Soviet Union's economic and technical co-operation with the developing countries (data of the USSR State Committee for Foreign Economic Relations, 1958—100 per cent): 1965, 431 per cent, and 1970, 658 per cent. In this way, the volume of Soviet cooperation has grown by over 6 times in the past 5 years.

NO STRINGS ATTACHED

Over 700 industrial and other projects are being built with Soviet assistance in developing countries. More than 340 enterprises have already been put into operation.

By V. Yakovlev
APN Commentator

Free from political strings, Soviet assistance to developing countries has nothing in common with charity. As a rule, the Soviet Union extends its long-term credits at a low interest rate constituting 2.5—3 per cent.

Of vast importance to the young states which begin using their natural resources to promote national progress is geological prospecting which is conducted by Soviet specialists and for which the Soviet Union supplied first-rate equipment. Over 770 Soviet oil specialists work in India, the United Arab Republic, Algeria, Syria, Iraq and other countries. Twenty one oil and gas deposits have been found and a national oil industry has been initiated in India as a result of Soviet-Indian co-operation in this field which has continued for many years. Searches for oil have also proved successful in Syria and Pakistan. Soviet specialists have helped to find metal areas and other minerals in Afghanistan and Iraq.

Only small number of young people belonging to the privileged classes succeeded in receiving a higher education in Europe. Most of them became lawyers and doctors. Engineers and scientists were not trained. Following independence, young states began to need specialists for industrial development. The Soviet Union came to their aid without delay and set up the Patrtick Lumumba Friendship University to train youth from the developing countries. About 4,000 students from 84 countries study in this University.

Besides, in different developing countries there are more than 70 higher educational centres and specialized training establishments organised in co-operation with the educational centres are being established with Soviet assistance at present. Soviet advisers have helped to train over 200,000 specialists and technicians during the construction and operation of projects put up in developing countries with Soviet co-operation.

Mutually Advantages

Trade with the Soviet Union is highly important for the economic development of young states. In 1966—70 this trade exceeded 11,000 million roubles. (1 US $—0.9 rouble).

In his report at the 24th CPSU Congress Soviet Prime Minister A. N. Kosygin said that the USSR's economic co-operation and trade with many developing countries were entering a stage characteristic of which were firm, mutually advantageous economic ties. The Soviet economic development plan for 1971—1975 envisages the further growth of this co-operation and trade.

The Soviet policy of developing co-operation with young national states differs in principle from the so-called economic aid of capitalist countries which are responsible for the poverty and backwardness of their former colonies.

The Soviet Union does not receive any income from economic co-operation with the developing countries. The Programme of the Communist Party of the Soviet Union says that the CPSU regards a fraternal alliance with the people which have thrown the colonial and semicolonial yoke as a corner-stone of its international policy and considers its internationalist duty to help peoples following the road of winning and consolidating national independence.

In accordance with this policy, the Soviet Union channels the greater proportion of its credits (68.7 per cent) into the building up of developing countries' industry which is the backbone of their economic independence and which promotes the growth of the state economic sectors. This is of special importance for those countries which strive to put an end to their age-long backwardness as soon as possible, resorting to planned economic development, and which choose the road of non-capitalist development.

The Soviet Union's economic relations with states in Asia, Africa and Latin America promote the national independence of these countries, the common cause of struggle against imperialism, for peace and social progress.

Wages and incentives in the U.S.S.R.

By
Prof. Alexander Birman

Most work in the USSR is piece work. Quotas and piece rates are based on the average. They are calculated for workers of average skill, average ability and average physical endurance.

In practice, nearly all workers overfulfil their quotas, in many factories by 20 or 30 per cent. The only people who fail to meet their quotas are absolute beginners, people on defective machines—or in places where production is extremely badly organised.

Piece work is a useful form of payment for labour in the Soviet Union because it shows the worker, clearly and simply, how his earnings depend on his work.

Naturally rates and quotas differ in different trades, types of work, branches of industry, different areas and so on. Rates are worked out in the light of the nature of the job.

Bonus system

Besides ordinary piece-work rates, there is a piece-rate-bonus system under which the worker, on top of his piece-work earnings, gets a bonus for reaching certain standards—for instance, for economising in the use of material, raising quality or output over and above quota.

This system is not particularly common, but is very beneficial where important production tasks have to be fulfilled. On some forms of work, particularly building and repairs, the "gang" system is often used, where a team of workers is given a price for the whole job, regardless of how long it takes.

This mixture of time and piece-work is obviously useful for single jobs where it would be awkward to calculate quotas and rates specially.

Some workers, including nearly all office workers and engineering and technical personnel, are on time work paid by the day, week or month. In this case earnings usually consist of a fixed wage plus progressive bonuses for the attainment of various standards.

People like geologists, testers and journalists draw special payments as compensation for having to travel and bonuses for results.

There is another form of bonus which sometimes adds as much as 30 or 40 per cent to earnings. These are not the bonuses mentioned above but bonuses derived from profits—from what we call "incentive funds."

In the Soviet Union, where the workers own the means production, it is highly important that they should be concerned also in the general state of affairs in their enterprise.

The proverb says: "Two heads are better than one," and this is still more true when the heads run into thousands and millions. Soviet economic experience shows that active participation by the broad masses in the discussion and solution of practical problems brings enormous benefits, the value of which cannot be calculated in money, quite apart from the social significance of workers' participation.

So the purpose of these bonuses is to interest the worker in the general state of affairs at his place of work.

The bonus fund is derived from profits, and the size of the fund depends on every person employed. If the accounts department of a firm fails to pay bills or make bank repayments on time and the enterprise gets fined, down goes the bonus fund!

A word about the economic reform. Since it started incentive funds have been creat- created from profits in accordance with norms set by the state for the different branches of industry, enterprises and parts of the country. They operate in such a way as to give every worker an interest in maximum output of good quality, on time and at the least possible cost.

As to how incentive funds are used, this is almost wholly decentralised. The enterprises themselves decide who gets bonuses, for what, and how much.

The bonus fund is commonly divided into two parts; one for the payment of bonuses throughout the year, and the other for a lumpsum at the end of the year—what is commonly called "the 13th month's wage."

Details vary from enterprise. In some cases the regular bonuses are proportionate to wages, in others to length of service. In some, workers on the night shift get an extra bonus, and so do all workers in foundries and other arduous occupations.

The end-of-year bonus is usually based on wages, and commonly equals two or three week's wages; the exact amount depends mainly on the efficiency of the whole enterprise. (APN)

How banks became People's Banks

The nationalisation of banks in the first months after the Revolution enabled the young Soviet state to gear the nation's financial resources to the strengthening of the new social system and deprived the bourgeoisie of a major source for financing counter-revolution.

Immediately after the Great October Socialist Revolution the workers' and peasants' government established control over the State Bank of Russia and placed its wealth at the service of the new socialist state. It was a well-justified and necessary measure.

The take-over of the State Bank of Russia by the proletarian state made it possible for the young Soviet Republic to get the necessary funds for the consolidation of the new social system and local bodies of Soviet power.

On December 14, 1917, the All-Russia Central Executive Committee of Workers' Soldiers' and Peasants' Deputies issued a decreee on the nationalisation of all private banks. As pointed out in this important document, the nationalisation of the banks was carried out to achieve the proper organisation of the economy and to eradicate speculation. All private banks became national property on one and the same day. Their safes were opened. All valuables being appropriated by the workers' and peasants' state began to be registered. The decree also established a state banking monopoly and set up a single People's Bank of the Soviet Republic.

Radical Changes

The nationalisation of private banks and their incorporation in the State Bank radically changed the country's banks, turning them into an important commanding height of the Soviet Republic's economy. Following the nationalisation of commercial banks mortgage banks were eliminated. These banks had operated in the countryside, granting credits to holders of real estate—land by the mortgage banks. After land was nationalised and its sale and purchase prohibited mortgage banks became redundant.

Banking and the forms of crediting underwent changes in conformity with the cardinal economic and social tasks facing the Soviet state at various stages of building socia-

By Vasily Morsin, Member of the USSR State Bank Board and Yakov Usherenko, APN Commentator.

lism. The complete victory of socialism both in town and country and the liquidation of the exploiter classes determined the basic principles of present-day Soviet banking system. It is characterised, above all, by the state monopoly of banking and a single banking policy for the whole country, and for all the fifteen Soviet constituent republics.

The concentration of the entire monetary circulation in the hands of a nation-wide institution makes it possible to exercise effective control over the production and distribution of the social product. In our country this institution is made up of three major banks; the State Bank of the USSR, the Construction Bank of the USSR and the Bank for Foreign Trade of the USSR.

Central Link

The State Bank is the central link of Soviet banking. It is the sole issuing centre, the centre of crediting the economy, and the accounting centre of the country. Its network, based on the administrative and territorial division of the country, comprises more than 4,000 banks and over 76,000 savings banks.

The State Bank plans and regulates monetary circulation, handles operations with the reserve funds of banknotes and change, issues money for circulation the territory of the USSR and withdraws it from circulation in keeping with the requirements of the monetary turnover of the country. All this is performed on the basis of quarterly cash payments and credit plans which are dovetailed with the balance of earnings and spending of the population and coordinated with the USSR economic development plan. The fulfilment of these functions ensures required proportions in the sphere of trade turnover and monetary circulation.

The main function of the Construction Bank is to finance most of the state capital investment. The bank and its branches provide for the efficient use of material and monetary resources in construction, check that wages funds are correctly utilised, and standards for material outlays and expenditure on overheads kept to. The Construction Bank watches that material and monetary resources are not dissipated on numerous jobs and sites, and that the resources are concentrated on the most important projects or those nearing completion.

Joint Stock Company

The Bank for Foreign Trade of the USSR is an joint-stock company. Its shareholders are the State Bank of the USSR and other Soviet institutions and organisations; the Ministry of Finance, the Ministry of Foreign Trade, the State Committee of the Council of Ministers for Foreign Economic Relations, Ingosstrakh (State Organisation for Foreign-Insurance Operations), the Ministry of Merchant Marine, the Construction Bank, and the Central Union of Cooperative Societies.

The Bank for Foreign Trade finances the state-monopolised foreign trade of the country, effects foreign-exchange operations, settlements of goods rendering of services.

In recent years the Bank for Foreign Trade of the USSR has been successfully developing its relations with banks abroad. The bank maintains correspondence with over 1,200 foreign banks. The growing operations of the bank contribute to the expansion of Soviet foreign trade, foreign economic, scientific and technical and cultural ties.

The USSR banking system is an integral part of the country's economy. (APN)

U. S. S. R. and developing countries

By L. Klochkovsky

A feature of the past five-year period (1966—1970) was the rapid growth of Soviet trade ties with many young states, the increase in Soviet trade partners from among the developing countries and the establishment of stable relations with them.

The total trade of the Soviet Union with this group of states in 1966—1970 amounted to more than 11,000 million roubles 1 (US$=0.9 rouble) against 7,000 million for the previous five years. The share of developing nations in Soviet foreign trade in 1970 increased to 13.5 per cent. Noteworthy are the high and stable rates of growth in trade between developing countries and the Soviet Union and other socialist states, which considerably exceed the rates of growth in their trade with other groups of states. Thus, the total trade in the capitalist world between 1956 and 1968 showed an annual increase of 7.3 per cent and the trade between developing and capitalist states rose by 5.4 per cent annually. By contrast, the turnover of Afro-Asian and Latin American countries with the socialist world during the same period annually increased by more than 11 per cent, including an almost 16 per cent rise in their trade with the Soviet Union. At present, the USSR trades with over 60 developing countries.

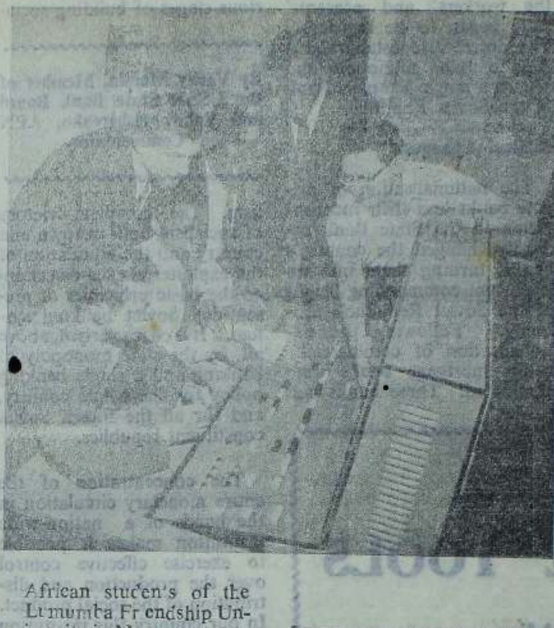
Basic Principles

The rapid growth in Soviet trade relations with developing nations is not accidental. The reason is that these relations are based on the principles of equality and mutual benefit, the mutual interest of partners in keeping them growing steadily. It is no secret that the newly independent countries do not enjoy the status of equality on the world capitalist market. Exploiting this state of things, the imperialist powers purchase goods from the developing states on the cheap while selling the latter their manufactured goods at exorbitant prices. Experts estimate that during the sixties alone the developing countries lost more than 15,000 million dollars through the reductions in export prices.

Of an entirely different character are the Afro-Asian and Latin American countries' trade relations with the Soviet Union and other socialist states. The Soviet Union, just like the other socialist states, seek no privileges, advantage or unilateral concessions, as do the imperialist states. The Soviet Union advocates trade and other forms of economic relations with developing countries based on the "most favourable" principle with regard for the special interests of the coutries concerned, with a view to helping the growth of their exports and their national economies as a whole,.

In its trade policy, the Soviet Union strives to take maximally into account the needs and requirements of newly free countries. Meeting their wishes the USSR supplies them in large quantities with the goods they need for the development of their national economies. The chief and the most dynamic item in Soviet exports to developing countries is machinery and equipment.

Between 1955 and 1969 the exports of Soviet machinery and equipment to these countries increased by 37 times. It is noteworthy that sets of equipment play an especially great role in Soviet deliveries. In 1969 alone the USSR exported 350 million roubles worth of sets of equipment. These supplies are for the industrial and other projects being built with Soviet assistance.



African students of the Lumumba Friendship University in Moscow at an electronic computer. Representatives from 84 Countries study in this university. Photo APN

The USSR also furnishes developing countries with oil and oil products, ferrous and non-ferrous metals, timber, chemicals, etc. It must be stressed here that the Soviet Union never seeks to impose on developing countries goods that they do not need or such goods whose import may be to the detriment of national production. With the growth of national industry and agriculture in young states, the USSR, taking account of the changes in their requirements, reviews the structure of its trade with them and reduces or entirely discontinues the export of some goods and expands the deliveries of other goods. For example, in view of the growth of Afghanistan's textile industry, the Soviet Union has cut its cotton fabric exports to that country while increasing its supplies of trucks, industrial equipment and oil products.

Balanced basis

The Soviet Union's readiness to increase its purchases from developing countries is also of great importance. This enables developing nations to

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HEAVY ENGINEERING

The Urals plant of heavy engineering in Sverslovsk turrs out products of most varied purpose. Its rolling mills, excavators, drilling rings and blast-furnace equipment have won it world wide fame.

The personnel of this famous enterprise which is launching a drive in honour of the 24th Party Congress, is set on fulfilling the five-year tragets ahead of schedule. The targets have already been met by more than 200 teams, while 50 best machinists are doing their quotas for 1976.

In the last year of the current five year period the plant workers pledged themselves to produced more than 500, 000 roubles' worth of output over and above the plan.

The picture shows assembly of a rolling mill for the Korean People's Democratic Republic.
Photo by V. Kaushanov, APN

U.S.S.R. and developing . . .

(Contd from page 14)
develop their trade with the USSR on a balanced basis and not to spend on the purchase of Soviet goods their limited convertible currency supplies. The Soviet Union imports form them a wide range of their traditional goods —natural rubber, cotton fibre, raw skins, oil seeds, food oils, coffee, cocoa beans and fresh and dried fruit. For some countries the USSR has become a big purchaser of many of their important products. It is obvious that Soviet purchases are an important form of helping the young national industries in newly-independent countries experiencing many diffculties in selling their manufactured goods on the capitalist market.

The above facts show that the expanding trade relations with the USSR have assumed great importance in the foreign trade and overall economic growth of Third World countries. It is important to emphasieze here that it would be wrong to approach the evaluation of these relations from the standpoint of quantitative indicators only, such as turnover, the size of credits granted, etc. Stronger economic relations with the Soviet Union create for young states qualitatively new conditions; they represent a factor considerably limiting the possibilities of the policy of diktat pursued towards developing countries by imperialist monopolies and are one of the chief factors that force imperialist powers to make concessions in their trade with developing nations.

There can be no doubt that these beneficial effects will further increase in the near future. The 25th CPSU Congress Directives for the new Soviet five-year plan for 1971-75 envisage a further extension of Soviet economic relations with developing countries. A big step forward will be made in the trade field. The Soviet potential for plant and equipment exports to these countries will considerably increase. Over the period the output of the Soviet engineering industry will rise by not less than 70 per cent: an even greater expansion is expected in the production of metalworkking equipment, equipment for the chemical industry trucks, farm machines and tractors. Simultaneously there will be a rise in Soviet production and resources for increased exports of industrial raw materials and products, above all such as ferrous and non-ferrous metals, chemicals, oil products, building materials, etc.

Thus there are all grounds to assume that the 1971—1975 period will be one of the further expansion of Soviet trade with developing countries, a period of laying down the firm foundations for a new-type international division of labour opposing the hangovers of colonialism in international economic relations.

THE ECONOMIC TIMES

Editorial Department

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

PRE - BUDGET BLUES

PRE-BUDGET BLUES ARE ON AGAIN. AS FAR AS THE FINANCE MINISTER IS CONCERNED HIS PROBLEM WILL BE HOW BEST TO BRIDGE THE GAP AS DEFICIT BUDGETING IS STILL INEVITABLE IN A DEVELOPING ECONOMY, SUCH AS OURS. AS FOR THE NATION AS A WHOLE THE JITTERS WILL BE CENTRED ROUND WHAT THE 1971-72 BUDGET HAS IN STORE BECAUSE THIS BUDGET IS THE MOST VITAL ONE IN THE PROGRAMME OF THE UNITED FRONT GOVERNMENT, ESPECIALLY AS IT ENCOMPASSES THE FIVE YEAR DEVELOPMENT PLAN. AS SUCH THE HOPES AND ASPIRATIONS OF THE PEOPLE WILL BE PINNED ON IT.

IT MUST BE GRANTED THAT THE FINANCE MINISTER IS FACED WITH AN UNENVIABLE TASK OF NO MEAN PROPORTIONS. THE COUNTRY IS IN THE THROES OF A SEVERE ECONOMIC AND FINANCIAL CRISIS RESULTING FROM SEVERAL EXTERNAL AND INTERNAL FACTORS WHICH NEED HARDLY BE MENTIONED. THE TASK OF THE FINANCE MINISTER IS THEREFORE TWO-FOLD—HE MUST FIRST PULL THE ECONOMY OUT OF THE PRESENT RUT AND SECONDLY PLACE IT ON A SOUND FOOTING SO AS TO ENSURE ACCELERETED GROWTH.

THIS TASK BECOMES ALL THE MORE DIFFICULT AS THE GOVERNMENT IS PLEDGED TO BRING ABOUT SOCIAL AND ECONOMIC JUSTICE TO THE MASSES WHICH MEANS MORE EQUITABLE INCOME DISTRIBUTION AND A CONTINUATION OF THE SOCIAL WELFARE PROGRAMME, THE EXPENDITURE OF WHICH HAS BEEN RISING BY LEAPS AND BOUNDS IN RECENT YEARS THE FINANCE MINISTER WILL THEREFORE FIND HIMSELF IN THE HORNS OF A DILEMMA.

ON THE OTHER HAND THERE WILL BE THE NEED TO ALLOCATE A GREATER PROPORTION OF EXPENDITURE TOWARDS ECONOMIC DEVELOPMENT, WHILE ON THE OTHER HAND SUBSIDIES AND SOCIAL WELFARISM WILL CALL FOR A LARGE SLICE OF GOVERNMENT EXPENDITURE. IT IS HERE THAT THE FINANCE MINISTER WILL HAVE TO PUT TO OPTIMUM USE HIS POLITICAL AND FINANCIAL ACUMEN SO AS TO STEER THE NATION TO RAPID ECONOMIC UPLIFTMENT.

IT MUST BE MENTIONED THAT TAXATION WHICH IS ONE OF THE PRINCIPAL SOURCES OF GOVERNMENT REVENUE HAS ALMOST REACHED SATURATION POINT. THE GENERAL INELASTICITY OF TAX REVENUE IN A DEVELOPING ECONOMY COMPLICATES THE FINANCE MINISTER'S PROBLEM OF BRIDGING THE GAP. TO ADD TO THE PROBLEM THE PROGRESSIVE DECLINE IN THE PRICES OF OUR EXPORT PRODUCTS AND THE RISE IN THE PRICES OF OUR IMPORTED GOODS HAVE ADVERSELY AFFECTED THE COUNTRY'S TERMS OF TRADE. AND THIS TREND WILL CONTINUE FOR MANY MORE YEARS DESPITE ATTEMPTS TO DIVERSIFY THE COUNTRY'S EXPORT TRADE SO AS TO INCREASE EXCHANGE EARNINGS. THIS IS THE MAJOR CONSTRAINT WITHIN WHICH THE FINANCE MINISTER WILL BE COMPELLED TO MAP OUT HIS STRATEGY.

WE HOPE THAT THE FINANCE MINISTER WILL HIT UPON SOME GOLDEN MEAN SO AS TO LAY THE FOUNDATION FOR RAPID ECONOMIC GROWTH WHICH IS STILL VERY MUCH IN THE HORIZON.

Another interest - free loan from Britain

Another interest-free loan from Britain to Ceylon has just been sanctioned. Under an agreement signed in Colombo last week, Britain will provide economic assistance to Ceylon to the value of $1 million (R.s. 14,290,000).

The list of goods which may be purchased from Britain under this loan includes traditional items such as fertilisers and chemicals, spare parts and components, certain raw materials, engineering stores, electrical and telecommunication equipment. Other items may be included subject to mutual agreement.

The loan, like all other British loans to Ceylon since 1965, is interest-free and repayable over a period of 25 years, and like the loan agreement signed on 3 September, 1971, for £1.2 million, carries the softer seven-year grace period, instead of the three years applied to all previous British loans to Ceylon.

This latest loan brings the total value of Britain's interest-free loans to Ceylon since November 1965 to £25,535,-000. This includes the loan of £625,000 made in January this year to improve the water supply to the town of Galle.

The loan agreement was signed by Mr. A. M. MacKintosh, British High Commissioner in Ceylon, on behalf of the British Government, and by Dr. H. A. de S. Gunasekera, Permanent Secretary, Ministry of Planning and Employment, on behalf of the Government of Ceylon.

Fisheries industry to get aid

Mr. George Rajapaksa, Minister of Fisheries is expected to leave for the Soviet Union towards mid November to discuss details of Soviet assistance pledged to improve Ceylon's fisheries industry.

The Russian delegation which was here to discuss the agreement, left after signing only a 'broad-based" agreement.

Offers made by the Soviet Union include supply of deep sea-going trawlers, which could be utilised in connection with the Rs. 40 million Galle Fisheries Harbour Project.

Other offers made by the Russians include joint ventures in the fishing industry: the training of Ceylonese personnel and the purchase of some of the fish caught.

HUNGARIAN EQUIPMENT FOR C.B.C.

In continuation of the negotiations with the Hungarian Experts in Colombo in August this year, the Minister of Information and Broadcasting, Mr. R. S. Perera, left last week for the Hungarian People's Republic on an invitation extended by the Hungarian Government. The Hon. Minister was accompanied by Mr. Oswald Tillekeratne, Deputy Director General and Mr. D. Buell, Director, Engineering Services of the Ceylon Broadcasting Corporation.

During their stay in Hungary they will explore the possibility of obtaining equipment for the Ceylon Broadcasting Corporation as well as obtaining financial assistance for developing the Ceylon broadcasting system.

The Hon. Minister was seen off at the Airport by Mr. Stanley Tillekeratne, Speaker of the House of Representatives and Mr. A. L. Abdul Majeed, Junior Minister of Information and Broadcasting, who was sworn in to act as Minister during his absence from Ceylon and Mr. Kalman Marjay, the Trade Representative of the Hungarian People's Republic in Ceylon.

The Delegation led by the Hon. Minister of Information and Broadcasting will spend about a week in Hungary visiting the Hungarian broadcasting and Television Corporation and the competent factories which are regular suppliers of the equipment required for this purpose. The decision reached regarding purchases of equipment will be covered within the frame of the Economic Agreement which will be signed shortly by the Government of the Hungarian People's Republic and the Government of Ceylon.

Since the Delegation will be the guests of the Hungarian Government, no foreign exchange will be spent on this tour.

Job enrichment

Contd from Page 3

age of the paid-absence plan; "I don't feel anyone is taking any money out of my pocket." Gilbert, a grinding-machine operator, said gruffly, "More people are sick now—guys who never got sick before get sick now."

The meeting continued in the same quiet, exploratory, informative vein for an hour and a half, a big investment in time, but well worth it in terms of informed, participating employees.

Management's dilemma

Implementing a job-enrichment strategy, as Donnelly did, is an enormous challenge to management. It requires courage to overthrow long-established traditions, real discernment to make the right changes, and determination to stick with the new policies during the rough days when they seem to be hampering rather than helping. This may explain why job enrichment is not more widespread.

Most frightening, perhaps, for tradition-minded managements is the absence of any clearly outlined model to copy. Companies going into job enrichment have to be prepared to grope, to explore, to fail, before reaching the goals they seek. Edwin Land, with longer experience in the field than almost any other corporate executive, and with added advantage of scientific genius, says quietly of Polaroid's effort, "Our greatest contribution has been to learn how to fail without guilt. The scientific notion is that you can fail, and fail, and fail, before you succeed. We are trying to apply this scientific attitude of tolerating failure to the social innovations here in the plant," making sure, however, that in all these efforts we do not fail the people."

Companies embarked on job enrichment report that another commonly encountered obstacle is cynicism, not only at the middle-management level, but also among foremen. Foreman resist handing authority down to the ranks because they don't think it will work, and if it does they fear their positions will be weakened, even eventually eliminated. The reluctance of some supervisors to accept the new concepts causes painful moments, and companies sometimes find them selves obliged to resign" men who simply cannot adjust to the new ways.

Even when job enrichment is carefully planned, workers often begin the program with grave misgivings. Basic among these is the opposition to change of any sort, which is such a depressingly constant human factor. Two workers at Barry were hesitant about the introduction of work teams.

(To be Continued)

U.S.S.R. for peace

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The foreign policy of the Soviet Union has peace-loving aims and is directed towards supporting the just anti-imperialist and national liberation struggles of people who are advancing independence and progressive development.

Soviet-Ceylon Co-operation

I take pleasure in mentioning that the comprehensive co-operation between Ceylon and the Soviet Union is steadily strengthening and widening. The metallurgical plant, tyre factory and flour mill, symbols of our friendship, are operating successfully.

New fields of cooperation between our countries such as prospecting for mineral oil, deep-sea fishing and hydro-energetics are also under consideration.

The Soviet people cherish kind feelings for the people of Ceylon and highly appreciate the cordial relations between our two countries which were first established during the time of the late leader Mr. S. W. R. D. Bandaranaike.

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