

# ECONOMIC REVIEW

JULY  
1975

G. Flitov

...rauling the masses around it  
...national liberation war.

...principles of Marxism-Leninism  
...of Marx's *Capital* in a new light  
...by Lenin to Marxism-Leninism  
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MILK





# ECONOMIC REVIEW

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- Population and resources: precept and practice in Sri Lanka and the Third World.
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### COVER

Our cover symbolises the present state of the vital nutrient in the country and its demand. The cover artist (who wishes to remain anonymous) is one of Sri Lanka's leading exponents of graphic art and has exhibited several times locally and abroad.

THE ECONOMIC REVIEW is intended to promote knowledge of and interest in the economy and economic development process by a many sided presentation of views & reportage, facts and debate.

THE ECONOMIC REVIEW is a community service project of the People's Bank. Its contents, however, are the result of editorial considerations only and do not necessarily reflect Bank policies or the official viewpoint. Signed feature articles also are the personal views of the authors and do not represent the institutions to which they are attached. Similar contributions as well as comments and viewpoints are welcome.

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# DIARY OF EVENTS

- |   |   |
|---|---|
| <p>June 2 ESCAP, Ad Hoc Intergovernmental Consultations on raw materials and development opened in Bangkok.</p> <p>5 Bank of France reduced their official discount rate from 10 to 9.5%. The 4th reduction this year.</p> <p>5 Suez Canal was officially reopened to international traffic.</p> <p>7 Bank of Japan reduced its discount rate from 8.5% to 8%.</p> <p>9 Group of 24 of the IMF met in Paris.</p> <p>9-13 OPEC conference in Liberville agreed to put off to October the problem of adjusting oil prices from dollars to a system based on IMF Special Drawing Rights and any straight upward price adjustment to make good past inflation.</p> <p>10 Economic Planning Agency announced that Japan for the first time since World War II recorded a 0.6% decline in GNP for 1974. In the 1st quarter of 1975, GNP fell by 0.7%.</p> <p>12 World Bank Development Committee decided to open a "third window" for lending funds to the developing countries on a moderate rate of interest and for "medium" duration. It will operate from 1st July.</p> <p>13 Two more countries—Venezuela and Algeria—formally signed the agreement for establishing an association of iron-ore exporting countries. The association is expected to come into existence by the middle of August.</p> <p>13 Agreement signed by which the Government of Japan will provide the Government of Sri Lanka a loan of 4500m. yen (approx. US \$ 15m.) for development. This is the 10th loan in fulfilment of the pledge made by Japan at the Aid Consortium Meeting.</p> | <p>15 Japan announced a third series of anti-recession measures to stimulate business activity and encourage economic recovery as the previous two programmes enforced in March and February had proved insufficient to pull the national economy out of the current recession.</p> <p>19 International Women's Year Conference opened in Mexico.</p> <p>22 A mutual declaration to operate the Asian Clearing Union was signed at a meeting held in Iran by Sri Lanka, India, Iran, Pakistan, Bangladesh and Nepal to link the trading accounts of these nations. The Clearing Union will essentially be a banking facility which makes for quicker and easier accounting to promote trade in their own currencies with the least reserves of foreign exchange.</p> <p>25 ILO wound up its 60th session at Geneva with a declaration restressing equal rights for women workers who now make up a third of the world's labour force. Women still are paid much less than men and run a higher risk of losing their jobs in times of recession.</p> <p>25 Mozambique became the world's newest nation closing nearly five centuries of rule by Africa's oldest colonial power, Portugal.</p> <p>27 Two agreements under which Sri Lanka will receive Rs. 52,000,000 maintenance and development aid as outright grants from Britain was signed in Colombo.</p> <p>27 U.S. House of Representatives voted against contribution of funds to the ILO. The decision to delete a \$222.4m. payment from U.S. membership in the ILO came as a result of opposition to the admission of the Palestine Liberation Organisation (PLO) as an observer at the ILO.</p> |
|---|---|



"With their Milk and with the Haviv manufactured therefrom they uphold all creatures in the universe."

Mahabharata

"Milk contains almost all the food elements that a human being needs—protein, fat, sugar, minerals and most of the vitamins. Children who are taking a well balanced diet, except for milk are likely to get enough of most of these elements from other foods. The exception is calcium. Milk is the only food that contains a lot of it. That is why you would like a child to average between  $1\frac{1}{2}$  and 2 pints a day in some form".

Benjamin Spock

"The object of this war is to make sure that everybody in the world has the privilege of drinking a quart of milk a day". Henry Agard Wallace in an address on "The Price of Free World Victory" in May 8, 1942.



## MILK: Scarcity & Self Sufficiency

Public concern over availability of milk and milk products is a recurrent theme. A high level committee on nutrition has been appointed to investigate and report to the cabinet on a Food and Nutrition Policy for Sri Lanka. The National Science Council had a panel examining this matter for nearly 2 years and has forwarded its report to the Government. Recently the Co-operative Wholesale Consumers' Union, Colombo North, alleged that the packed milk products of the National Milk Board was in short supply at co-operatives because the Milk Board was not supplying adequate stocks.

During the last 7 or 8 years the milk supply to consumers specially in Colombo and its suburbs and more generally in the heavily populated areas of the Western Province and other principal urban areas in the country has fallen far short of minimum requirements.

In Colombo the consumer is almost totally dependent on the Milk Board and the few imports of special brands of infant milk food, (when the Milk Board was established in 1954 all dairies within the Colombo Municipal

Council limits were closed by order of the Council). In other areas wherever people have to purchase marketed brands of milk, they are dependent on the Milk Board and the few importing agencies. In the major towns the Milk Board has established milk booths. But due to shortages in many of these no milk product is generally available several days in the week. The supply position is shown in Table I.

except the small amounts available at milk booth counters. Sterilised milk appears to be the better product for our conditions. Since it is accessible to a larger cross-section of consumers because it needs no refrigeration and has a shelf-life of 6 months. But its production is restricted on account of the shortage of milk and the exclusive nature of the pasteurised milk clientele. Products such as Yoghurt, milk pops and ice-cream have not

TABLE I  
FRESH MILK PRODUCTS SUPPLY OF THE NATIONAL MILK BOARD

	Year	Location of Dairy Factories			
		Colombo	Kandy	Kurunepala	Galle
District Population .. ..	1972	2,673,000	1,272,000	1,063,000	769,000
Town Population .. ..	1972	607,000	85,000	28,000	80,000
Pasteurised Milk pts/dy. ..	1972	61,000	8,200	8,500	1,400
	1973	46,000	5,500	7,500	1,000
Sterilised Milk pts/dy. ..	1974	45,000	10,000	—	—
	1972	4,900	13,200	—	—
	1973	3,500	10,300	—	—
	1974	3,900	5,000	—	—

Source: Department of Census and Statistics 'Pocket Book 1973' and Administration Reports of Milk Board.

Pasteurised milk because it needs refrigeration and its shelf-life is only 48 hours is restricted to an exclusive clientele on orders through agents

been freely available since 1973. Lakspray, Vitamilk, Vitamalt and condensed milk are restricted to Householders' Cards and quotas only



through co-operatives, but the quota supplied is less than customer requirements.

The dried milk shortfall is aggravated because of snags in the distribution system. In certain milk producing rural areas milk foods remain on the shelves for long periods and move only slowly, if at all. The excess supply goes back to urban areas through traders and visitors. Of the other products 95,000 lbs. of Vita Milk (half cream) is packed and distributed every month. Of this, 85,500 lbs. go to Milk Feeding Centres of local authorities and 9,500 lbs. are given to co-operatives in Colombo. The supply of Vitamalt is 125,000 lbs. per month issued through co-operatives. The supply of condensed milk

is 1.44 million tins a month on a quota of 2 tins for a Householders' Card. In the case of condensed milk there is also the additional distribution to hotels, rest houses, office canteens, restaurants and the confectionery trade.

The imported brands of Infant Milk powders are multinational products like Lactogen, Pelargon, Cow and Gate, Lita, Ostermilk and SMA. But here again because of the scarcity of this imported milk due to our adverse terms of trade at various times there is a run on these products, specially on full cream brands, and they too become unavailable. Consequently, since last year these brands too have been put on a controlled distribution system on Householders'

Cards and the birth and age identification through Birth Certificates and other documents. These brands are intended for weaned babies under one year of age. In 1974 infants under 1 year in the population were 340,000. Imports of infant milk powder in 1974 were 5.48 million lbs. at a cost of Rs. 26 million. This year imports have been increased to 6 million lbs. at a cost of Rs. 32 millions.

The preferential demand for imported and packed milk products is another of these food habits imprinted on us by multinationals from colonial times (see box). Fortunately some middle class and low income group mothers and those in rural areas still breast-feed their babies. Medical opinion firmly supports this, as best for the baby and good for the mother. More and more urban mothers seem today too to prefer to breast-feed rather than run the risk of milk shortages. Shortages too are therefore beneficial in one way in that even if it has not stimulated local production, at least breast-feeding has indirectly promoted import substitution. To popularise breast-feeding of infants as long as possible appears therefore to be eminently desirable.

## Artificial Foods as Baby Killers

"Third World babies are dying because their mothers bottle-feed them with western style infant milk. Many that do not die are drawn into a vicious cycle of malnutrition and disease that will leave them physically and intellectually stunted for life.

"The frightening fact is that this suffering is avoidable. The remedy is available to all but the small minority of mothers who cannot breast feed. Because mothers' milk is accepted by all to be the best food for any baby under six months.

"Although even the baby food industry agrees that this is correct, more Third World mothers are turning to artificial foods during the first few months of their babies' lives. In the squalor and poverty of the new cities of Africa, Asia and Latin America the decision is often fatal.

"The baby food industry stands accused of promoting their products in communities which cannot use them properly; of using advertising, sales girls dressed up in nurses uniforms, give-away samples and free gift gimmicks that persuade mothers to give up breast feeding...

"... Where there is no choice but squalor, the choice of an artificial substitute for breast milk is in reality a choice between health and disease".

*Extract from the summary, 'The Baby Killer' WAR ON WANT*

There is now a Baby Foods Action Group. This British organisation is campaigning on the issue of the commercial promotion of artificial baby milks and bottle feeding, as a case study of the expansion of multinationals, particularly the interaction between the industrialised western societies and the underdeveloped world. It specifically concentrates on the role of the multinationals and the collaboration between the multinationals and government and medical establishments in promoting bottle feeding.

The aims of the campaign are—

To publicise the political nature of the trend towards bottle feeding in the Third World and the West; and to initiate restrictions in the commercial promotion and distribution of artificial baby milks.

## Protein Calorie Malnutrition

The Medical Research Institute of Sri Lanka has repeatedly warned of the increasing incidence of first degree protein-calorie malnutrition specially among the most sensitive age groups in the population. Apart from symptoms of emaciation and retarded growth in children, studies have shown the great danger of mental retardation due to this (see Table II.) The most sensitive age group is 0-6 years followed by the next growth phase up to 15 or 16 years when the body frame develops. Milk is the only food which provides calcium and phosphorus in the correct ratio for bone formation in an easily assimilable form, together with essential trace elements and Vitamin D. With its protein content including vital amino acids and other qualities like energy value, and digestibility, it is a complete food.



TABLE II  
SEVERITY OF PROTEIN CALORIE MALNUTRITION (%)  
(Age in Months)

	8	12	24	36	48	60
1st Degree ..	22	47	61	71	65	64
2nd Degree ..	14	18	20	25	20	22
3rd Degree ..	2	2	3	4	7	4
Normal range ..	62	33	16	2	8	10

Source: Nutrition Department, Medical Research Institute, Sri Lanka.

About a million children in Sri Lanka are said to be suffering from various degrees of protein-calorie malnutrition. The incidence is more acute among the urban poor. In a large number of these, the nutritional deficiencies can be traced to pregnant mothers and thereafter to lactating mothers and through to the rest of childhood. For over 15 years

## When Malnutrition Handicaps Children

Recent research has conclusively established that malnutrition of young children affects their mental performance in later years. In short a deficient diet means a low intelligence. Below we summarise two such studies.

J. Cravioto and E. R. de Licardie investigated the effect of deprivation on Mexican children's behaviour and ability to learn. They concluded: "The data lead to a prediction that the shorter children, whose height is a reflection of earlier and sometimes continuing malnutrition, risk school failure stemming from an inability to master primary school subjects."

M. Hertzig and her colleagues studied the effects of different home and parental backgrounds when examining Jamaican children. All were aged between seven and eleven years, from the same ethnic group and similar low income homes, so that a long standing marginal food deficiency might be expected. Additionally some of the boys, before their second birthday, had suffered from such severe malnutrition that they had to go into hospital. The IQ's of these boys were lower than those of their brothers who had not suffered so severely from malnutrition and were much lower than those of boys of the same age from other households. Behaviour was poor, too, in the malnourished groups: their teachers reported that they were less attentive and more easily distracted than the other children. However, it was difficult to be sure that all the changes observed were due to early deficiency. To unravel such angles, investigators

have used animals to study the effects of single deficiencies. Severe food deprivation (as in Biafra and Bangladesh) produced animals which were apathetic, under-sized and very underweight; many died and the survivors failed to reproduce.

R. J. C. Stewart of the London School of Hygiene and Tropical Medicine and his colleagues have induced a milder form of malnutrition by feeding rats a diet which, although adequate for non-reproducing adults led to varying degrees of deficiency during growth, pregnancy and lactation. One colony of rats has been maintained on this ration for 16 generations, equal to about 400 years in human terms. The offspring of the deprived rats have very low average birth weights; about 28 per cent are very small for their gestational age; many die before weaning, the survivors grow slowly and, when adult, are short-legged and underweight. They differ from normal rats; being more active even when they are only a day or two old; and, during the suckling period, they leave the nest more often and for longer periods than is usual.

The undernourished rats are markedly disturbed by noises that only arouse mild curiosity in the well-fed controls. If subjected to a more severe stress, they become very excited. In tests of visual



discrimination, 35 per cent fail to solve the problems and those that do require longer training than the well-fed rats, who all pass.

They are very easily distracted and often refuse to make a choice or even to examine the problems. After several failures some become so discouraged and unco-operative that the tests have to be abandoned. In contrast—well-fed animals, even after numerous failures, always appeared to be trying. Many of the effects observed among deprived children can therefore be produced in animals, concluded R. J. C. Stewart.



CARE skimmed milk powder has been distributed to these groups in addition to fresh milk at the Ministry of Health clinics under the National Milk Scheme. In 1973 about 1.9 million lbs. of skimmed milk powder was distributed through 1241 centres to 93,000 beneficiaries. The total number of centres under the National Milk Scheme has been 2690. In 1970 a Weaning Food Programme was introduced by CARE as an additional programme through these centres because of the increasing difficulty to import skimmed milk powder. About 200,000 benefitted from the "Wheat-Soyabland supplementary food". This year the supplementary food programme is being extended to 400,000 pre-school children and mothers with a target of 500,000 by 1977.

The Ministry of Health together with CARE are now distributing "Thriposha", a fortified wheat-sorghum flour biscuit. UNICEF is contributing US \$ 2.7 million for this programme including the cost of setting up a plant in Sri Lanka to produce this supplementary food with local ingredients. Thriposha will finally replace the imported supplementary food.

The immensity of the problem is that about 45 per cent of the population comprise the sensitive age groups. The per capita milk consumption was 2 ozs. liquid milk equivalent (of milk products converted) or 2 grams of milk protein in 1963 on the basis of the Consumer Finances Survey of the Central Bank. Of this 1 oz. was imported. The National Milk Production then was 600,000 pints per day. By 1970 the

per capita consumption had dropped to 1.6 ozs. of liquid, milk equivalent of which roughly half was the imported content according to the Socio-Economic Survey of the Department of Census and Statistics. Thus from 1963 to 1970 the National Milk production had declined by about 540,000 pints a day, the population meanwhile having increased from 10.58 million to 12.51 million. The supply of milk foods seem grossly inadequate both in terms of products and per capita consumption.

No doubt this unsatisfactory situation has been further aggravated by the fact that according to the Socio-Economic Survey of 1970 some 80 per cent of the population received an income less than Rs. 400 per month and 40 per cent less than Rs. 200. It is not surprising therefore that specially in the Colombo district, large numbers of the impoverished sell the milk quotas on their Householders' Ration Cards to buy bulky food which would go a long way to feed their families. The beneficiaries are of course the more affluent sections of the community.

Table III illustrates that the most important milk product, namely infant milk, has been kept at a constant price level with subsidies. Thus it is apparent that we have managed to cushion this sector during the adverse world economic climate.

### Requirements

What then seem to be our minimum requirements? The nutritionists of the MRI and paediatricians have assessed Sri Lanka's per capita milk

requirements (all products converted) to be 5.5 ozs. of standard liquid milk. The distribution however, here should be weighted in favour of the sensitive age groups. For instance, a baby under one year of age would require on an average 26 ozs. of liquid milk a day. As the intake of solid foods increases thereafter a minimum of 10 ozs. or half pint of liquid milk is required every day. In practice this amount may be reduced a little as the child grows older provided other protein foods such as eggs, fish and meat are consumed. It must be recognised of course that the MRI recommendations are only broad guide lines in relation to other sources of protein and caloric nutrition in Sri Lanka. These are shown in Table IV, on the next page.

The intake will no doubt vary according to food habits and preferences, income groups ethnic and religious groups and according to urban, rural and estate groups in the population.

Table IV shows that when the general picture of consumption in the country is reduced to per capita terms, Sri Lanka's consumption pattern is commendable, specially if it is contrasted with other less developed countries in Asia and Africa where basic food needs are more acute for millions of people.

In Sri Lanka the bulk of protein intake is through fish and food of vegetable origin including the chief diet of cereals. It is well known that pulses and dry fish have been important sources of proteins in rural areas with more fresh fish replacing dry fish in areas closer to the coastline. The importance of fish in the diet of the people is shown in the Socio-Economic Survey 1969/70. Considering the lowest income group of households with a monthly expenditure under Rs. 200/-, the relatively high expenditure of Rs. 12.11 is spent on fish of which Rs. 6.17 is on dry fish. In the comparable urban sector household, Rs. 16.17 is spent on fish while the larger portion i.e. Rs. 12.21 is spent on fresh fish. Dry fish generally and fresh fish in coastal towns have also had a stabilising effect on animal food prices. Beef consumption has shown a tendency to increase in

TABLE III  
INCOME AND PRICES

	1970	1971	1972	1973	1974
Per capita changes in real income (+) — (a) .. .. .	-3.34	-3.53	-0.75	-0.07	-2.94
Price inflation (+) — (a) .. .. .	4	0.9	4.6	16	26.4
Index of Price Increase — (b)					
All Infant Milk — (c) .. .. .	100	100	100	100	100
Lakspray .. .. .	100	—	117.7	153.2	193.5
Condensed Milk .. .. .	100	—	—	140.0	260.0
Pasteurised Milk .. .. .	100	—	—	181.8	200.0

Sources: (a) Central Bank, Annual Reports.  
(b) Department of Controller of Imports and the National Milk Board.  
(c) The prices have been kept constant with subsidies despite price increases.



TABLE IV  
PROTEIN NUTRITION IN SRI LANKA  
Protein grams per head per day

From	Nutri- tional Require- ments MRI 1972 All Island	Socio- Economic Survey 1970 All Island	M.R.I. Dietary Survey 1972(a)	M.R.I. Dietary Survey 1973 (b)	Food Balance Sheets Dept. of Census & Statistics 1974 (Pro- visional)
Milk .. ..	5.5	1.6	0.2	0.4	1.48
Fish .. ..	10.3	7.0	4.3	2.8	6.74
Eggs .. ..	1.2	0.2	0.0	0.03	0.61
Meat .. ..	2.2	1.5	0.6	0.26	0.99
<b>Total Animal Protein</b>	<b>19.2</b>	<b>10.3</b>	<b>5.1</b>	<b>3.49</b>	<b>9.82</b>
Cereals .. ..	30.5	27.2	30.9	34.6	31.34
Coconut .. ..	2.8	3.9	2.6	2.6	3.80
Other Vegetable Origin (Vegs., fruits, pulses, condiments, etc.) ..	11.5	12.3	7.8	7.6	4.20 (c)
<b>Total Protein of Vege- table Origin</b> .. ..	<b>44.8</b>	<b>43.4</b>	<b>41.3</b>	<b>44.8</b>	<b>39.34</b>
<b>Total Proteins</b> .. ..	<b>64.0</b>	<b>53.7</b>	<b>64.4</b>	<b>48.29</b>	<b>49.16</b>
<b>Total Calories</b> .. ..	<b>2240</b>	<b>2264</b>	<b>2102</b>	<b>2146</b>	<b>2145</b>

- (a) Average of Surveys at various times at Bakamuna, Kandalama and Katanagama. Katanagama nutritional levels were very low. Total protein 39 gms. and calories 17.21 due to low level of cereals and therefore depressed average. Kandalama had a relatively high consumption of tank fish and cereals.
- (b) Average of surveys at various times at Ulpothagama, Rajangana Village and Bakmuna. Upothagama had a relatively high milk consumption level at 1.1 gms. and Rajangana had a relatively high level of tank fish consumption.
- (c) Condiments omitted.

recent times and become more wide-spread even in rural areas because of the periodic shortage of dry fish at cheaper prices, the relative high price of fresh fish, the permanent shortage of pulses in recent times and because other meats are beyond the means of the majority of people. For instance the Socio-Economic Survey 1969/70 shows that no poultry and pork are consumed in the urban sector in the income group of under Rs. 150/- a month and the minimal expenditure in the comparable group in the rural sector arises only because of traditional poultry and pig raising in some of the areas surveyed. Coconut has always been an important but unrecognised source of protein. During 1973 and 1974 consumption of coconuts was reduced due to the poor crop and high price. All these add up to the nutrition deficiency problems in the country.

Although the overall consumption picture appears not unsatisfactory, shortages and high prices always hit the middle and low income groups in the population which comprise 80% whose income is under Rs. 400/- per month. The consumption pattern on the basis of income in 1969 is shown in Table V.

The variation in the consumption levels between urban and rural are shown in Table VI (appearing on page 9). The significant variation for specific items at the same level of income are shown in Table VI.

It is important to recognise that in the low income group for 80% of the population with incomes under Rs.

400 a month, up to 70% of total monthly expenditure is on food, while 30% is on cereals, notwithstanding the free ration of rice and the cheap price of flour. The relatively low expenditure on milk is a significant consideration in the light of the prevailing protein-calorie malnutrition problem in the country.

### Fresh Milk

What is the pattern of production, supply and distribution of fresh milk?

There is no homogenous pattern in the country. Besides, as shown earlier, the national production has declined from 600,000 pints a day to 540,000 pints between the Consumer Finance Survey, 1963 of the Central Bank and the Socio-Economic Survey of 1970 of the Department of Census and Statistics, while the population had increased by nearly 2 million. This population component contains the sensitive group of children. It is necessary therefore to focus attention on the production pattern, causes of decline and the effect of the setting up of the Milk Board.

Before the National Milk Board terminated milk production in Colombo City in the middle 1950's, it used to be fashionable for the Colombo elite and a section of the middle class to keep a cow at home. The term *Flatton* cow arose from the practice of moving cows in milk with their calves when lactation commenced to Colombo

TABLE V  
Average Expenditure per Household for one Month on all Live-  
stock Products by Income Groups (Socio-Economic Survey 1969-70)

(All Island)

	Under Rs. 100/-	Rs. 100/149	Rs. 150/199	Rs. 200/399	Rs. 600/799	Rs. 1000/ over
<b>Meat</b>						
(1) Beef .. ..	0.62	0.87	1.57	3.12	8.45	28.68
(2) Mutton and Pork and other meat .. ..	0.29	0.64	1.00	1.41	2.80	6.47
(3) Poultry .. ..	0.00	0.07	0.06	0.23	1.74	8.04
(4) Eggs .. ..	0.19	0.43	0.70	1.43	5.63	13.54
<b>Total</b>	<b>1.10</b>	<b>2.01</b>	<b>3.33</b>	<b>6.18</b>	<b>18.68</b>	<b>46.73</b>
<b>Milk Products</b>						
(1) Fresh Milk .. ..	0.50	0.87	1.24	2.95	6.74	16.55
(2) Milk Powder .. ..	0.67	0.93	1.74	2.19	7.97	7.76
(3) Infant Milk Foods ..	0.21	0.35	0.53	0.66	1.75	1.51
(4) Condensed Milk ..	0.07	0.15	0.19	0.15	0.52	0.55
(5) Other Milk Products	0.06	0.03	0.09	0.03	0.21	0.13
<b>Total</b>	<b>1.51</b>	<b>2.33</b>	<b>3.79</b>	<b>5.98</b>	<b>17.15</b>	<b>26.50</b>



# THE MILK BOARD

The Milk Board has been in operation since 1957. The Milk Board Act provides for the promotion of milk production, but the Board's activities hitherto have been mainly directed towards the collection of milk wherever it is available as opposed to basic milk development. The table below gives milk collections by the Milk Board for the last three years.

This recent increase has also been helped by the slump in poonac prices from January this year which fell by 300% compared with the 1974 hike and also the Mahapaddy harvest rice bran which started coming into the market. Further frequent rains have produced enough fodder and pasture. Also with the establishment and initiative of the Project Technical

written recognition of milk being an essential commodity, although such a policy has not been explicitly stipulated by the Government, as for instance in the case of rice. The Government decided last year to give the Board an annual grant of Rs. 40 million amounting to the Board's FEECs component at 1974 prices.

The Board's dairy factories are placed in traditional milk production and high dairying potential areas. The dairy factories are at Colombo, Polgahawela, Tamankaduwa, Pallekelle and Ambewela. The World Bank loan for Dairy Development too will cover these areas. The Project Technical Unit which has been formed to implement this program is expected to co-ordinate the milk collection activities of the Milk Board, the services of the Department of Agriculture specially veterinary assistance and activities of Co-operatives and Commercial Banks in respect of this programme.

The table below gives the capacity utilisation of the plants belonging to the Milk Board.

## MILK COLLECTIONS BY THE MILK BOARD

	1972	1973	1974
Number of Milk Collecting Centres	32	38	47
Installed Collecting Capacity (pts.) ..	212,488	258,504	339,192
Collections per day (pts.) ..	152,818	146,319	143,163
Percentage of installed capacity ..	72	57	42

The Milk Board has established 47 Milk Collecting Centres with a farm tank capacity of 339,192 pints and carries a milk bowser fleet of 37 vehicles with farm tank capacities amounting to 364,000 pints. It is seen from the table that milk collections which averaged 152,818 pints per day in 1972 fell to 143,163 pints in 1974 largely as a result of the contraction of the dairy industry caused by the mounting prices of feedstock. In December 1974 there were 28 centres collecting less milk than 50% of installed farm tank capacity. The higher producer prices have also resulted in higher prices of liquid milk to consumers making it almost impossible for the lower income groups to purchase liquid milk. The drop in the Milk Board's liquid milk collections has also led to a continued dependence on imports and to a lower overall availability of milk supplied by the Board.

However, this year there has been a marked rise of milk production reaching now an all-time record averaging 200,000 pints a day. This is due to previously idle cow resources being mobilised into production with the transfer of cows from remote areas into milk collecting areas and with higher production due to better feeding.

Unit and the Project Committee under the Sri Lanka/IDA Dairy Development Programme there is apparently a renewed interest in dairying as evidenced by a flood of loan applications.

A record of the Milk Board's business activities show the tendency for mounting losses in its

operations since 1957 except in 1970 when a profit of Rs. 811,000 was made. The biggest estimated loss before price revision was Rs. 110 million in 1974, of which Rs. 70.49 million was on FEECs and duty on milk products and packing material. Although the Milk Board is supposed to be a commercial corporation, its product prices are controlled by the Government, but not its raw material prices. There is in this an un-

## UNDER-UTILISED CAPACITY

	Installed capacity (pints)	Percentage Average milk intake in pints/day		
		1972	1973	1974
Milk Spray Drying Factory, Ambewela ..	220,000	30.9	29.7	27.1
Condensary, Polonnaruwa ..	120,000	10.4	18.3	18.1
Pallekelle—Pastueriser ..	16,000	61.1	41.7	35.1
Steriliser ..	16,000			
Polgahawela—Pastueriser ..	16,000	55.8	58.1	59.8
Colombo - Pastueriser, Steriliser & products	102,000	37.9	39.6	38.0
Galle—Pastueriser ..	5,000	23.1	27.4	28.9
47 Milk Collecting Centres ..	339,192	45.1	43.1	42.2
39 Milk Transport Road Tankers ..	364,000	41.9	40.2	39.3

It is seen that there is a high level of under-utilisation in all the plants and this must necessarily create serious diseconomies of scale and high production costs. It is apparent that production of milk is not sufficient to keep the plants operating at full capacity. The programme of expansion of the Milk Board factories was planned in the Agricultural Development



proposals 1965-70 of the Ministry of Agriculture. These were completed with the Ambewela Milk Spray Drying Factory being commissioned in 1974. But many of the dairy development projects given in this document and subsequently revised and enlarged in the Draft Agricultural Plan 1971-77, as well as those brought forward into the Five Year Medium Term Plan of 1972-76 have not yet been implemented. The World Bank Loan for Dairy Development signed last year has committed the implementation of dairy development projects to the Coconut Triangle and Mid-Country. The Condensary Region is also likely to be included.

On occasions the Milk Board has assisted producers as for instance six years ago by offering a subsidy on concentrated feeds. Another of its programmes is the Dairy Management Course of lectures which has been conducted for several years. But there has been no significant large scale Dairy Development Projects which the Milk Board has undertaken except for the small addition of un milked cows and transfer of some cows from inaccessible distances when a marketing outlet was established. The Milk Board has generally continued to play its historical role of collector of existing milk supplies.

Apart from the supply situation the other important consideration is the price factor. The Milk Board (and the Government) today subsidises the consumer of milk, whilst there are supportive services for the producer. Yet subsidies for the consumer can clearly be lessened by maximising existing capacity utilisation of the Milk Board plants. This of course calls for increased attention on the milk production side.

from the upcountry and sending them back to the estates when they went dry. Indian Tamil labour comprised the bulk of the dairy labour in Colombo in as much as the 50 odd dairies of the Colombo Co-operative Milk Union were also operated by them. They were the dairy labour in the estate sector too. Consequently, they were the backbone of the dairy industry which flourished in the upcountry estate sector as a result of the incentive of the "Estates Food Production Act of 1942". Not only were the Indian Tamils as an ethnic group and the estate staff milk conscious and good dairy-husbandmen, but also the climatic conditions favoured continuous grass production and the raising of high yielding cows of European dairy breeds and their crosses (the Hatton and Cape cow).

same reasons. Besides, the Ceylon Moor communities in these areas breed some of the finest draft cattle of Indian origin. This traditional cattle husbandry spread to the hinterland into Tamankaduwa because of the availability of good grazing along the Mahaweli. Thus Polonnaruwa to Welikande is well known for curd and ghee production. The Milk Board's condensary located in the heart of this area has not changed the traditional practices although the condensary has operated for 7 years. The condensary depends more on imported skimmed milk powder and butter oil, excess butter fat from the Colombo and Ambewela dairy factories and fresh milk from distant places such as Kotagala and Kalmunai, while paradoxically, fresh milk from the vicinity of the condensary move into local curd and ghee production.

TABLE VI  
EXPENDITURE PER HOUSEHOLD FOR ONE MONTH

	URBAN			RURAL		
	Rs. 150-199	Rs. 200-399	Over Rs. 400	Rs. 150-199	Rs. 200-399	Over Rs. 400
Total Milk ..	5.30	16.28	36.07	2.32	10.96	27.18
Infant Milk ..	0.90	1.31	3.29	0.36	1.35	0.34
Beef ..	3.90	9.23	18.05	1.19	5.00	10.94

With the establishment of the National Milk Board and milk collection facilities in 1956 dairying expanded rapidly in the estate sector and until 1972 supplied over 70% of the fresh milk intake of the Board.

This same ethnic feature is displayed by the Ceylon Tamil. Perhaps milk consciousness and good husbandry of bovine animals stem from the Hindu religious significance attached to the cow and the recognition of its economic use. Thus, Jaffna district is the area in Lanka which has the most efficient and best integrated crops and livestock farming. In spite of the harsh dry conditions and lack of green feed, even high yielding European dairy breeds are performing most efficiently, due entirely to good management. All the milk is locally consumed and very good animals are bred.

In the Trincomalee and Batticaloa areas too milk-consciousness and cattle raising are important for the

An identical situation exists in the extreme South of Sri Lanka where a traditional curd industry flourishes. The difference is that buffaloes and buffalo milk are more popular in the South. The only other area where cattle and buffalo raising has been traditional and the demand for milk and beef has also been high is along the Western periphery, in the Wet Zone Coconut Triangle. The origin of this tradition is two fold. First, coconut is the only crop which permits perennial grazing on the land. When the standard regulation spacing is given for coconut, 86% of the land carries grazing. In the Wet Zone good grazing is available all the year round in a normal rainfall year. The second reason is economic. Raising animals puts this idle land to good use without any cost and increases income from sales of milk and animals apart from the value of cattle manure. Estates bred large herds primarily for manure, to keep down weeds and grass, sale of bred animals

*Contd. on page 12.*

# Planning Dairy

Our goal towards achieving self-sufficiency in milk production; raising the average yield of local cows, and increasing the number of milk cows in the country have been proposed in five successive plans covering the 25 years from 1952. Unfortunately many of these proposals still stay in the plan stage. The extracts that follow, from the 6 year plan (1953-1959) the 10 year plan (1959-1968) the 3 year plan (1962-1964), the Agricultural Plan (1966-1970) and the 5 year plan (1972-1976), show that our planners have had an understanding of the problem. It not merely reveals that there were no lack of methods of how our 'milk problem' should be tackled but also throws much light on the problem itself.

## The Economic Development Plan 1953-59

Until fuller and better information is available on the livestock potentialities of the country and on the reaction of the different breeds of livestock in the various regions, it would be wise to continue the general lines of policy already being followed by the Division of Animal Husbandry and Veterinary Services on the government stations and farms. However, the (IBRD) Mission cautions against the understandable but undoubtedly perilous aspiration of the Department of Agriculture to bring about a very rapid improvement and numerical increase in the island's livestock, without taking due account of the rigors of the various regions or the inexperience, natural approach and poverty of the people concerned. To produce livestock beyond the immediate possibilities of the food supplies and management experience of farmers has produced dire results in other lands—an outstanding example for many years being the Union of South Africa.

Among the subjects requiring early attention are: (1) provision of a supply of good cross-bred cattle for the urban dairies, pending the development of Zebu milk breeds; (2) development of the milking properties of water buffaloes, toward encouraging the use of buffa-

lo-curd in rural areas; (3) supplementing urban milk supply by more intensive dairying in urban districts, through modern large-scale methods; and (4) production and distribution of sires likely to produce progeny of good survival rate and economic response in particular regions.

## The Ten Year Plan 1959 - 1968

A major field of agricultural development in the future will be animal husbandry. Despite our land resources in which soil and climate are quite well adapted for pasture and livestock, almost Rs. 60 million was spent in 1957 on the import of milk and milk products. By 1968 this would have increased to nearly Rs. 100 million unless measures for the development of this industry are put into effect straightaway.

Local production of milk amounted to 153 million pints from 338,000 cows which gives an average annual production of 433 pints per cow or a daily yield of 1.2 pints per animal. This is, of course, in addition to the quantity consumed by the calves which are invariably suckled.

The low yield of the average cow fed on poor pasture tends to make milk production uneconomic. The average yield hardly justifies the feeding of concentrates and any increase in the price of milk to make milk production profitable puts milk

out of reach of the average consumer. There is consequently a great demand for imported milk. The solution must ultimately lie in the improvement of cattle population, the improvement of pastures, better standards of concentrate feeding and improved management all of which are long-term projects.

The postulated increase in local production will be obtained both by an increase in the average yield of a milk cow, and also by an increase in the number milked. In this period considerable emphasis will be placed on increasing the average yield. The present net yield of 1.2 pints per animal per day is so low that an increase is quite feasible. At the end of the 10 year period it is planned to raise the yield to 3.2 pints per animal per day or 1,100 pints a year. This is a relatively modest target since the Department of Agriculture is of the opinion that "a cow can be made to yield 5 pints of milk a day".

Self-sufficiency in milk thus depends on achieving two things. The first is to raise the average annual yield per cow from 433 pints to 1,100 pints, and secondly to ensure that 112,000 cows more are milked. To the extent that one falls short of the target the other has to be increased; thus if the yield does not rise to 1,100 pints, the number of cows in milk has to be greater. Similarly, if one target is exceeded the other can be diminished.

## The Short-term Implementation Programme 1962 - 64

An advance towards the achievement of self-sufficiency in milk and milk products and an increase in the supply of meat, is envisaged on the following lines:—

- (i) Raising the average yield of local cows from 1.2 pints per animal per day to at least 3.2 pints;
- (ii) Increasing the carcass weight of cattle; and
- (iii) Increasing the number of cows milked from existing herds.



# Development

The first two are long-term processes which the government seeks to carry out by a programme of research in animal genetics, by providing facilities for artificial insemination, improving animal husbandry and veterinary services, enforcing relevant provisions of the Animals Act, and approving marketing facilities for milk and meat. In regard to the third, in which results can be achieved in a relatively short time, the government proposes to establish specific projects to increase production of milk in specific areas with a view to meeting existing demand.

The improvement of animal husbandry is, however, inextricably bound up with the problem of marketing its produce. With a per capita consumption of the order of only 1.5 pints of milk per day, we do not have much of a demand for fresh milk and a large number of cows are not being milked. The real solution has thus to be found by a utilisation of the existing resources and creating a demand for fresh milk. This will provide the necessary incentive for the development of the dairy industry.

The Milk Board was set up to provide these facilities. It has expanded its activities and has now nine collecting and four processing centres in operation. The activities of the Milk Board are, however, restricted by the relatively limited demand for fresh milk. The country at the same time continues to import large quantities of processed milk products.

There seem to be three ways out of this vicious circle:

- (i) A demand for fresh milk can be created by a restriction of imports of milk products.
- (ii) The purchase of all milk offered to the Milk Board for sale.
- (iii) The establishment of factories for the production of condensed milk and powdered milk which will absorb the present milk surpluses and provide a ready market for

future production. Under present conditions, these factories are likely to run at a loss until sufficient milk is forthcoming to enable them to operate at full capacity.

The last of the alternatives is the most acceptable.

## Agricultural Development Proposals 1966-1970

The potentialities for milk production in Ceylon are considerable. The hill country zone is ideally suitable for temperate breeds of cattle and offers excellent avenues for dairy farming. This area lends itself to intensive methods of cattle rearing and sufficient land is available to produce enough milk to off-set present imports of powdered milk.

In order to exploit these resources, the Government has already invested an estimated Rs. 80 million during the last 25 years on several programmes. As a result of the implementation of these programmes the necessary technical and managerial skills have been acquired over the years. The farms already established in the different climatic zones of the country, carrying various breeds and types of animal, have served as a valuable training ground in the fields of animal and pasture management. However, self-sufficiency in milk can be achieved in a short time by an intensification of these programmes as can be seen from the following example. In 1964 Ceylon imported Rs. 19 million worth of condensed milk. In order to achieve self-sufficiency in this commodity, we need only about 8,500 cows, in addition to those available at Tamankaduwa. As stated earlier there are over 200,000 acres of natural grassland in this area. Suitable buffalo cows are available for immediate purchase in India and in Pakistan at Rs. 1,750 per animal. Therefore an investment of about Rs. 15 million in foreign exchange can make Ceylon self-sufficient in condensed milk and immediately save a similar amount in foreign exchange annually.

## The Five Year Plan 1972-1976

Meat, eggs and milk are food items which are very sensitive to income increases among the lower and middle income groups. The production of some of these items has not kept pace with demand, and hitherto there has been no sustained programme to develop animal husbandry.

In the programme of import-substitution as well as in the diversification of peasant agriculture, the expansion of animal husbandry is assigned very high priority in the Plan.

During the Plan period the increases in domestic production of milk will be sufficient to replace all imports of full cream milk powder as well as butter fat and skimmed milk for the condensary. Programmes will be implemented to increase the output of butter, cheese and other milk products.

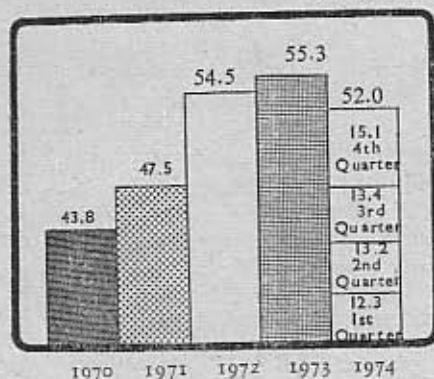
The main programmes required to achieve the output targets in this sector are as follows:—

- (a) The development of new pasture land. The developed pasture and grassland in Ceylon are estimated at approximately 30,000 acres. During the Plan period another 60,000 acres will be developed for pasture, in coconut lands and in the mid-country.
- (b) Improvements and additions to stock by imports of stud bulls and heifers, for improving and expanding the milk herds. Parent stock for poultry will also be imported.
- (c) Expansion of the network of milk collecting centres under the Milk Board, veterinary extension units, and a greatly accelerated and improved artificial insemination programme for the systematic upgrading of the herd for milk and beef.

NATIONAL MILK BOARD  
TOTAL MILK COLLECTION

1970-1974

Million Pints



and draft power needs for transport and paddy work. Dairying has been popular in and around urban areas where milk sale was possible. Thus until 1972 this zone carried about 10,000 or 1/3rd of the elite national dairy herd which were amongst the best Indian dairy breeds and their crosses in this country.

The position then is that there are a number of traditional milk producing areas in this country. The Milk Board collections show that an average 72.6% of the milk produced is locally consumed. This consumption amounts to only 0.66 ozs. per person per day.

#### Major Constraints

The impression is sometimes held that dairy development will be automatic when milk collecting centres are opened, a pasture subsidy is given, producer prices are improved, animals are imported chiefly for State Farms, and foreign experts are called in. The issues however are not as simple as that. Some major constraints not in the above categories are summarised below.

- Lack of land for grazing and fodder and its increasing shortage with the upsurge of food crops which receives priority, because of the apparent inability to integrate crops and livestock at the level of district agricultural programming.
- Lack of replacement of cows and quality female stock, because there has not been a

consistent programme for breeding, multiplication and conservation of valuable animals. The major State Livestock-Farms can only supply a relatively small number of the animals required for projects by farmers despite their size and vast investments ploughed in. The private breeders in the estate sector have now diminished in importance.

- The price hike and scarcity of feed, specially coconut, ponnac and the non-availability of mineral mixture at various times have had repercussions on production and viability of dairying.
- The inaccessibility and non-availability of veterinary services at all parts of the island specially to small farmers.
- The exploitation of dairy farmers by middlemen in marketing the milk, resulting in the closure of farms.
- The isolation of livestock development and production from the main stream of agricultural development and production in the districts.

Thus the decline in aggregate milk collections between 1972 and 1974 as demonstrated in the chart on this page despite the addition of 15 new collecting centres, producer price increases in 1973 and 1974 and the importation of animals, makes it evident that milk collecting centres alone will not automatically generate dairy development in this country in the present situation. There also appears to be a serious dairy cow replacement vacuum in Sri Lanka. Farmers find it difficult to replace an uneconomic cow for one which dies. Besides, when a cow goes dry there isn't another ready to calve down. Most new dairy projects are held back for want of mature heifers and cows. The elite dairy herd which was 25,000 according to the Agricultural Census of 1962 was empirically estimated to have risen to 30,000 by 1968 by the Ministry of Planning and Economic Affairs. A survey in 1967/68 by the Milk Board established that roughly 1/3rd of the elite herd were Indian dairy breeds and their crosses

## India's

The main constraints on growth of livestock in India are the poor genetic constitution of the large majority of farm animals and acute shortage of feeds and fodder. Unfavourable environmental conditions in some parts of the country, inadequate animal health cover and an insufficient marketing system for livestock and livestock products have also contributed to slow progress in this sector.

Milk is nature's perfect food everyone knows it. Still the total milk production has continued to remain far short of the requirement over the last few decades. According to India's Fourth Plan the production of milk increased from 20 million tonnes in 1966-67 to 21.2 million tonnes in 1968-69. It was anticipated that milk production would reach a level of 25.86 million tonnes by the end of the Fourth Plan period. The draft Fifth Five Year Plan estimates milk production in 1973-74 at 23.20 million tonnes. According to an earlier estimate the availability of milk during the Fourth Plan period was only around 108 grams per head per day while the Nutrition Expert Group for the ICMR recommended 300 grams of milk for pre-school children, 250 grams for school children and 200 grams for adult man and woman and an additional 150 grams for expectant mothers. (1 gram = .035274 ozs.)

#### Demand and Supply of Milk

A demand projection for milk has been attempted by the National Commission on Agriculture based on income elasticity. This project in quantitative terms



# Milk Production Programme

(1971-100) has been worked out to be 113.6 in 1975, 133.4 in 1980 and 156.31 in 1985 in rural areas and for urban areas the corresponding figures are 111.94, 128.09 and 146.16 respectively. On the basis of certain assumptions on population increase in the near future in rural and urban areas it has been estimated that the average demand 1981 the country will have to produce 36.42 million tonnes of milk per year. One can well imagine the gap that will exist between demand and production even in the coming decade or so.

## Improved Methods

In order to effect improvement in milk production quickly India will

of variation in milk production is transmitted through inheritance.

The second method which is extensively used in areas of non-descript and low producing cattle is grading up of stock through successive use of superior bulls of selected indigenous breeds. This system has yielded results in areas covered by schemes such as Key Village Schemes and other cattle development programmes. But this system also takes about 25 years to grade up over 5 or 6 generations and even then the increase in milk production will be limited to the average of the superior breeds of bulls used.

The ready mixed balanced feed would then have to be distributed to farmers engaged in milk production. The crossbred animals demand a better regime of feeding, health cover and management. The higher the level of exotic inheritance the greater would be the need of this requirement. In each area where crossbreeding in cattle is introduced there should be a clear cut objective laid down in advance as to the level at which exotic inheritance is proposed to be established in the crossbred population and to take simultaneously measures to produce suitable crossbred bulls for mating. Among the exotic breeds to be used, jersey has been advised to be the best. The heavier exotic breeds with high milk production such as Holstein can be introduced only in areas where suitable feeding and management conditions can be provided for maintenance of crossbreds with high milk production and heavier bodyweight.

*"Everyone admits the crucial importance of animal husbandry, but what we have achieved so far is negligible. A whole range of modern techniques needs to be introduced to transform India's livestock into a weapon to fight poverty". YOJANA*

have to make significant progress simultaneously at several levels: breeding, feeding, management and disease control. Genetic improvement can be achieved through three methods: firstly the conventional system of intensive selection of breeding animals based on individual milk production and supported by a system of progeny testing; selection adopted till recently in our country in areas where pure bred cattle existed. The use of progeny tested bulls has so far not been possible. Systematic attempts are now being made for progeny testing of bulls and genetic improvement of selected herds under Government management. The drawback in this system is that only a small percentage

The third method is cross-breeding of indigenous cattle using exotic dairy breeds. This system is being progressively adopted under intensive cattle development projects everywhere including hilly areas. The NCA has recommended that a large number of small and marginal farmers and agricultural labourers who have produced crossbred heifer calves should be extended financial assistance in the form of subsidy and loan, preferably in kind for the purchase of concentrates for rearing heifer calves up to calving stage. So, all projects for milk production must provide for feed mixing plants, the feed ingredients being procured at reasonable prices.

Another important support for the success of the crossbreeding programme in cattle will be the provision of an intensive and efficient animal health cover. Crossbred animals are highly susceptible to foot and mouth disease. Already the production of this vaccine has been taken up by the Indian Veterinary Research Institute and a private pharmaceutical firm in the country. The Government of India will have to give high priority to adequate production and proper distribution of this vaccine as the demand for it is growing very fast.

Source: YOJANA June 1974

with European breeds in the Coconut Triangle and the Mid-Country. The pattern of Milk Board milk collections support these findings.

Every indication is that the elite herd has declined significantly. Records show that 1813 pure and cross-bred European and Indian cows and heifers were brought in and passed through the Colombo Municipal Slaughter House alone during the year 1973 to May 1974. Much larger numbers would have been slaughtered in the areas the animals originate.

During 1965-1974 imports by purchase of cattle were 4005 and by gifts 2462. Of this 3388 were European dairy breed including male animals for stud. On a modest estimate of herd multiplication these should have added to the elite dairy herd in the country. But there is evidence to indicate that the herd has decreased. It seems that the relevant authorities should make a fuller assessment of the recipients competence to utilise such valuable imports for development.

The problems have been apparently appreciated by most relevant authorities. There has been a continuous focussing on these issues and solutions put forward over the last 25 years by our planners (see Box on pages 10 and 11) but the goal of self-sufficiency still does not appear in sight. These same problems seem to afflict most of the developing countries. In India the situation is a clear case in point, as the box on page 13 illustrates, where milk production has continued to remain far short of requirements, though possible solutions to the problem are always very readily forthcoming. It is apparent that there is a clear gap in the record of the last twenty five years between formulation of the problem and its fulfilment.

### The Challenge

It is not necessary to over emphasize the importance of milk in the diet of the people but it is unfortunate that not many realise its true value. It has been clearly established that the lack of the necessary minimum amount of any nutrient leads to a state of malnutrition, the six types of nutrients being fats, carbohydrates,

proteins, water, mineral elements and vitamins. These nutrients perform three basic functions for the body—energy, growth and repair, and control of body processes. Milk assists in all three functions. If foods providing the six nutrients are all available milk may not be absolutely necessary, but when they aren't milk is indispensable.

But at prices that have historically prevailed in Sri Lanka milk is clearly beyond the reach of the average person. Milk consumption can only be more widespread when prices reach those of seemingly equivalent foods. This can be achieved only if the pace of development of economic conditions in general and the milk industry in particular is stepped up.

The development of a milk programme must keep pace with our economic development as a nation. As much as development will build a healthy economy milk can build a healthy nation. Conversely, if we are unable to bring milk within the reach of the average person we may not be able to bring so many other essentials within his grasp. Some experts have even taken the defeatist view that it is almost impossible to bring down milk prices and if this goal keeps alluding us we might as well give up aiming at self-sufficiency in milk.

The picture that emerges of the general situation of milk in Sri Lanka is that in spite of the availability of good pasture land, there is comparatively little consumption of milk in the non-middle class sections. There is apparently no general consciousness through all regions of Sri Lanka of the need for milk as in say India or even parts of Sri Lanka like Jaffna. The present effect of the working of the Milk Board by its historical emphasis on collection seems to be in effect to drain milk from the rural lower income areas to feed the upper urban classes.

There is, for example, in the coconut triangle a large amount of unused pasture land and in other areas there exist herds of under-utilised cattle—although not of the best breed. Clearly fully utilising this cattle, as

well as the pasture and would lead to relieving existing protein deficiencies.

In this a need exists for raising the awareness of the need for milk and a campaign is called for to this end. Examples of such campaigns exist in countries as varied as those of India and France. Such awareness will have to go hand in hand with demythologising some of the propagated falsehoods around powdered milk together with a campaign to emphasize breast feeding. In the case of infants such demythologising in face of decades of propaganda would be very urgent to save the mental and physical health of future citizens.

A popular image of 20th century milk production is that of vast acres of wide open land, as in the United States or Australia with thousands of cattle freely grazing in pastures. The future for milk production in Sri Lanka apparently does not lie in the directions evoked by this image. There are a very few pasture lands and wide open spaces left in Sri Lanka except in relative pockets like Tamankaduwa area. The struggle between man and animal for the available land is growing acute and consequently the way forward for Sri Lanka's future in milk would probably lie in intensive dairying with cows feeding on small family plots or on grasses inter grown with existing crops like coconut plantations. This would also imply that milk production becomes spread over larger areas of the island with consequent consumption also occurring as much as possible locally. This tied together with an increased consciousness for milk in the rural areas will mean that consumption will occur also in the rural regions with only a surplus obtained from increased production being made available to the town based upper classes. The bigger farms and dairy projects in any case will continue to feed the collecting centres of the Milk Board. The relevant agencies must, however, gear themselves to an intensive pasture-land, cattle raising and milk collecting programme if the efforts that have gone into all our previous plans are to be given a meaning.



## External Indebtedness

Sri Lanka's total external debt outstanding (excluding short-term trade credits) has recorded an increase of almost 75% during the last five years. It rose from nearly Rs. 2500 million in 1970 to Rs. 4334 million in 1974. In 1974 alone, the outstanding debt rose by over Rs. 600 million. The external indebtedness has grown at an average annual rate of around 15% during the last five years. The magnitude of the indebtedness is seen in the fact that throughout the last five years, the total debt outstanding has been far higher than the annual export earnings. In 1974, despite the sharp increase in the export earnings, the external debt outstanding represented 114% of the export earnings.

An important feature of the structure of Sri Lanka's external debt in recent years has been the growing importance of short-term credit within the total debt—suppliers' credit, I.M.F. borrowings and bank borrowings all of which mature in relatively short periods of time. In recent years, suppliers' credit, in particular, has become an important method of borrowing. The amount of suppliers' credit outstanding has increased by over five-fold during the last three years and at the end of 1974 this form of credit accounted for 12% of the total outstanding debt.

The existence of an external debt of such composition and magnitude and the progressive growth of the indebtedness over time has certain far reaching implications for the economy. Firstly, there is the problem of service payments on the debt. Repayment of the principal and the interest are a first charge on the export earnings. By 1973, the debt service payment had reached 23% of the export earnings. Although the service payment rose in 1974, owing to the high level of export earnings the debt service ratio fell to 18%.

The indications are that in 1975 the debt service ratio would considerably exceed 20%. The interest payments on the debt alone amounted

to Rs. 134 million in 1974, which incidentally represents an amount much higher than what the country earned from gem exports in that year.

### EXTERNAL DEBT OUTSTANDING AND SERVICE PAYMENTS (Rs. Millions)

	(1) Debt Outstanding	(2) Debt Service Payment*	(3) Export Earnings	(4) Debt Service Ratio (2 as % of 3)
1970	2498	453	2253	20.1
1971	2776	492	2244	21.9
1972	3249	480	2206	21.9
1973	3725	629	2733	23.0
1974	4334	684	3820	17.3

\* Amortization plus interest.  
Source: Central Bank Annual Report for 1974.

The growing debt service payment is one aspect of the burden that the external debt has imposed on the economy. By committing over one-fifth of the export earnings to meet debt servicing, an element of rigidity has been introduced into the balance of payments and foreign exchange policies since these payments are a first charge on the export earnings. Moreover, the country has been caught in a 'debt trap'. Given the limited foreign exchange resources and the need to maintain a minimum level of consumption imports, an increase in debt service payments would inevitably mean a further recourse to borrowing. More has to be borrowed in order to repay the earlier debts, and the debt problem receives overriding attention of the policy makers to the neglect of other important economic issues.

Debt servicing would not impose a heavy burden in an economy where foreign loans are accompanied by substantial economic growth leading to enhanced export capacity and saving on imports thereby creating the capacity to repay. In the case of Sri Lanka, however, the increased flow of foreign loans has served the purpose of partially offsetting the consequences of a deteriorating terms of trade (and the resultant fall in the capacity to import) on the consumption levels and essential economic activity. (The terms of trade have fallen by over 30% during the last

five years.) The progressive rise in the external debt has not been accompanied by any marked economic growth.

Such thinking positively inhibits policy makers from actively looking for alternative strategies of development which would minimise the need for dependence on imported capital. The emphasis on foreign exchange as a limiting factor on development represents a subtle attempt to perpetuate the economic dependence and to continue the export-import economy in a neo-colonial form. In this form of export-import economy, exports will not finance all imports; imports are increasingly financed by foreign loans and a growing portion of the export earnings is devoted to debt servicing.

### FEEC SCHEME

The FEEC scheme, ever since its introduction in May 1968, has continued to be a buoyant source of government revenue. While it contributed Rs. 285 million or 10% of the total government revenue in the financial year 1968/69, in 1974 it has become the biggest single source of government revenue with a contribution of Rs. 964 million or 20% of the total government revenue. Thus, the income from FEECs has increased by over 250% during the last five year period. The growth in the revenue from FEECs is a result of the progressive increase in rate of premium from 44% to 65% over the years, the increase in the list of imported items that came under the FEECs and the rise in the value of imports.

In 1974, owing to the sharp increase in the value of rice, flour, fertilizer and other FEEC exempt imports, the proportion of the total imports of goods and services that came under the FEECs recorded a decline to 59% as against 70% in 1973. The I.M.F. has repeatedly advised the government to extend the FEEC scheme to cover all imports and exports—in other words, to bring about a straight devaluation of the Rupee by the FEEC rate of 65% in place of the existing selective devaluation. However, for a developing economy, a multiple exchange rate system offers much more scope for flexible action in regard to specific categories of imports and exports than a rigid uniform exchange rate policy.

### "Third Window" at the World Bank

On 1st July a Third Window was opened at the World Bank. This is the result of a decision made by the Development Committee of the International Monetary Fund (IMF) and the World Bank at their meeting in Paris last month. The Committee, which is made up of Ministerial representatives on the Board of Governors of the I.M.F. and the World Bank, had been considering various means by which the Bank could increase its assistance to the most needy of the developing countries, and their agreement to open this Third Window has been described as the only encouraging result to emerge from the otherwise disappointing Paris deliberations.

The World Bank will make available through this Third Window special loans to countries with an annual per capita income of below \$375. The interest charged will be 4.5%, and the repayment period will be spread over 25 years. Most of the developing countries of Asia, including Sri Lanka, are among the countries who will be eligible for these loans.

This facility has been named the Third Window because, until now, the World Bank lent monies through only two "windows" (or "counters" as referred to in our local Banks). Through the First Window were given loans at a standard interest rate of 8.5%. This was too high a rate for most of the developing countries. Through the Second Window the Bank gave loans on which only a service charge of 0.75% was payable. The latter are the interest-free loans which are disbursed by the Bank through its "soft-loan" arm, the International Development Agency (IDA) in order to help the poorest of the developing countries to finance projects which by their nature are not able to bear a heavy interest burden. One of the most recent of such I.D.A. credits to Sri Lanka has been granted to finance the development of a live-stock industry in the coconut triangle in the wet zone.

### Loan Difficulties

I.D.A. soft loans are very difficult to get, and there has been a persistent demand from the developing countries for the World Bank to reduce its normal lending rate, or to provide a third category of loans. Such loans need not be interest-free, but the interest should be at a level which the borrowing countries can bear, and be less than the Bank's normal interest of 8.5%. The Third Window has been opened in response to this demand, and it has been hailed in I.M.F. circles as the first concrete step towards new ways of transferring real resources to developing countries. The arrangement contemplates the setting up of a World Bank Fund which will provide loans totalling 1 billion during the year beginning 1st July 1975. The funds will be raised on the international capital market in the same way that funds for the World Bank's normal lending were raised in the past. These funds are being borrowed by the Bank at competitive market rates of interest, and in order to provide these funds to the developing countries at the concessionary rate of 4.5%, the Bank has created a special interest subsidy account. The resources of this account will be used to meet the difference between the interest charged from the developing countries which borrow through the Third Window and the interest payable by the Bank on its borrowings in the international capital market.

### Notable Exceptions

This special interest subsidy account is expected to be funded by contributions from the developed countries, and 11 nations including Britain, Canada, the Gulf States, Holland, Norway, Saudi Arabia, Switzerland and Venezuela have agreed to contribute among them around \$120 million to this account. Among the notable absentees in this list of contributors are four of the leading industrialised countries—the U.S.A., West Germany, France and Japan—and the Development Committee appears to have been disappointed at the failure

of these countries to participate in this programme.

The \$120 million committed to this account so far is adequate to finance the interest differential on loans up to only \$500 million which is only half the Fund's target, and it is clear that unless more of the developed countries can be persuaded to participate, the impact of this programme will be very limited.

It would appear that the virtual boycotting of this programme by these four countries, particularly the U.S.A. and France is the result of their annoyance at the failure of the I.M.F. Ministers to reach agreement on the question of the future of the Fund's gold stock. Several proposals were canvassed at the Paris Meeting with regard to this matter, but no decision was arrived at. Some of the developed countries, notably France, proposed that the gold should be returned to the member countries. As against this, the developing countries were of the view that this gold should be used to strengthen the Fund's resources. The I.M.F. Secretariat had proposed a compromise solution in terms of which 20% of the gold with the I.M.F. will be sold to the member countries at the official price in proportion to their present quotas, 30% would be retained by the Fund, and the balance 50% would be sold at market price either to the member countries or in the open market. The monies realised from the sale of this 50% would be used to establish a Special Trust Fund to help low income developing countries with balance-of-payments problems. Since no agreement could be reached on this matter, this issue has been transferred for consideration at the annual meeting of the I.M.F. to be held in Washington in September.

### Implications

The above summary of the developments which took place at the June meeting of the I.M.F. Ministers in Paris leads to the following conclusions.



Firstly, the decision to open a Third Window is a tribute to the persistence of the Ministers of the developing countries and their allies. Secondly, the resources behind the Third Window are far from adequate to meet even some of the pressing needs of the developing countries.

Thirdly, there is continuing resistance in international organisations, particularly of the World Bank group, to any steps that will be to the advantage of the developing countries at the expense of the developed countries. This resistance has been considerably eroded in recent years but there is yet a long way to go before the international financial organisations can be made to pull their weight fully in the interests of all-round economic development.

And finally, among the developed countries themselves there are some who cling more tenaciously than others to their own special interests at the expense of the developing countries. Fortunately, there are yet other developing countries who take a more enlightened view of world economic problems and are prepared to compromise their short-term interests for the sake of a more equitable sharing out of world resources.

### Credit Controls Revised?

VARIOUS developments which have taken place since the Central Bank introduced the latest set of controls on commercial bank credit last April seem to indicate that the Bank has been persuaded to revise the restrictions or at least to soft-peddle them. This is a very welcome development, particularly because the introduction of these controls saw the Central Bank being subjected to criticism—some of them in very strong terms—from several quarters.

It is not unusual for the Central Bank to be subjected to criticism, and such instances are not peculiar to Sri Lanka. Our Central Bank, like its counterparts in most other countries, is an autonomous body, and its actions need not always reflect go-

vernment thinking or policy in every detail. This autonomy has been conceded to each Central Bank by its Government in order that the Bank may properly discharge its responsibilities as the Government's monetary authority and financial adviser, and it is acknowledged by all concerned that the Central Bank and the Government can hold differing views on some matters pertaining to the economy.

But the recent criticism was not wholly political nor was it confined to a difference of opinion between the Government (concerned with the overall political, economic and social impact of any move) and the Central Bank (concerned basically with monetary and economic problems). Most of the criticism was made by the two state banks which constitute the two largest units in the country's banking system, and it covered some basic issues such as the relationship between the commercial banks and the Central Bank, the role of the Central Bank in implementing Government policy, the position of the state banks in the country's banking system, and perhaps most important, the philosophy underlying the Central Bank's various regulatory measures, particularly, credit control.

These criticisms, and discussions which followed them, seem to have yielded some important and far reaching results. It has led to a recognition that the commercial banks are in the best position to judge the practicality of any monetary measures proposed by the Central Bank for the regulation of the economy, and that prior consultation between the Central Bank and the commercial banks will ensure maximum possible success of the contemplated measures.

At the same time, the preponderant position of the two state banks in the banking system and in the economic life of the country has been reiterated. They control between them over 80% of the total banking resources of the country, and have a geographical spread unapproached by the rest of the banks. At the same

time, being very close to Government thinking on economic and financial matters, they are highly sensitive to Government policy, and are agents for carrying out that policy in the financial field. In these circumstances, the two state banks cannot be treated merely as two more units in the country's banking system. The Central Bank must have a more intimate relationship with them, treating them as partners and collaborators in the performance of its allotted tasks.

Apart from the question of the relationship between the Central Bank and the commercial banks, the recent discussions have also resulted in a closer examination of the merits of direct indiscriminate control of commercial bank credit as a means of checking inflation. The practical aspects of such an exercise in credit control have also been questioned.

The Central Bank, like its counterparts elsewhere in the world plays a key role in the international financial relations of the country. Our dependence on international forces in the financial field is such that the freedom of action in monetary matters of both the Central Bank and the Government is highly circumscribed. The Central Bank, as the Government's chief adviser in monetary matters, has a duty to draw the attention of the Government to these constraints, and to propose possible lines of action. However, even within this framework of international constraints, it is still possible to work out different strategies, and the national interest demands that the appropriate strategy be worked out together by the Government and the Central Bank in consultation with the two state banks as and when necessary.

It is very much to be hoped that the events of the recent past will induce the Central Bank to take a closer look at its role in the context of the rapid changes now taking place in Sri Lanka. Indeed, the determination of the Central Bank's new role is vital to the economic and social progress of the country

### The Survival of an Industry

Twelve C. R. A. importers were permitted imports of water colours to the tune of rupees one lakh twenty thousand during the 10 months August 1973 to June 1974 and these imports have ceased since then — What has happened to the many thousands of dozens of tubes and cakes of 'Maries' and 'Reeves' water colours that came in? How many of our 2,660,635 students were fortunate enough to purchase one of these packs at anything between Rs. 7 and Rs. 20?

The issue that has finally come to the light, however, is the plight of the local water colours manufacturers, most of them small scale. Production of 11 registered local manufacturers had fallen from 84,000 boxes in 1973 to 52,000 in 1974, for the simple reason that they have been squeezed out of the market. And still, it was reported in the press on June 23, 1975, that, a centre to manufacture water colours will be set up at Morawaka in the Deniyaya electorate and a sum of Rs. 90,000 had been allocated for the purpose.

The local water colour manufacturers have been told that most of their products did not suit the requirements of students following new curricula and it was this factor that prompted the authorities to allow the import of water colours.

The Chief Education Officer (Art) of the Ministry of Education, Mr. B. S. Wijeratne, interviewed on the subject said they were all for the promotion of local industry—but that local industry in turn must stand by the student. The school going child must have good quality material—if this were not available to him, his creative ability would suffer and be hampered, because he would be concentrating more on his paints than on his painting and his flow of ideas would get disrupted if he had problems with his colouring material. Therefore, quality was very important and this the local manufacturers could not produce, but for a few rare exceptions. Another fact revealed by Mr. Wijeratne was that

today's student needed up-to-date material like the colour cake, gum mixed powder and the tube. Local manufacturers must make available to the student this colouring material in the form in which it is needed by him. Old fashioned containers like the paint box of rectangular squares with brush, would not do—this was outdated. Moreover, the brushes should also be able to withstand regular normal use by students.

The quota granted to the Sri Lanka State Trading (General) Corporation last year for the import of painting material for the Ministry of Education had been comparatively negligible in comparison to the school going population of nearly 2.7 million and this quota had been halved this year. Numerous problems crop up in working out the basis of distributing the inadequate stock of imports based on this quota.

The silver lining is in the fact that there is at least one local product—a pastel colour—that could be compared with the imported product and which product, except in very rare instances due to lack of some raw material or other, has maintained a good standard quality.

The President of the Sri Lanka Water Colour Manufacturers' Association Mr. M. S. Dassanayake, himself a major water colour manufacturer was a disillusioned man where local industry was concerned. Not only had they to compete with the imports under the quota but they had to battle with imports under the Convertible Rupee Account and the latter he claimed had virtually 'killed' the local industry. Local manufacture was now at a standstill because what had been manufactured was yet in stock and unable to find a market.

With regard to quality, it was obvious that the local industry was yet in its infancy and much research had to be done and experience gained to bring it up to the standard of the imported products. The local industry started in the early 1970s could not reach the standard of a Reeves product which has been manufactured from as early as the end of the 18th century he said. Further there was no sin-

gle official agency to assist this industry in raising the standard of its products. There was however, more than one agency ready to act on a short term strategy of finding a solution to its immediate problem of supplying students with water colours. Very much valuable experience had been gained with substitute local raw materials, but the dyes had yet to be imported. These had to be non-toxic dyes of a standard quality. The Rs. 3,000/- quota granted to each of the nine local manufacturers in 1973 (except for one who got a higher allocation) was according to Mr. Dassanayake inadequate.

The type of water colour required by the student he agreed had to be manufactured. But this he said was not a major problem in manufacture as long as the necessary raw material was made available. Market research had also to be done in this connection, as to what really the student needed.

Research by the Industrial Development Board into the subject showed that local production of water colours had fallen from 84,000 boxes (1973) to 52,000 (1974). There are 11 local manufacturers approved by the Ministry of Industries and Scientific Affairs of whom 8 received foreign exchange allocations of Rs. 3,000/- in 1973 and none thereafter, while one continued to receive a foreign exchange allocation of Rs. 15,000/- annually.

In 1974, the Sri Lanka State Trading (General) Corporation imported Rs. 40,000/- worth of water colours for the Ministry of Education and these were distributed through permits to art societies in 15 regional offices, each region getting about 110 dozen boxes, at the price of Rs. 4/50 per box. The foreign exchange quota has been halved this year. Another factor of importance was that approximately Rs. 121,000/- worth of water colours were permitted to be imported between August 1973 and June 1974 on Convertible Rupee Account (C.R.A.) Exchange.

The Marketing Division of the Industrial Development Board which took up the case of the local manufacturers, had arranged a meeting with local manufacturers and repre-



## FOREIGN NEWS SURVEY

sentatives of the Ministry of Education, at the Ministry of Industries. This was the inevitable outcome of the birth pangs of another local industry which had lacked a dialogue among manufacturers, users and product controllers. What is today needed is a continuation of this dialogue.

The general view is that the dialogue now started must continue on a wider basis. The local manufacturers must work closely with their market through the Education Department and also improve their quality, manufacture the type of colour needed and market the product itself through the schools. The Convertible Rupee Account imports must be stopped if local manufacturers improve the quality of their products on increased allocations granted to them. A suitable cheap local packing should be found and made available as early as possible, as the present packing is approximately 60% of the cost of the final product. More and more people must participate in this dialogue—the Bureau of Standards (for quality control); the CISIR (for random sampling and guidance on product improvement) the Banks (for easier finance terms) and the IDB for possible technical, marketing and other general assistance—if the local industry is not to end up in the doldrums.

Hopefully, a major Corporation has come into the picture, in the case of future raw material for this small industry. The Ceramics Corporation in a forward-looking programme has decided to manufacture the dyes or stains that are used in this industry. This is said to be a by-product of firing kaolin at very high temperatures and this will be processed and made available to local small industrialists in the future.

This is a case study of only one small local industry—there may be several others who may have similar problems of which we may unfortunately be unaware. The suggestion was made by the water colour producers that a Designs Centre or Marketing Centre on the lines of those established in foreign countries, be established for this purpose for this industry in Sri Lanka—this may well be the medium through which this dialogue could continue.

### The New Economic Order

THE growing gap between rich and poor countries tends to be referred to in neutralist economic jargon as the "deterioration in the terms of trade". The phrase has the approval of those who claim to be academically objective and not concerned with politics. Cheryl Payer in her excellent book *The Debt Trap* show how such analysts virtually acted as a fifth column in Third World countries in tying the latter to the world system of domination. Under this mysterious expression lies a very simple reality. Because industrialist countries control the structures and the rules of international trade there is a trend towards the decline in the prices of primary products exported by underdeveloped countries. Where the prices of manufactured goods keeps escalating the income obtained from

more and more in order to obtain the same import capacity. In the past two decades the rate of growth in the underdeveloped countries has been constantly decelerating. The tables below illustrate these prices clearly:

The Pearson Report drafted on behalf of the United Nations far from questioning the terms on which strategies of development have been based merely proposed an intensification of international co-operation along the same lines which have already proved useless in practice. The second development decade of the United Nations began in 1970 has merely shifted the blame for the first failure, to the population explosion. It seems as if, sexual promiscuity seems to have its non-pleasurable

#### GROWTH OF THIRD WORLD (China Excluded)

	1948-1954	1954-1960	1960-1966
Gross domestic product ...	4.7	4.6	4.1
Population ... ..	1.8	2.3	2.5
Gross domestic product per person	2.8	2.3	1.6
Agriculture ... ..	3.5	3.4	2.1
Industry ... ..	6.2	8.6	8.2
Exports ... ..	4.4	3.7	6.1

#### COMPARATIVE GROWTH

	Under developed countries (China excluded)	Western Under developed countries	Eastern Europe
Gross domestic product ...	4.3	4.4	7.8
Population ... ..	2.4	1.2	1.4
Gross domestic product per person	1.9	3.2	6.4
Agriculture ... ..	2.7	2.1	4.5
Industry ... ..	8.4	5.6	9.3
Exports ... ..	4.9	8.1	9.2

exports is, therefore, very far removed from the amount of money received. It is more realistic to assess the value of exports in relation to the quantum of exports. It has been estimated that in the last 20 years something like 40% has been lost by the primary procedures. The underdeveloped economies must export

aspects according to the United Nations. (This emphasis on population however got reversed in the Bucharest U.N. Conference on Population last year).

It is in this context that we have to assess the Declaration on the Establishment of a New International

## WORLD INCOME DISTRIBUTION IN 1969

Population in % income \$ million % income per capita  
\$ millions

Low-income countries (\$500) ... ..	2,347	67.3	299,866	13.0	127
Medium-income countries (\$500-1,000) ... ..	253	7.3	181,370	7.9	771
High-income countries (\$1,000) ... ..	883	25.4	1,821,356	79.1	2,062
Total World ... ..	3,483	100.0	2,302,592	100.0	650

(Source: World Bank Atlas, 1970)

Economic Order adopted by the General Assembly of the United Nations. This declaration approved by a special session of the General Assembly has attempted to make a serious assessment of the deteriorating relationship between primary producers and industrialized countries and is a welcome departure from the classic solution of education and birth control. The fact remains that the widening gap persists even if we ignore respective population growth rates. The 19th century economic expansion in the industrialized countries was achieved not in spite of demographic growth but thanks to that growth. On the other hand the underdeveloped countries experienced demographic stagnation in the preceding periods and this in no way facilitated economic growth. The table above is an illustration of the income population equation as it stood in 1969.

including the right to nationalization or transfer of ownership to its nationals, this right being an expression of the full permanent sovereignty of the State. No State may be subjected to economic, political or any other type of coercion to prevent the free and full exercise of this inalienable right".

The natural and mineral resources of the Third World are enormous. The table below illustrates this position in regard to a few aspects of the wealth of the Third World.

Clearly the problem must be outside the spectrum of questions raised earlier in the United Nations. It is necessary to ask why the phenomenon of underdevelopment continues to resist the massive mobilisation of material and human resources set up to combat underdevelopment. All the international aid so far seems to have only made things worse. The declaration refers to "the greatest

### RAW MATERIAL PRODUCTION IN "THE 'THIRD WORLD' AS PERCENTAGE OF WORLD PRODUCTION IN 1964

Tea ... ..	90	Bauxite ... ..	59
Coffee ... ..	100	Antimony ore ... ..	51-52
Cocoa ... ..	100	Chrome ore ... ..	94
Cotton ... ..	42	Copper ore ... ..	44
Jute ... ..	100	Cobalt ore ... ..	72
Natural rubber ... ..	100	Tin concentrate ... ..	95

#### The Declaration Demands

The declaration demands "full permanent sovereignty of every State over its natural resources and all economic activities. In order to safeguard these resources, each State is entitled to exercise effective control over them and their exploitation with means suitable to its own situation,

and most significant achievement during the last decade has been the independence from colonial and alien domination of a large number of peoples and nations which has enabled them to become members of the community of free people", and goes on to say "however, the remaining vestiges of alien and colonial domi-

nation, foreign occupation, racial discrimination, apartheid and neo-colonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and all the peoples involved".

It recognises that 70% of the world's population has access to only 30% of the world's income. A fact which is in direct conflict with current developments in international political and economic relations. Here the document writer recognised economic intensification is not a necessary consequence of political intensification, and in declaring the sovereignty of nations asserts that "every country has the right to adopt the economic and social system that it deems to be the most appropriate for its own development and not to be subjected to discrimination of any kind as a result". At the same time the declaration calls for an end to colonial and alien domination, racial discrimination and apartheid and opposes neo-colonialism in all its forms, which forces have established or are endeavouring to establish effective control over their natural resources. To this extent unlike the previous development reports of the United Nations, the declaration recognises the cause and effect relationship between political domination and economic dependency. The recognition of this cause in excess by the majority of the nations in the Third World in the General Assembly is a significant victory for the people's of the Third World, at least to the extent that such views can be adopted in the General Assembly. In calling for a just and equitable relationship between the prices of raw materials, primary products, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy.

The declaration demands access to technology but as we know copyright and patent conventions are at the same time in abundant proliferation. It requests an end to the waste of natural resources including food products, regardless of the ferti-



lizer starvation. In the Western World, golf links and private gardens still absorb massive quantities of artificial fertilizers. Such brazen apathy when confronted with world hunger though incredible is very much the *real politick* of the world of today. Nevertheless, the fact that the declaration has dared to take this position is not itself valuable for it gives strength to a new militancy on the part of the oppressed nations. Only a few weeks ago Senator Jackson an aspiring candidate for the President of the United States called for a determined offer of co-operation between Europe and the United States to break what he referred to as the oil cartels of the Middle East. Cartels in his view obviously are justified when they emerge in the Western world but not tolerable when they rise, anywhere else. It is, therefore, of little use for the Third World nations as they do in this declaration to appeal to the good sense of the acclaimed leaders of the West.

### The New Missionaries

We may also have to in the process reject even these well meaning do-gooders who come in the form of foreign experts or volunteer workers who sometimes come to share the problems of the wretched of the earth. In a sense the civilizing mission of the West whereby the missionary shared with the conqueror the white man's burden is now being replaced by the so-called agents of consciousness. The brutality of the relationship between the rich and the poor nations means that only a path of self-reliance in every sense of the term can bring relief and intensification to attack the growth rate or increase the number of doctors, to improve the literacy rate, the calory intake, pipe water, etc. are the classic social indicators used by the developmentists. Technical assistance in these areas all these years has now changed much because they deal with the consequences and not the causes. Clearly a new way of dealing with the problems of underdevelopment will have to be sought.

### The Myth of "Aid"

It may be more useful to accept that international aid increases dependence and in fact leads to a growing decapitalisation. Samir Amin does not hesitate to affirm that, as far as

Africa is concerned, the failure of outside aid is no less evident:

"This continent has received the largest amount of aid per capita (\$6.10 in Africa; \$4.40 in Latin America; \$3.20 in Asia). The aid came under the best of financial conditions, and it came to a situation where the Gross Domestic Product was the lowest—therefore, to a situation where the aid should have been most effective. Nevertheless, Africa remains the continent where the growth has been most feeble and most chaotic".

The myth of aid becomes clear from the table give below:

The Third World view was aptly put by President Allende's statement before the Santiago Assembly of UNCTAD III in early 1972 where he stated that "the flow of foreign capital to and from the Third World has meant for us, in the last twenty years, a net loss of more than 100 billion dollars, as well as leaving us in debt for more than 70 billion dollars. Direct investment of foreign capital, often shown as a sign of progress, has almost always turned up to be a negative factor. So it is that Latin America, according to figures by the Organization of American States, between 1950 and 1967 received 3.9 billion dollars and sent back 12.8 billion. For each dollar received, we paid four". The reason for our underdevelopment is directly

Latin America ...	...	13.3
Canada ...	...	8.3
Oceania ...	...	8.0
Europe ...	...	7.8
(EEC) ...	...	6.4
(Others) ...	...	8.7

The attempts by Third World countries to obtain fair prices for raw materials was followed by the continued successful action of the Arab oil states to increase the price of oil. The Arab example was followed by many similar primary producers and agreements have been entered into between them to maintain and increase prices in the last two years. The Third World countries are now talking of "indexing" raw material prices against the manufactured goods as a way of stabilising their incomes and maintaining their currency values. UNCTAD has put forward a compromise solution of setting up a \$11 billion stockpile of 18 food and industrial commodities. The loss of faith in paper currency has resulted in massive investments in commodities amounting to over \$100 billion since 1973. Some of these attempts, like the one on copper, to cut back production has not prevented a drop of nearly 150% in the price of copper last year.

All this shows that a political struggle has been launched to rescue raw material price control by unilateral decision of the industrialized nations. The present trend may not

### INCOME FROM "THIRD WORLD" 1950-1965 (Billions of US dollars)

	Europe	Canada	Latin America	All other areas
Flow of direct investment from US	8.1	6.8	3.8	5.2
Income on this capital transferred to US ...	5.5	5.9	11.3	14.3
Net ...	+2.6	+0.9	-7.7	-9.1

Source: H. Magdoff, "The Age of Imperialism".

connected with the extent of the profitability of investments in our part of the world. The profit rates of the United States direct foreign investments in 1968 (%) before United States taxes as a per cent of total direct foreign investment was—

Asia ...	...	32.6
Africa ...	...	29.1

succeed economically just yet, but such political replies to the theories of the illusionary market factor, only expose the earlier myths of free market prices put forward by the industrialized countries. They show that market prices were rigged in the favour of industrialized countries for the past few centuries by political action.

## COMMODITIES

### TEA

#### Earnings Doubled

Tea continued to be earning the major share of Sri Lanka's foreign exchange in spite of the rising value of exports from non-traditional items and the rising trend continued into June-July too. Foreign exchange earnings for the first five months (January-May) of 1975 were over 100-180% more than in the same period (January-May) of 1974. The total volume of all teas exported in the first five months of 1974 was 146.51 million pounds at a value of Rs. 464.61 million as against 195.05 million pounds at a value of Rs. 838.76 million in January-May 1975. Exports of black tea were largely responsible for this big rise in earnings. 177.29 million pounds of tea in bulk has fetched a value of Rs. 751.29 million in 1975 as compared with 138.89 million pounds bringing in only Rs. 436.57 million during the same period in 1974. Packeted tea exports have also increased more than 233% in value and in 137% in quantity this year compared to the same period in 1974.

#### Auction Records

Generally during the months of April and May the largest weights of teas are produced in Sri Lanka and the months of April and May this year have been no exception. The Auctions held in April 1975 handled 34.17 Million pounds of tea and in May 1975 it rose to 36.51 Million pounds. The Auction held in early June handled the largest volume of tea handled in a single day in the Colombo Auctions in the recent history when 13.2 Million pounds, originally intended to be spread over two days, was readily absorbed in a day with bidding throughout the sale progressing at a fairly brisk rate. The feature of this sale (8th July 1975) was the demand for liquoring BOP Fannings due to sustained activity from Pakistan buyers. The total gross sale averaged of Rs. 6.05 (1st July) moved to Rs. 6.16 (8th July)—an increase of 11 cents/lb. in a week. The very thought of having very large sales in latter June and July would

have under normal circumstances had a depressing effect. But it was most heartening that this extra quantity of tea has been swiftly disposed at very attractive prices. Iraq and Pakistan bought between them 50% of teas offered at the Auctions. Another feature in tea has been that from recently U.K. buyers are showing a fair interest in the Colombo Auctions.

Another remarkable feature in the recent tea market was that a special flowery fancy grade of tea from the Government owned—St. Coombs Estate, Talawakele (under the Tea Research Institute—Ministry of Plantation Industry) fetched the second highest price of Rs. 235 per kilogram (Rs. 108 per lb.) at the Colombo Auctions (8th July 1975). Trade circles are of the opinion that this is a record in the world market for this grade of tea. St. Coombs producing annually 500,000 pounds of tea, has been obtaining the highest prices at the Colombo Tea Auctions for the past two years. St. Coombs gross sales average price for 1974 was Rs. 4.13 per pound which is the highest for any estate in 1974. In the first four months of 1975 it had a gross sale average of Rs. 4.78 per pound topping the tea market in Sri Lanka.

### RUBBER

#### Prices Dip

Export earnings from Rubber for the first five months of this year registered a decrease as compared with the previous year. Total earnings for January and May this year were Rs. 253.5 million compared to Rs. 338.9 million for the same period last year. The drop in earnings this year is because of the decline in rubber prices during this period compared with the record prices received in 1974. However, this is considerably higher than the earnings in January-May 1973, by Rs. 58.0 million. From the beginning of 1975 prices have fluctuated irregularly whilst maintaining a somewhat steady level.

#### Price Stabilization Inconclusive

The Sub-Committee Meeting of the ANRPC which met in Djakarta from 11th to 13th June 1975 to re-draft

Articles of an agreement for Natural Rubber Price Stabilisation ended without a formal agreement being reached among the producer countries. The Sub-Committee is expected to meet again early to consider the proposal further.

### COCONUT

#### Export Duty

The Government implemented an advalorem duty structure on Coconut products (i.e. copra, coconut oil, D.C. and fresh nuts) with effect from 16th June, 1975, based on the actual f.o.b. prices realised by the exporters.

Earlier the export duty structure on Coconut products was based on the London Market prices of Philippine Copra as reported by Reuters. This was found to be unsatisfactory for several reasons (a) There is no perfect relationship between the export prices fetched for our Coconut products and the prices of Philippine Copra. (b) There were arbitrary fluctuations in the export prices realized for our coconut products. (c) The original intention of linking the export duty with the Philippine Copra prices was to prevent local shippers from manipulating the export prices to pay lower export duties. However, with the setting up of the Coconut Marketing Board, this factor was no longer of importance. Hence it became no longer necessary to continue with the old system of linking our export duty to the price of a product of a competing producing country.

In the new duty structure, a substantial portion of the f.o.b. value is exempted from duty and duty operates only on the amount in excess of this exemption limit. In the case of coconut oil and D.C. the exemption limit is Rs. 1,650 per metric ton.

#### Actual Exports

Export earnings from the Coconut products in May 1975 at Rs. 46.0 million recorded an increase of Rs. 16.8 million and Rs. 4.0 million in comparison with the previous month and the corresponding month last year respectively.

Earnings from the export of Coconut oil in May 1975 at Rs. 22.0 million showed an increase of Rs. 22.0 million or 100% when compared with the preceding month, despite a decrease



of Rs. 2708 per long ton in the average f.o.b. price. This was due to a substantial increase in the quantity exported in May 1975.

Earnings from the export of desiccated coconut in May 1975 at Rs. 14.9 million showed a decrease of 0.15 million when compared with the preceding month, despite an increase of 29 cents per pound in the average f.o.b. price. This was due to a decline in the quantity exported in May 1975.

The volume of kernel products exported in the period January to May 1975 (in terms of nut equivalent) amounted to 322.4 million nuts as against 179.9 million nuts in the corresponding period last year. This showed an increase of 142.5 million nuts or 79 per cent. The average f.o.b. price of a nut was 50 cents in January/May 1975 as against 62 cents per nut in the corresponding period in the previous year.

Earnings from the export of Coir fibre products in May 1975 at Rs. 7.6 million showed an increase of Rs. 0.9 million when compared with the preceding month, despite a decrease of Rs. 450 per long ton in the f.o.b. price. The increase in the earnings was due to an increase in the quantity exported in May 1975.

#### Export Approvals

The total value of the exports approved by the Coconut Marketing Board for the month of June amounted to Rs. 44.4 million compared with Rs. 55.1 million in June 1974. The total value of the exports approved for the period January-June 1975 amounted to Rs. 247.9 million as against Rs. 240.5 million for the same period last year.

The total volume of kernel products approved (Copra, Coconut Oil, D.C.

and Fresh nuts) during January/June 1975 amounted to 385.5 million nuts equivalent—an increase of 182.3 million nuts or 89.7% relative to the corresponding prices last year.

#### International Prices

The average London market prices of Copra, coconut oil and desiccated coconut continued its downward trend in June, 1975 as well.

#### SPICES

Total export earnings from spices from January to May this year were Rs. 24.7 million, as compared with the Rs. 37.3 million in the corresponding period of last year. Export earnings from Cardamoms has registered an increase to earn Rs. 5.8 million for the first 5 months this year compared with Rs. 2.2 million for the same period in 1974. Of the exports of essential oils the major items Cinnamon Leaf Oil and Citronella Oil shows a downward trend with export earnings being considerably lower than for the same period in 1974. Total earnings from the export of essential oils during the first 5 months of this year were Rs. 2.2 million compared with Rs. 5.5 million for the same period of 1974.

Total earnings for the export of Cinnamon bark during the period under review for 1975 dropped to Rs. 13.6 million compared with that of Rs. 23.9 million in 1974. Mexico the major single market for Sri Lanka Cinnamon has imported only 2195 cwts. during this period compared with 10694 cwts. in 1974, total earnings being Rs. 1.5 million in 1975 compared with Rs. 5.2 million in 1974. Export earnings from Cloves, Nutmeg and Pepper had declined considerably; Cloves from Rs. 7.9 million in January-May 1974 to Rs. 4.1 million for the same period in 1975. Pepper from Rs. 2.2 million to

Rs. 1.1 million and Nutmeg from Rs. 0.8 million to Rs. 0.2 million.

The downward trend in the exports of spices were also seen in the exports of essential oils. There was a marked drop in export earnings from Cinnamon leaf oil during January-May 1975 at Rs. 0.8 million compared with that of the corresponding period in 1974 at Rs. 2.6 million. The same trend is seen in the exports of Citronella oil, the other major essential oil exported from Sri Lanka. Export earnings dropped from Rs. 2.5 million in the first 5 months of 1974 to Rs. 1.3 million during the same period in 1975. However exports of Nutmeg oil has registered an increase during this period compared with the corresponding period last year. Further details are given in the table below.

As part of the EEC's policy of extending the G.S.P. reductions in duty on imports from developing countries have this year been extended to certain agricultural products. Several spices are included in the 1975 scheme. The items concerned are Cinnamon, Nutmeg and Mace, and Cardamoms. These reductions will benefit export to the Community of Nutmeg and Mace, Cardamom and Cinnamon. As a result of the changes, all but one of the spice exports to the EEC either receive duty free entry or benefit from reductions in duty under the G.S.P. The one exception is pepper.

#### OTHER MINOR CROPS

Exports of *Papain* have been picking up in prices in recent months. Prices in January-May 1974 were Rs. 42/- per lb. of white papain compared to Rs. 20.90 per lb. in 1975. Recent trends show rising prices with an increased volume of exports uncomparable however to the 1974 situation.

Exports of *Coffee* in 1975 have been rather low compared to 1974. In January-May 1974, 8587 cwts. of coffee beans was exported and earned Rs. 2,592,664/-. In January-May 1975 only 500 cwts. was exported valued at Rs. 112,687. There seems to be a lull in the export of this commodity. The Colombo Auction prices for coffee in January-May 1974 averaged at Rs. 622.20 per cwt. and in 1975 for the corresponding period was Rs. 618.80 per cwt.

Spice Exports	1974 January — May		1975 January — May	
	Q. Cwt.	V. Rs. Mil.	Q. Cwt.	V. Rs. Mil.
Cinnamon .. .. .	63204	23.9	28140	13.6
Cardamom .. .. .	1135	2.3	4079	5.8
Cloves .. .. .	7708	7.9	2275	4.1
Pepper .. .. .	4778	2.2	1731	1.1
Nutmeg .. .. .	1551	0.8	550	0.2
<b>Essential Oil Exports</b>				
Cinnamon leaf oil .. .. .	941	2.6	375	0.8
Citronella oil .. .. .	1356	2.5	1072	1.3
Gingelly oil .. .. .	6	0.1	1	0.05
Cardamom oil .. .. .	13	0.4	3	0.03
Clove oil .. .. .	6	0.01	—	—
Nutmeg oil .. .. .	34	0.04	22	0.1

## SHIPPING

### Corporation Ships

The continuous escalation of freight rates was a marked feature since 1970. This was due partly to the worldwide inflation and partly to the oil price hikes by the OPEC countries. According to the latest Central Bank report the Freight Rate Index for Sri Lanka's exports (1961 = 100) which showed only marginal increases in the major part of the sixties rose markedly from 1970 onwards. The overall freight index for major exports increased from 217.3 in 1973 to 234.9 per cent in 1974. Consequently, the effects of the general improvement in the prices of our exports were more than offset by the increases in freight rates coupled with the increases in the price of our imports. The deficit in the balance of payments, for instance, rose to Rs. 1,227 million in 1974 from Rs. 316 million in 1970.

If not for the setting up of the Shipping Corporation in 1971, the foreign exchange situation would have been still worse. The Corporation started its operations in that year with one ship only but today it owns 8 ships with an aggregate capacity of 30,000 shipping tons. What was more significant was the rapidity with which the Corporation widened its area of operations. To start with the Shipping Corporation acquired the monopoly in the import of goods for Government departments and Corporations. In 1972, Sri Lanka and the People's Republic of China entered into agreement to operate a regular shipping service between the two countries. In the following year the Government passed an Act to control the activities of Shipping Agents and also to prevent the formation of rings by them. Besides, the same Act empowered the Shipping Corporation to charter vessels on behalf of Government Departments and Corporations. By the end of the last year the vessels chartered by the Corporation had increased rapidly. Towards the end of the last year the Sri Lanka Shipping Corporation and the Sri Lanka Petroleum Corporation jointly formed the first Tanker Company and today it handles 1/4 of the crude oil imports of the

country. Another important step taken by the Shipping Ministry recently was the establishment of the Colombo Dockyards Ltd. for the construction of steel crafts to meet local requirements as well as foreign orders.

The optimism of the Shipping Ministry when it established the Sri Lanka Shipping Corporation in 1971 was justified by the results. The net earnings of the Corporation rose to Rs. 43 million in 1974 from Rs. 9 million in 1972. On the other hand the foreign exchange savings to the government during the four years of its operations approximated to US \$ 4.7 million.

### Colombo's Port

In contrast to the Shipping Corporation, the ports of Sri Lanka declined in importance as major foreign exchange earners since the sixties. In the immediate post World War years, in terms of the tonnage of shipping she handled, Colombo alone rated as the world's fifth great port. The great attraction of Colombo for shipping however, was not due to her commodity trade. Because of her strategic position in the Indian Ocean and also because of her reputation as an efficient port a significant volume of shipping called at Colombo for shipping services.

In the sixties, the restriction of imports and the gradual contraction in the volume of exports demanded less shipping for the commodity trade while the closure of the Suez Canal resulted in a fewer number of vessels calling for services. The trends in the volume of cargo handled at Colombo continued into the seventies while the re-opening of the Suez Canal last month brought fresh hopes of reviving Colombo as a major port of call.

Since the closure of the canal in 1967, the size of almost every class of merchant ship has increased, in some instances dramatically. In 1967 a tanker of 110,000 tons could navigate the canal in ballast, and a tanker of 70,000 tons fully laden. By today's giants these are relatively modest units. It is not even clear whether the Overseas Containers largest vessels

could pass through the canal, since these 59,000 ton ships draw 42 ft. 7 in. fully laden. Unless the Suez Canal Authority deepens the Canal to the required depth these vessels would follow the Cape route. And unless Sri Lanka offers sufficient inducements in cargo it is very unlikely that vessels taking that route would call at Colombo for services only.

Another factor to be taken into account is the improvements in the speed of vessel. A qualifying point is that speed in this context primarily means the rate at which ships and cargo can turn round in ports, rather than merely the vessel's speed through the water. For in the mid sixties it was discovered that many vessels were spending two thirds of their time in port. To meet this requirement most modern ports have invested on container Gantry cranes such as Portainers, Transtainers and Straddle Carriers. The Port of Colombo is still not equipped with any such equipment. Although in the recent past the agents as well as the principals of Shipping Companies have commended on the speed at which vessels are handled at Colombo it may not be possible to maintain the same level of efficiency in case of an increase in the flow of traffic.

It must also be borne in mind that Colombo now has more competitors than before. Because of the coming of the faster vessels, Colombo can no longer rest on its advantageous geographical position in the trade routes of the East to attract shipping to its shores. Be it fuel or water, repairs or harbourage, there are well-equipped ports in close proximity to Colombo offering efficient services at economic rates.

Nevertheless Colombo can learn lessons from history. In the late thirties Colombo lost annually 10 to 20% of her legitimate trade to Aden and Karachi due to their providing shipping services at more economic rates. Consequently, to win back the lost trade measures such as the reduction of rates charged for water, coal and docking facilities and the construction of an Inner Graving Dock for smaller vessels were taken. These measures were not without results. By the early fifties Colombo not only regained her lost trade but had even exceeded the pre-depression volume of shipping she handled.



# FRANTZ FANON—On the National Middle Class

Ranjit Gunawardena

*After formal decolonisation in the Third World national leadership as well as national reconstruction was—with a few exceptions—left to a dependent middle class created by the departing colonial power. Twenty years or more after independence was achieved there is now in many countries a new mood of questioning of the non-development of the Third World. One of the earliest to do such an analysis, and a precursor of the mood of the Third World in the 1970's was Frantz Fanon. In this article Ranjit Gunawardena assesses an important aspect of this Third World prophet. Ranjit Gunawardena teaches English at the University of Sri Lanka and among his other works are Sinhala translations of the poet Pablo Neruda.*

"Not so long ago, the earth numbered two thousand million inhabitants: five hundred million men, and one thousand five hundred million natives. The former had the world, the others had the use of it. Between the two there were hired knights, overlords and bourgeoisie Sham from beginning to end, which served as go-between. The European Elite undertook to manufacture a native elite. These walking lies had nothing to say to their brothers"—Sartre's violent and trenchant indictment of the Europeanised elite remains valid even today—though this vitriolic piece was written by him nearly twenty years ago as an introduction to Frantz Fanon's "The Wretched of the Earth".

Before independence the colonised world belonged exclusively to the

Coloniser: a large part of the colonised world is free today. But the question is whether the relations between the ruling elite and the vast masses of the people have changed. Superficially yes—but fundamentally the relations remain the same. The so called changes which independence introduced to colonial countries are summed up by Fanon in an indignant tone—a tone which is characteristic of his style of writing. Fanon writes that "at whatever level we study it relationships between individuals, new names for Sports Clubs, the human admixture at Cocktail parties, in the Police, on the directing boards of national private banks—decolonisation is quite simply the replacing of a certain species of men by another species of men". The European manufactured elite took over from their masters and have established

themselves in all positions of power.

The struggle for independence, the struggle against the coloniser could not be carried without the active participation of the masses. The active participation of the masses transformed man and woman who were passive observers, sunk in the depths of apathy and ignorance into active participants of movements which shaped the destiny of their lives and their country. This inner change, the psychological transformation was observed by Fanon during the Algerian war and he records his experiences in 'The Wretched of the Earth'. "It transforms spectators crushed with their inessentiality into privileged actors with the grandiose glare of history's floodlights upon them. It brings a natural rhythm into existence, introduced by new men and with it a new language and a new humanity; the thing which has been colonized becomes man during the same process by which it frees itself".

## A Spirit Burned Out

Did this inner change, radical transformation fundamentally change the social and economic relations in post colonial society? The tragedy of it was that it did not effect the changes Fanon envisaged. This inner change did occur—during the struggle, when the energies of the entire nation were concentrated and directed towards a single goal—national liberation. But once the struggle was over, liberation achieved, the revolutionary spirit and energy among the masses

simply vanished. The leaders of the struggle instead of making the masses partners in a further struggle to restructure society, greedily grabbed the entire share of power into their own hands.

Instead of mobilising the revolutionary spirit and energies of the masses which were aroused by the struggle for liberation towards building a new society, the leaders manipulated them for their own ends and fenced them out of national life. In these circumstances the revolutionary spirit, the new sense of identity the masses experienced burned itself out within themselves. They lapsed again into their former state of lethargy, and became passive observers and passive victims manipulated by their leaders who had captured power through the stolen victories of the masses. It is this power elite which is in power today in many ex-colonised countries. The moral corruption, political bankruptcy, hypocrisy of this class provides the subject for an entire chapter in "The Wretched of the Earth". Here one cannot fail to see the political acumen of Fanon, his political maturity is shown in his unerring judgements.

His political awareness is evident in the correctness of the predictions he made as far back as 1964. Fanon commented that "national consciousness, instead of being the all embracing crystallization of the innermost hopes of the whole people, instead of being the immediate and most obvious result of the mobilization of the people, will be in any case only an empty shell". He observed that "the traditional weakness, which is almost congenital to the national consciousness of underdeveloped countries, is not solely the result of the mutilation of the colonised people by the colonial regime. It is also the result of the intellectual laziness of the national middle class, of its spiritual penury".

#### Period of Impossible Aridity

Each group within this power elite tries to grab power for themselves. They have nothing positive to offer to the masses, nor are they interested, since their one and only ambition is to grab power for their own group. The groups within the elite concen-

trate and exercise their intellectual powers, political experience for one thing—and one thing alone—to preserve the privileges they enjoy. Since this all consuming desire takes away all their energy, the economic, social conditions of the masses deteriorate daily. The lack of economic planning, the total absence of clear economic targets, the absence of carefully planned out projects and the lack of co-ordination between national planners and the absence of long-term or short-term economically and socially feasible planning can all be attributed to the crass self interests of a ruling clique interested only in themselves. It is for these reasons that Fanon called the bourgeoisie phase—a period of impossible aridity.

#### Middle Class Incapacity

Fanon gives another reason to explain the total incapacity of the middle class to build the nation's economy. The national middle class in the West—the pioneers of capitalism were a dynamic class. Fanon comments that "the theoretical question that for the last fifty years has been raised whenever the history of underdeveloped countries is under discussion—whether or not the bourgeoisie phase can be skipped—ought to be answered in the field of revolutionary action and not by logic. The bourgeoisie phase in underdeveloped countries can only be justified in so far as the national bourgeoisie has sufficient economic and technical strength to build a bourgeoisie society, to create the conditions necessary for the development of a large proletariat, to mechanize agriculture and finally to make possible the existence of an authentic national culture".

"A bourgeoisie similar to that which developed in Europe is able to elaborate in ideology and at the same time strengthen their power. Such a bourgeoisie, dynamic, educated and secular has fully succeeded in its undertaking of the accumulation of capital and has given the nation a minimum of prosperity. In underdeveloped countries, we have seen that no true bourgeoisie exists; there is only a sort of little greedy caste, avid and voracious, with the mind of a huckster, only too glad to accept the dividends that the former colonial power hands out to it. This

get-rich quick middle class shows itself incapable of great ideas or of inventiveness. It remembers what it has read in European text books and imperceptibly it becomes not even the replica of Europe, but its caricature".

"This bourgeoisie, expressing its mediocrity in its profits, its achievements and in its thoughts, tries to hide this mediocrity by buildings which have prestige value". The national middle class suffers from an acute inferiority complex. They take over the image of the European middle class. This is the model on which the national middle class tries to mould its character structure and life style. In this desire to imitate and emulate, that they waste away millions on prestige projects like luxury hotels, expensive chromium plated cars and neon lit night clubs.

The well-being and the self-confidence of the national middle class depends on presenting a favourable image and earning the recognition and admiration of its counterpart in Europe. Fanon once wrote that the colonized man is a man of contrast. Each underdeveloped nation competes with the other to show that it is more refined, cultured and economically developed than the other. Fanon's very perceptive observation explains the useless expenditure patterns in many underdeveloped countries. Priority is often given to projects which would inflate the ego of the middle class. The concern for the masses, specially the rural masses seems to be furthest from the minds of the national middle class. Countryside is neglected and the peasants are allowed to sink into the depths of economic misery. This is because the national middle class is essentially from the city, and for them life does not exist outside the narrow confines of their well protected seats of privilege.

#### When Language is Power

In 'Black Skin and White Masks' Fanon observed that language is power. In many ex-colonised countries the language of the coloniser is still confined to the privileged national middle class. The masses of the people are denied the opportunities of learning the colonisers'



language. Language is also used as a way of exploiting the ignorance of the masses and to keep their privileged positions unchallenged. The intellectual equipment, the revolutionary ideology necessary to challenge effectively the power elites, are at all costs hidden from the masses. It is by learning the language of the coloniser that the masses will discover the radical, revolutionary ideology inherent in the Western tradition. Language awakens the awareness of the masses through an exposure to new experiences, deepens their consciousness by making them aware of the revolutionary movements in the outside world. New ideas, new experiences make them aware of their own revolutionary potentialities. It is precisely for this reason that the national middle class uses the most deceptive and cunning methods to keep away this explosive instrument from the masses.

So long as language is the property of the few, knowledge too can be used to exploit the masses. The national middle class 'draws economic rent on knowledge'. Time and again they speak about the importance of learning the coloniser's language. But it is not with any seriousness of purpose or intention that they deliver these long sermons on the usefulness of mastering the language—specially for higher education. They feign and simulate a grave concern, and work out various spurious and useless "language projects," at the level of the school and the university.

#### Hypocritical Talk

When the masses voice their demands for further knowledge, to expand their intellectual horizons, the national middle class always responds with answers which easily

satisfy the masses. The national middle class in a very subtle way obstructs the translation of ideas and experiences into the national language. Their hidden hostility is obvious enough but the tactics they use to denigrate such ventures are extremely sly and surreptitious. When the demands become too heavy it resorts to cheap demagogic tactics. In a cynical manner characteristic of any privileged caste they begin to talk about the greatness of the national heritage, the uniqueness of traditional culture. They begin to denounce the West and condemn everything taken from the West. These violent diatribes against the evil, corrupting influences of the West, are often couched in very effective and appealing phrases. They advocate a return to the nation's pristine and pure traditions. Fanon saw through this vulgar cant and hypocritical talk.

In "The Wretched of the Earth" he puts his own observations in very clear terms, and calls off the bluff of the national middle class. He wrote "I am ready to concede that on the plane of factual being the past existence of an Aztec civilization does not change anything very much in the diet of the Mexican peasant of today. I admit that all the proofs of a wonderful Songhai civilization will not change the fact that today the Songhais are under-fed and illiterate, thrown between sky and water with empty heads and empty eyes".

He comments further on this theme "From the chauvinism of the Senegalese to the tribalism of the Yolofs is not a big step. For, in fact, everywhere that the national bourgeoisie has failed to break through to the people as a whole, to enlighten

them, and to consider all problems in the first place with regard to them—a failure due to bourgeoisie's attitude of mistrust and to the haziness of its political tenets—everywhere where that national bourgeoisie has shown itself incapable of extending its vision of the world sufficiently, we observe a falling back towards old tribal attitudes".

#### National Culture

The comments Fanon makes on national culture will help to focus attention on a problem which has confused the minds of the masses. "The nation gathers together the various indispensable elements necessary for a creation of a culture, those elements which alone can give it credibility, validity, life and creative life. In the same way it is its national character that will make such a culture open to other cultures and which will enable it to influence and permeate other cultures". In a speech given in Rome in 1959 Fanon resolved this problem which has confused and misled the masses. "If man is known by his acts, then we will say that the most urgent thing today for the intellectual is to build up his nation. If this building up is true, that is if it interprets the manifest will of the people and reveals the eager African people, then the building of a nation is of necessity accompanied by the discovery and encouragement of Universalizing values. Far from keeping aloof from other nations, therefore, it is national liberation which leads the nation to play its part in the stage of history. It is at the heart of national consciousness that international consciousness lives and grows, and this two-fold emerging is ultimately the source of all culture".

*If we want to increase the national revenue, and decrease the importing of certain products which are useless, or even harmful, if we want to increase agricultural production and overcome illiteracy, we must explain what we are about. The people must understand what is at stake. Public business ought to be the business of the public. So the necessity of creating a large number of well-informed nuclei at the bottom crops up again. Too often, in fact, we are content to establish national organizations at the top and always in the capital: the Women's Union, the Young People's Federation, Trade Unions, etc. But if one takes the trouble to investigate what is behind the office in the capital, if you go into the inner room where the reports ought to be, you will be shocked by the emptiness, the blank spaces, and the bluff.....*

*The citizens should be able to speak, to express themselves and to put forward new ideas. The branch meeting and the committee meeting are liturgical acts. They are privileged occasions given to a human being to listen and to speak. At each meeting, the brain increases its means of participation and the eye discovers a landscape more and more in keeping with human dignity. (from Fanon's "Wretched of the Earth").*

# IS INDIA A TEST-HOUSE FOR BIOLOGICAL WARFARE?

Are Indian scientists and technological policy-makers cautious enough, and conscious enough, to scrutinise all collaborative offers—even those coming from such agencies as the U.N.—before they lap them up? This is the question that the Public Accounts Committee (PAC) of the Indian Parliament, headed by Mr. Jyotirmoy Bosu, has raised in its 167th Report presented to the Indian Parliament on 30th April 1975.

The origin of the PAC inquiry dates back to a Press Trust of India (PTI) report of 29th July 1974 "bringing out the serious concern in scientific quarters over some research projects being carried out in the country by or under the auspices of the World Health Organisation (WHO) under the conditions of total secrecy". The projects were the Genetic Control of Mosquitoes Unit (GCMU) near Delhi, the Ultra Low Volume (ULV) spray project near Jodhpur and the bird migration studies conducted by the Bombay Natural History Society (BNHS). The 'concern' was raised on the basis of suspicions that these projects were, in fact, a camouflage for conducting research on Biological Warfare.

PTI's investigations were conducted by its science correspondent Dr. K. S. Jayaraman over a 15-month period beginning in April 1973 when he was denied access to information on details of the GCMU project. The denial had come from WHO officials in India. Dr. Jayaraman wrote a 'general story' and then started looking up scientific literature on this area. In February 1974, German News, published by the German Embassy in India, reproduced an article by a WHO expert Prof. H. Laven, considered to be the father of the genetic control method and who had worked earlier at the GCMU at Delhi. Prof. Laven's

article said the experiment had been a total failure and also warned that the chemicals being used were extremely hazardous to health. When the American project leader, Dr. G. D. Brooks was asked to clarify, he issued a 'denial' which he promised to back up with evidence on clearance from the WHO headquarters at Geneva. PTI carried both Prof. Laven's article and Dr. Brook's denial. The WHO clearance never came. Meanwhile, Dr. Jayaraman had come across WHO's support of BNH's bird migration study. The WHO said it did not have the report of the study. Then its files showed the Report had been sent to the US Army's MAPS (Migratory Animals Pathological Survey) office at Bangkok.

PTI sought an interview with the Indian Council of Medical Research (ICMR). None of the questions raised were answered. When it was taken to the ministerial level, an interview was arranged with the Health Secretary which was suddenly cancelled. The PTI released the whole story on its own on 29 July 1974.

Next day there was a Calling Attention Motion in the Parliament referring to the PTI story. Despite the Minister of Health and Family Planning characterising the press report as 'tendentious, unfair, and misleading', the Public Accounts Committee of the Lok Sabha decided to examine in detail the GCMU project and other related issues. The Committee examined representatives of the Health Ministry, the Director General of Health Services, the Director General of the ICMR and Dr. T. Ramachandra Rao, who had been officer-in-charge of GCMU before retirement. Also examined were Mr. C. Raghavan, Editor-in-Chief,

PTI, and Dr. K. S. Jayaraman, Science Correspondent, PTI.

Whether Biological Warfare experiments have actually taken place is still an open question. That they could have been was suggested by the PTI witnesses (on the basis of published evidence elsewhere); the Committee did not examine any other experts (except drawing admissions from witnesses from the Department of Health that pest control experiments are also amenable to Biological Warfare experiments)

## Public Accounts Committee

The PAC's conclusions may smack of over-zeal. But our interest in the Report lies elsewhere: it is the number of oral testimonies and written notes submitted by various governmental departments. They did not think there was any risk. They did not know of any risk. They did not act upon warnings because they did not consider them serious enough. They did not know why Delhi, the Capital City of the Indian Union, was chosen when Madras would have been more suitable. They did not know why science projects financed by the US Department of Defence should be so consistently placed in border towns of Rajasthan. They did not inquire why six out of seven project leaders were non-Indians, though there were better qualified Indian scientists around.

Relevant portions of the PAC Report are extracted below. (The figures in parenthesis refer to the chapters, sections and paragraphs in the PAC Report).

**Conclusions and Recommendations of the Public Accounts Committee (1974-1975) 167th Report: "Foreign Participation or Collaboration in**

*In neighbouring India the question of "academic colonialism" has been raised in many forums since the mid-sixties and the problems associated with academic dependence in the development process has been highlighted. Many activities, specially the use of academics for indirect espionage have been revealed resulting in the decision in 1973 of a drastic reduction of academics from a certain well known Western country - the quota of academics from this country being reduced from 550 to 20. A sense of vigilance is being maintained at the present as is shown in the two following articles, by Indian writers, which touch on the two most detrimental aspects of academic colonialism, namely the national security aspect and secondly the growth of a dependent imitative academia.*



## Research Projects in India" (Ministry of Health and Family Planning), (Dept. of Health)

The examination by the Committee of some of the research projects in the country conducted in collaboration with foreign organisations raises a number of interesting questions. The Committee finds that the Genetic Control of Mosquitoes Unit project (GCMU), the bird migration and arbovirus studies at the Bombay Natural History Society (BNHS), the Ultra Low Volume (ULV) spray experiments for urban malaria control at Jodhpur, the Pantnagar Microbial Pesticides projects and some of the research projects undertaken in West Bengal and Narangwal in collaboration with the John Hopkins University establish beyond doubt a

definite pattern. This is that, agencies of foreign governments, in some cases explicitly military agencies of these governments . . . have been conducting basic research through Indian scientists and Indian scientific organisations.

Even in cases where such research is carried out in collaboration with philanthropic civilian organisations from abroad, the Committee finds that some of these 'civilian' organisations also have active liaison and communication at several levels with military agencies . . .

The utility of some of these projects to India, especially the GCMU project, seems to be only doubtful of potential, whereas the primary data obtained from these projects are

likely to be of vital importance to foreign governments interested in developing techniques of chemical, biological, bacteriological, herbicidal and anti-subversive warfare (7.1.1).

. . . What causes surprise to the Committee, and this ought to be a matter of grave public concern also, is the lack of security consciousness in the Indian agencies involved in these projects and the casual attitude and indifference towards foreign supported research in India (7.1.2).

### The GCMU Project

The selection of Delhi for field studies on *Culex fatigans* (mosquito) is also shrouded in mystery . . . (7.1.20).

Equally intriguing is the selection of Sonapat for the field studies on *Aedes aegypti* . . . the WHO team had considered the Delhi area as unsuitable for field studies on *Aedes aegypti* and had felt that an area in the east coast of South India would be more suitable . . . (7.1.22).

. . . Considering the military potential of the studies on genetic control, the Committee would like to be satisfied that no extraneous considerations have influenced the selection of areas around the capital for the studies . . . (7.1.26).

The Committee views with serious concern the use of a hazardous chemical, thiotepa, to sterilise mosquitoes before releasing them in the environment without clearance from the Drug Controller. The Committee understands that thiotepa produces mutations, cancer and foetal deformities . . . (7.1.27).

. . . The Committee is not happy with the way in which this chemical has been used in wells in Delhi, thereby posing a potential health hazard. In fact, in India itself, Defence scientists, who had also conducted mosquito control experiments and carried out a careful scrutiny of the relative merits and demerits of various genetic control method, had come to the conclusion that hazardous chemicals like thiotepa, which is cytotoxic, used for chemosterilisation pose the danger of polluting the environment. They had also held that chemosterilisation does not completely steri-

## The Secret Pact between WHO and US Government

"Another distressing feature of the (GCMU) project which has come to the notice of the Committee is the complacent attitude displayed by the Ministry of Health towards the agreement entered into between the WHO and the US authorities for the provision of PL-480 funds for the project. As late as January 1975, the Ministry had been under the impression that there was only one agreement between the WHO and the U.S. National Communicable Diseases Center (NCDC) which was to expire on 31 December 1974, while the agreement between the Government of India and the WHO was to expire on 30 June 1975. It was only at the instance of the Committee that the Ministry made a reference to the WHO to ascertain the correct position. . . (7.1.15).

"The Ministry have only now come to know that the initial agreement executed between the WHO and the US government effective for a period of six years from 1 January 1969 to 31 December 1974 had actually been modified twice. The first modification was agreed upon on 3 July 1969, which

amended the effective period of the agreement to three years, commencing from 1 April 1969. A third agreement signed on 3 June 1971 further amended the period of the proposed project from 3 July 1969 to 30th June 1975, so as to coincide with the expiry of the agreement between WHO and the Government of India (7.1.16).

"Surprisingly enough, even before fresh proposals for the continuance of the project in India beyond 30 June 1975 have been initiated by the WHO, the US Government had already signed a fresh agreement with the WHO as early as 20 June 1974, extending the effective period of the GCMU project up to 30 June 1978. This, however, wasn't even known to the Health Secretary himself. This would only indicate the anxiety on the part of the U.S. Government to continue the project beyond 30 June 1975. The question that, therefore, arises is: what could have prompted the US Government to extend the project on their own?" (7.1.17).

## Who was the Beneficiary?

The Public Accounts Committee Report has raised a serious question about the GCMU project "Whether the GCMU project itself is only a covert attempt by a foreign government to conduct research on techniques of biological warfare? The Unit has been primarily interested in the collection of data on the ecology and dispersal of Indian mosquitoes, particularly *Aedes aegypti* which is stated to be a vector of yellow fever. Enough published evidence exists to show that some of the methods tried out by the GCMU have defined implications in biological warfare. (7.1.44)

"For instance, the Committee finds from the Report of the Hearings of the US Congress House Committee on Foreign Affairs, which has been published under the title 'Chemical-Biological Warfare: US Policies and International Effects', that 'mosquitoes and ticks are transmitters of diseases and as vectors should be looked upon as having potential military significance'. (7.1.45) There are also a number of references to these of mosquitoes in biological warfare in a report submitted to the late UN Secretary General U Thant in 1969 by a specially constituted group of consultant experts on chemical and biological warfare. This report points out that 'any country that resorted to bacteriological (biological) warfare would try to infect, with a single blow, a large proportion of an enemy population with an exotic agent to which they had not become immune through previous exposure..... In addition, a disease which had been controlled or eradicated from any area..... might be re-introduced as a result of bacteriological (biological) warfare'. (7.1.46)

"The same report further states that 'the gravity from these risks (from biological warfare) would depend on the extent to which the community or the species in the country attacked were not only susceptible to infection but also

were living in so close a relationship with each other that the infection could become established. For example, not all mosquito species can be infected with the yellow fever virus, and if the disease is to become established, those (mosquitoes) which can become vectors must feed frequently on mammals such as monkeys which are sufficiently susceptible to infection (7.1.47) ..... India has the desired combination of suitable *Aedes aegypti* mosquitoes and monkeys. This would be a too irresistible combination for anyone who might want to introduce the yellow fever virus into the country... (7.1.48).

"There is also considerable public information on the interest of the USA in the yellow fever virus as a potential biological weapon. The report points out that this virus is a standardised BW agent and is known as Agent OJ. (7.1.49)

"..... There are several advantages in the use of arthropod-like mosquitoes as carriers of biological warfare agents like viruses... .. BW agents can be sprayed from aircraft but they are not effective unless inhaled and, besides, these may be destroyed by heat, rain or the Sun's UV radiation or winds may throw them offcourse. These drawbacks can be remedied by using mosquitoes or other insects as carriers. As long as the virus is carried by a mosquito, heat or rain will not affect it and also what BW agent is induced right into the blood by the mosquito's bite. The SIPRI Report called each such infected arthropod a minute self-dispersing weapon.' (7.1.50)

"Since the use of mosquitoes in BW would be possible only if their behaviour, habit, dispersal and ecology are known beforehand, the Committee is of the opinion that it is precisely this information that is becoming available to the US Government through the GCMU experiments....." (7.1.52).

lise female mosquitoes, thus leaving such females released in the field to produce mutant progenies which could also be dangerous (7.1.28).

... The clearance of the Drug Controller was not obtained by the Unit on the ground that the public health hazard involved was considered to be negligible or non-existent. The Committee deprecates such casual approach to this question ... (7.1.29).

The Committee is also surprised that the Ministry of Health should have been ignorant of the work done in this field by a Defence organisation and should have got to know of it only after the Committee raised the point. Such lack of co-ordination on important projects between different wings of Government is regrettable. (7.1.31).

### GCMU—Questionable Intentions

There is also considerable published evidence on the dangers of a new colony of mosquitoes being established as a result of genetic experiments. The Defence scientists had also pointed out that the use of cytoplasmic incompatible strains involves "the introduction of alien strains of the species into the country giving rise to the danger of opening avenues of new diseases into the country with potential uncertainty and serious risk". In the face of such unknown hazards, the Committee is doubtful whether the decision to release genetic strains of mosquitoes into the environment was justified scientifically (7.1.33).

... The Committee is also unable to appreciate the preoccupation of the GCMU project with the *Aedes aegypti* species of mosquitoes. *Aedes aegypti* is said to be a vector of yellow fever and while the occasional outbreak of dengue in haemorrhagic form in one or two cities in the country is ... fairly insignificant, yellow fever is a disease which is non-existent in India ...

... It is also of interest to note that even the WHO had not stated, in their seminars held at Manila and Bangkok, that the eradication of the dengue haemorrhagic fever could be achieved by the elimination of *Aedes aegypti* by genetic control methods (7.1.34).

(To be concluded).

Courtesy: *Science Today*  
A Times of India Publication.



# PSYCHOLOGY OR ADAPTOLOGY?

*Indian Council of Social Science Research,  
A Survey of Research in Psychology,  
Bombay, Popular Prakashan, 1972.*

Reviewed by K. G. Agrawal

Children learn by imitation. So do Indian psychologists but with one difference: while the young ones learn new things and unlearn little, the psychologists forget all about themselves in playing the sedulous apes of the West. This year when the Indian Psychological Association celebrates its golden jubilee, they are busy adapting tests and instruments, theories and models, therapies and traits: all 'phoren' and imported, even smuggled in the baggage of returnees from the United States. What we fancy as Indian in this area of study is nothing more than an attempt to reconstruct psychology out of (ancient) systems of philosophy: even here most psychologists have a definite bias against Lokayata systems as they were people's systems, not sanskritized enough to be acceptable to the bhadra lok.

Psychology as taught and practised in India is an imperialist legacy. Till mid-1950s it was dominated by teachers of philosophy for whom the Indian mind was not as potent as its occidental counterpart. The innovations in the methodology of psychology in the West were restricted to fashionable drawing-room discussions on Freud's sexuality or the mind-matter dualism. When the Ministry of Defence started advertising lucrative positions in the research laboratories and on service selection boards, university departments of philosophy introduced psychology courses.

The second phase in the development of psychology was inaugurated by American universities offering attractive studentships for graduate work on completion of which most of the psychologists found jobs outside India. It was then that students who could not travel abroad began doing their doctoral work here. The

research guides available till early 1960s were not competent enough and would ask their students to either take up a survey (study habits, student problems or attitudes) or to adapt a test. At the end of the course, these students hurriedly completed a thick volume (which was scarcely worth even a research note). This volume was sent to the guide's favourite examiners who would not be reluctant to recommend the awarding of a degree.

Phase Three was marked by the advent of foreign foundations, cheap editions of second-rate American books and above all, PL-480. Cheap American books were detrimental to independent thinking and writing inside the country. American money was easily on tap for such studies as an attitudinal survey on a railway shed but not for serious theoretical research. Plenty of finance was also forthcoming for Indian professors to go on lecture tours, some of them clandestinely sponsored by the CIA, in U.S. universities.

## ICSSR Overviews the Scene

The Indian Council of Social Science Research on the recommendation of an advisory committee commissioned ten psychologists to make a review of the research done in specific areas of study. Within six months or so they were ready with the 'overviews' (as Mitra prefers to call them) and within one year more than forty psychologists were discussing these drafts. As the results clearly indicate, the overviews never seemed to have bothered to read all the relevant material. Sufficient for them were their own writings or those of their friends and whatever was ready at hand. After all there is a limit to the amount of material which can be located and documented within a short span of one year.

Being associated with the editing of the Indian Psychological Abstracts

which is entrusted with the publication of complete abstracts of the researchers, I am in a position to estimate that not even 50 per cent of the papers listed by the overviews were available to them. The total number of write-ups listed is less than 3000 which is far short of the actual number. The overviews have hardly seen a quarter of the total write-ups and they must have read through less than ten per cent. I have been told that a hundred thousand rupees were spent upto the discussion stage. Surely this money could have been put to better use for acquiring the documents for a project on the history of Indian psychology by one or two psychologists. But in a faction-ridden profession, such a thing would not have been so easy. Moreover, this would have called for reserves of patience, energy and brains. ICSSR was perhaps in a hurry. In fact a number of reviews similar to what we find in the Survey were already available. The question arises: was this Survey at all necessary?

## Drawback in Approach

The basic drawback lies in the very approach. It appears to be lacking in purpose since no attempt has been made to assert or construct the image and personality of Indian psychology. Rather, it is a crude exercise to review Indian studies on the lines of the American Psychological Association. When we use the outlines of the American Psychological Abstracts to fit into our studies, one cannot help being sceptical about such an undertaking. The absurdity of it all is upon us when we come across statements such as, "For purpose of comparability, categorization as given in Psychological Abstracts published by the American Psychological Association has been followed in reviewing research in clinical psychology, although a simplified model would have been more suitable". or "Psychodiagnostic procedures employed are mainly the same as developed and used in the West". (Emphasis added).

Page after page is devoted to American writings and to the beginnings of psychology in India. One draws a blank later on when, for instance, M. M. Sinha writes "III. Instincts:

No significant study has been reported". "I. Neurology: No work has been reported". "IX. Genetics: No work has been reported". Because he chose to adapt American classification, A.K.P. Sinha had to discuss psychiatric illness under "Performance and Job Satisfaction". Under "Engineering Psychology" he had to be more apologetic by outlining "the type of research involved in this area". The Survey is full of such examples which leave the impression of absolute subservience to the West and an alarming intellectual bankruptcy.

### Clinical Psychology and All That

The first trend report is on clinical psychology. How and since when has clinical psychology become a social science. Although clinical psychology is considered a discipline distinct from psychoanalysis or psychiatry, the report devotes considerable space to the history of psychoanalysis, mental hospitals and psychiatry in India. As we know, clinical psychology is not meant only for the insane after they are brought into mental hospitals. Unfortunately, even the areas suggested for research (immediate attention) are all related to etiology and not with therapy or mental hygiene. Is it being seriously suggested that therapy has always to be imported from the West?

If only Mitra could present the listings of the adaptations of tests, we would have been saved the ordeal of at least 200 pages of tiresome material because his survey is a mere description of these adaptations. Indian psychology is but adaptology. Nowhere in this thick volume can the reader find mention of any original theoretical contribution by Indians. If anything, the overview stops with the title and a half-sentence summary as for Udai Pareek's social change model. Kuppaswamy's books have been completely ignored. It is remarkable that the mass of studies carried out by Indians who are always indexed in the international directories of cross-cultural researchers does not even get a line.

In his review of development psychology Parameswaran avoids the studies in a conventional style since apparently he has almost nothing worth talking about. His last section under "Some Individual Investigations" is the only portion that has any relevance at all and it does not cover more than a page. Most studies indexed here are actually on attitude, interest, and the like.

Most of the bird's eye-view studies have dwelt at length on such preliminaries as definitions, history of psychology and what happens in the USA, as if they were writing notes for a classroom lecture and not for professional colleagues. Buch could play safe if he had avoided reviewing guidance and selection since a big chunk of D. Sinha's industrial psychology goes under this head; but another Sinha (AKP) could well have skipped military psychology since he duplicates D. Sinha. When the latter preaches about Indian socialism on page 210 he is obviously out of his depth. Looking for evidence to prop up Western hypotheses he finds it even when the results are contrary to what he should expect. There is an incredible note of self-satisfaction when he observes, "while reports show some conflicting results, there is ample evidence that they generally support Western studies".

Shanmugam has done well to feel the need for Indian models in personality psychology but has not cared to see through the researchers to think of even a model Indian personality. Numerous studies reported as adaptation could well be used for this purpose. This study seems to share the widespread assumption that we cannot contribute anything significant. There is also a woeful lack of full utilization of research data. The results are not presented in the correct perspective and vital findings are dismissed with superficial conclusions.

### Through the Glass Darkly

One cannot be sure that Rath has made a serious effort to analyse the results of social-psychological studies

reviewed by him. Incomplete bibliography is combined with an off-hand superficiality. One wonders if Rath had access to all the papers indexed by him. The studies under "Cultural and Social Processes" which seem to be the mainstay of social psychological research in India do not get the attention they deserve. Caste industrialization, independence, partition, scheduled castes and tribes, wars with neighbouring countries, all these are of immense importance and call for detailed treatment. The way Rath has dealt with these topics clearly shows that he has not gone beyond the bibliography. He has managed to review such important conceptual studies relating to psycho-social aspects of cultural relations (like cultural conflict, cultural change, trends in Indian culture, human relations and so on) in casual nonchalance. Under psycholinguistics he mentions only three papers and misses all the work done by Osgood and his colleagues, Shanmugam, Sinha, Kuppaswamy, Agrawal, Harigopal and others.

The section on "Physiological and Comparative Psychology" has little more than an inventory of publications. In view of the fact that most of the research work relates to psychopharmacological studies, one wonders if it was more appropriate to include this section under "Experimental Psychology".

A. K. P. Sinha's "Military Psychology", as already pointed out, duplicates "Industrial Psychology". Indian Psychological Abstracts have rightly dealt with these two branches in one volume entitled Industrial and Organizational Psychology. Many papers in the bibliography are filled with follow-up studies of certain courses, examination results, glossary and so on.

Mitra's overview on "Methodology" lacks comprehensiveness and imagination. On the whole, the Survey reads like a review of literature for a Master's degree dissertation. Indian psychology is adaptology and nothing more, and the ICSSR produces ample evidence to bear out this fact.

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