

WELCOME TO PHAM VAN DONG!

But No Opportunity
For Him
To Meet the People

Prime Minister Pham Van Dong of Vietnam arrives in Colombo on Thursday at the invitation of the President of Sri Lanka and his Government. He will be accorded all the formal honours that a visiting statesman of his rank and reputation is entitled to — even at the hands of a President and Government as utterly reactionary and servile to foreign imperialism as the present UNP Government is in our country. He will have some matters of importance to discuss with this reactionary and stooge Government. Most of his time will be consumed, however, in the formalities of visiting and a customary visit to Kandy.

What is most prominent about the visit of Prime Minister Pham Van Dong to Sri Lanka at this time, is that the people of Sri Lanka have been completely shut out of the programme arranged for him. The leader of the Vietnamese people visiting a Third World country cannot be regarded by the people of the country he visits on a level with the acrobatic stunts of imperialists who contrive with deceit and cunning to grab governmental power under conditions of neo-colonial domination. Pham Van Dong is not the kind of politician that J. R. Jayawardene or B. Premadasa is, in short. He is the leader of the poverty-stricken and poorly-armed Third World nation that fought and vanquished the armies of the mightiest imperialist country in the world, the USA. He led his

people in this epic war throughout 30 full years. It is perhaps the greatest epic in the history of the human race.

The people of Sri Lanka would need to see and know Pham Van Dong and listen to him. In the same way, Pham Van Dong, as a heroic leader of his own people, would need to see and know and speak to the people of Sri Lanka. During the four days that he is due to spend in this country, if the self-appointed President and devalued Prime Minister of Sri Lanka had any kind of rapport with the people whom they govern today, they would have included a public reception for the Vietnamese leader in his four-day programme.

The J. R. Jayawardenes and Premadasas were not, of course capable of providing a platform

(Contd. on Page 4)

CORRECTION

There was a Printer's devil in the article on "Court Scene in the NSA" by Dr. Colvin R. de Silva last week.

In the middle of Column 4 on Page 3, the Printer had obvious difficulty with the many sides of Mr. J. R. Jayawardene's personality that flaunt themselves contemporaneously.

"Mr. J. R. Jayawardene, the judge, having first told his fellow-judges of the N.S.A. — most of whom are his political followers among whom some think there should be no punishment at all — that if the Editors would have to pay the fine he would certainly have agreed that we should not fine them, proceeds to assure his fellow-judges

"that Mr. Jayawardene the shareholder of the ANC — not Mr. Jayawardene the Prime Minister — will see to it that the organisation — and not the Editors — pays the fine."

We can forgive our Printer for having forgotten "Mr. Jayawardene the shareholder of the ANC" in the more compelling presence of "Mr. Jayawardene the Prime Minister" to whom he attributed the undertaking to see to it "that the organisation — and not the Editors — pays the fine."

We apologise to Dr. Colvin R. de Silva.

—EDITOR

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BERNARD SOYSA FOR COLOMBO WEST

"The task facing the 38,000 electors of Colombo West in this bye-election is straight forward. The task is to elect to the National State Assembly, from among the eight candidates in the field, that candidate who can best help to keep Government on its toes. The Lanka Sama Samaja Party and United Left Front have provided such a candidate in Bernard Soysa," states an appeal to the voters of Colombo West, signed by his proposer and seconder, Mr. Leslie Goonewardene and Dr. A. Arulampalam.



"Bernard Soysa is no stranger to Colombo West," the statement continues. He represented the old Colombo South constituency for 21 continuous years in the old Parliament and in the new National State Assembly. He has continuously represented one municipal ward or another in the Colombo Municipal Council for full 28 yrs. And whether in the Opposition or in the Government, in the minority group or majority group in the Municipal Council he has always been an outstanding member, marked by all for his signal services, of which not the least was his ability to get work from hostile majorities. So notable was this quality in him, this capacity to get on with all when on job, that for 12 busy years of ever-expanding government activities and ever-increasing government expenditure, he was chosen by government of every view and hue to head the Public Accounts Committee, which is Parliament's watchdog of national expenditure. His long and continuous tenure of the chairmanship of the PAC is in fact one of the secrets of his mastery of the intricacies of both public finance and public administration. His membership of the Finance Committee of the Colombo Municipal Council has also contributed to that mastery which embraces both local government finance and administration, also local government problems, generally.

"Bernard Soysa is a widely read man and a finished and always lucid speaker both in Sinhala and English. He has considerably contributed to making Hansard attractive, informative and always worth while reading. It is no light achievement to clothe deep-going analysis and luminous criticism in the language of persuasion which is also simple. Bernard Soysa is a master of that art.

"Bernard Soysa is now at the zenith of his talents and capacities; talents and capacities which will enable him to handle with finesse and with results a government with a majority so overwhelming that it has been able generally to brush aside, often to ignore and on occasion even to choke off and cow down an Opposition which is crying to be strengthened, not in numbers but in quality. To confront such a situation in the National State Assembly requires the skill that comes from practice in political battle, the trials of political adversity as well as the experience of political achievements and, above all, the determination that comes not only from personal character but also from sustained devotion to a noble cause. Bernard Soysa has all these qualities and attainments, this experience and background in abundant measure.

"Bernard Soysa's political life extends over 40 full years which have seen both our country and the world undergo profound changes. He has been a direct participant and often a direct sufferer in the many battles for political, social, economic and cultural change that we have seen in

those 40 years. In the forefront of the struggle for national independence, he has been both in the underground and in jail; not only in Sri Lanka but also in India. He has taken baton blows and other blows — and gone on imperturbably. He has been throughout in the long struggle for the social emancipation and economic upliftment of our people; the continuing struggle for the improvement of the condition and quality of human life.

"Bernard Soysa has always been a man of the Left. He therefore also has the consistency of activity and outlook which are essential in the present situation if one is to help keep Government to proper perspectives and on its toes. To add to Government's monopoly majority will add neither to its effectiveness nor to its responsiveness to public opinion. To seek to counter the manifest ineffectiveness of the SLFP in Opposition — a characteristic it has consistently shown since 1960 — by adding to its present numbers is pointless. If the National State Assembly is to function healthily in the present situation, it requires to have in it a good, a capable, an outstanding man of the Left.

"Bernard Soysa is such a man. And that in fact is why he has been chosen by the Left as its candidate in this bye-election."

"Vote for Bernard Soysa! He will make the Opposition more effective in the National State Assembly!"



JAPAN'S RISING MIDDLE CLASS

By

Keisuke Okada & Toshiya Kawahara

(From "Japan Times Weekly")

JAPAN's rapid economic growth during the past three decades has given rise to a socio-economic group vast in size, homogeneous in values.

Some sociologists and economists term this immense social stratum the "new intermediary masses" or "new middle class" while others call it the "affluent proletariat"

The emergence of this great body of people is illustrated by government opinion surveys which have found that nine out of every 10 Japanese now feel they have "a medium standard of living"

Thus the annual white paper on people's livelihoods, issued last fall by the Economic Planning Agency (EPA), declared that a "middle-class consciousness" is prevalent among the Japanese people.

Bell-shaped

"Judging from our opinion surveys and analyses of government statistics, Japanese society is becoming bell-shaped in its social stratification with the middle class swelling extraordinarily," says Yuichi Moriya, chief of the EPA's National Living Investigation Department.

The EPA's opinion survey on life styles and the quality of life, conducted in 1976, found that more than 80 per cent of those surveyed felt that they belonged to the middle stratum in terms of standards of living.

When this figure was broken down according to occupation, it was found that 83.2 per cent of people in professional or managerial positions placed themselves in the category of this self-proclaimed "middle class," as did 75 per cent of the farmers and fishermen polled, and 73 per cent of the manual workers.

"Surprisingly, a middle-class consciousness currently prevails among the great majority of people, irrespective of job classification, salary, age, or sex," comments Moriya.

The Prime Minister's Office has been conducting an opinion poll similar to that of the EPA twice a year for the last 20 years. An astonishingly high 90 per cent of those surveyed replied that their standard of living was in the middle class bracket.

Analysts at the office say the percentage has remained at the same level for the past decade, while the percentage of those who feel that their standard of living is "low" has dropped from 17 per cent in 1958 to only five per cent last year.

Says EPA's Moriya: "In pre-war days when society was polarized into a small rich elite and a vast mass of poor, the last thing a blue-collar worker could think of was owning his own home. Now, however, many blue-collar workers are building their own houses."

Social equalization

The question, of course, posed by the data collected is why such a vastly diverse group of people should all insist that they belong to a loosely defined body called "the middle class".

Moriya claims that part of the answer lies in the fact that Japan's postwar economic growth was marked by a remarkable levelling of people's livelihoods in terms of income, assets and savings. "In a sense, Japan is the most advanced industrial democracy in the world in that it has attained such a high degree of social equalization," he says.

Another factor which contributes to the prevalence of a middle class consciousness, according to the EPA officials, is the existence of general consumer parity. Government surveys show that more than 70 per cent of Japan's households now possess such major consumer durables as colour TV sets, refrigerators and sewing machines.

Thanks to the establishment of an "easy credit" system, even the lower income families

can afford to purchase a Datsun sedan priced at almost half their annual income. Thus consumer durables appear to have lost their social significance as "status symbols". No longer can the possession of such goods serve to demarcate one social stratum from another.

As Prof Takashi Kagoyama of Tokyo's Sophia University puts it, Japan's postwar economic growth has been characterized largely by universal domestic demand for consumer durables.

"Visit the shabby apartment flats in your neighbourhood and you'll see everybody watching the same TV drama on the same type of Sony colour TV set," Kagoyama says.

"You'll also find it impossible to identify the profession of passers-by in the streets of downtown Tokyo; white-collar workers, blue-collar workers and farmers alike all wear suit and ties," he adds.

Consumer culture

But while it may be undeniable that the prevalence of middle class consciousness is a natural consequence of Japan's consumer-oriented economic activities, the 1973 oil shock appears to have put an end to the "consumer culture" in this energy-scarce country.

The latest government report on the trend of household expenditure found that 25 per cent of those surveyed listed household improvements as

their biggest bill, while only five per cent listed major durable goods, including cars.

Aside from the levelling of incomes and accessibility of consumer durables, some scholars claim that the prevalence of middle class consciousness is the result of a shift in Japan's industrial structure, specifically an increase in the numbers of urban white-collar workers.

According to government statistics, 48.7 per cent of the 53 million-strong labour force in 1975 were white-collar workers—professional, technical, managerial, clerical and sales. This figure compares with 41 per cent for manual and industrial labourers; and only 12 per cent for farmers, fishermen and miners.

Thus it appears that a majority of urban white-collar workers are increasingly refusing to consider themselves "working class", while the blue-collar workers are correspondingly becoming "middle class" conscious.

No official definition

But arriving at a viable definition of Japan's "middle class," not to mention "middle class consciousness" is difficult.

"There is no official definition of or criterion for the middle class in this country," says EPA's Moriya. "And I'm in no position to create one"

In fact, according to Moriya, the EPA's use of the phrase

"middle class consciousness" in its annual report has aroused sharp criticism from some sectors of Japan's academic world.

These critics point out that the standard of living enjoyed by Japan's so-called "middle class" is still believed to be far lower than that enjoyed, for example, by the British middle class. Thus, while a great mass of Japanese people may consider themselves "middle class," and possess a middle class consciousness, in fact they are not, and cannot all be members of the same socio-economic group. Their "middle classness" is illusory.

"But who can blame these people for developing a middle class consciousness?" asks Moriya. "In their daily lives, they sincerely perceive themselves as middle class."

Sign of satisfaction

The EPA official says that the prevalence of a middle class consciousness should be interpreted as an expression of the satisfaction people feel with their present lifestyles—regardless of how the government or the experts care to define their standard of living. "It's a good thing," he adds.

In other words, when analyzing Japan's new middle class, it is perhaps wise to take a tip from novelist Joseph Conrad, who said that between illusion and reality there's so little difference, and the difference means so little.

Campaign Against Ethiopian Revolution

THE RADICAL socioeconomic transformation carried out in Ethiopia and that country's determination to undertake the construction of a society free from the exploitation of man by man have led to an increase in the provocations and attacks aimed at the destruction of the people's revolution.

While separatist activity in Eritrea was—and is—encouraged by imperialism and Arab reaction, in July the Ethiopian region of Ogaden was invaded by forces of the Somali regular army, that are backing the secessionist Western Somalia Liberation Front. This intervention has had the support of several Arab nations, allegedly for ethnic and religious reasons, but actually because imperialism and Arab reaction want to destroy the Ethiopian Revolution due to its tremendous implications in the Horn of Africa.

Now, when the military situation in Ethiopia has improved due to the constant strengthening of the defensive capacity of the armed forces and the people's militia and due to increased revolutionary vigilance, the enemies of Ethiopia are resorting to new

tricks in a vain effort to intimidate the Ethiopian people. It is in this context that we must view the threat recently made by the Shah of Iran to the effect that he would not remain indifferent if Ethiopia invaded Somalia.

For the past few weeks there has been an ill-intentioned campaign about alleged bombings of the civilian population in Somalia which was followed by the Shah's aggressive statement, made a few hours after he met with President Carter. It is common knowledge that one of the items on the agenda was the situation in the Horn of Africa. This is clearly an attempt to confuse world public opinion and lead people to believe that the victimized nation is the aggressor and vice versa, in order to justify an escalated intervention.

Iran, along with Saudi Arabia and other reactionary countries, constitutes the main source of financial backing for the aggression against Ethiopia while it promotes chauvinist positions and serves as a spring-board for the shipment of weapons sent by the imperialists to fan the flames of the bloody conflict raging in several Ethiopian provinces.

The foreign adventures of the Iranian regime date back to late 1971, when shortly before the proclamation of the Federation of Arab Emirates, it seized three strategic islands in the Straits of Ormuz through which the bulk of the oil going to Japan and western Europe is transported. Then, in 1973, Iran sent troops to Oman. All this clearly demonstrates the Shah's expansionist inclinations; he dreams of repeating the conquests of Cyrus the Great and has threatened to intervene in any nation of the area "jeopardized" by the revolutionary movement, thus confirming that the United States has assigned Iran the role of subgendarme to carry out its aggressive plans in the Horn of Africa, the Persian Gulf and the Middle East.

The Ethiopian Revolution will never be intimidated by these or any other threats. Faced by the provocations and aggression of its enemies, the Ethiopian people and revolutionary government are firmly determined to defend the achievements of the Revolution at all costs, along with the sovereignty, unity and territorial integrity of the country.

—GRANMA

JAP. EXPLOITATION IN S. KOREA

SOME FACTS ABOUT F. T. Z. IN MASAN

by
Tsuchiya Takeo

(Abbreviated from a larger article in "Ampo")

"Where can you find the best factory sites in Asia?"

"In Korea, ofcourse."

So runs the catch-phrase of a propaganda piece with which South Korea's government-run Industrial Estate Administration desperately appeals to foreign investors to make direct investment in the country. There are a number of industrial estates in South Korea where foreign investors are offered preferential investment incentives. The Masan Free Export Zone (hereafter abbreviated as MAFEZ) is one example of the typical estate designed for the benefit of foreign enterprises: foreigners investing there are allowed 100 per cent control over investment in exchange for the obligation to export 100 per cent of all products. In the words of a MAFEZ pamphlet, the zone is "an ideal spot to make your overseas investment more lucrative—and to do so more easily and more rapidly! An ideal industrial estate, it offers investing foreign enterprises advantageous conditions unsurpassed elsewhere—supplying all the necessary facilities and conveniences, enabling you to freely import raw materials and intermediate goods duty free and to manufacture, assemble or process these into finished products for export."

The city of Masan is located on the southernmost tip of the Korean Peninsula and is part of Gyeongsang Nam Do. The MAFEZ, built on reclaimed swamp land, has led to the doubling of the old port city's population in a matter of three years: from 170,000 in 1971 to 350,000 in 1974. Masan is closely connected with Japan both geographically and historically, and its geographical nearness to Japan was one of the essential factors that led to the Park regime to choose it as the site of a Free Trade Zone (FTZ). One overt feature of the MAFEZ is indeed that it is an FTZ existing almost exclusively for Japanese companies. This fact no doubt, is a continual reminder to South Koreans of the adverse history between Korea and Japan.

Four Objects

The purpose behind establishment of the MAFEZ was four-fold: to promote export, to increase employment, to raise the level of technology and to develop the national economy. Are these goals actually being met?

First, the promotion of export: exports have levelled off at 180 million dollars annually, the cause of which is probably the post-oil crisis recession. But the problem really lies prior to that. According to original plans, it was expected that a natural connection would develop between an increasing rate of foreign capital earnings and growth of domestic industry, based on steady expansion in the provision of raw material by South Korea. In fact, as exports increased, foreign earnings also rose, but the rate of increase was about 30-40 per cent—thus 60-70 per cent flowed back out of the country in the form of import payments and remittances etc. This points to the fact that the effect of the MAFEZ on South Korean industry is small and the wage level is low. The situation is undoubtedly similar at other export industry estates in South Korea: the problem lies in the fact that the increase in exports contributes little to domestic industry, and that low wages merely ensure high rates of profit to the foreign enterprises.

Next, what about increasing employment? According to the figures, the labour force is hovering at about 20,000 workers. The problem here lies in the South Korean Government's offering of a system of low wage labour and restricted workers' rights to foreign companies. Riding on the South Korean Government's policy of inviting foreign investment, Japanese and other corporations implement labour intensification under inferior working conditions and use inflation as an excuse for laying off workers. Out of this comes anti-Japanese sentiment throughout the entire South Korean society.

Technology

How successful has MAFEZ been in the area of the transfer of technology? It is probable that the South Korean Government did not have very high expectations in this area. Rather than introducing advanced facilities, the investors are, in practice, mostly from declining industries only in search of low wage labour, and they have brought in obsolete equipment. The production process is usually simple, most jobs demanding no skill. Thus the question of skill transfer does not even arise.

Finally, what about the development of the national economy? An economic model of increasing dependence on the foreign market for both investment and export is taking shape, progressing in a direction that is far from a balanced national economy. In this regard MAFEZ epitomises the direction of the South Korean economy. Further, what do we find in looking at changes in regional society? The rapid population influx has caused housing difficulties, and land and other cost of living increases. The course of industrialisation has polluted the sea. It is also said that, in order to secure a water supply for the factories, Masan city residents suffer water regulation. A bigger problem has been the buying up of land:—

"Some of the foreign companies that have established themselves in the MAFEZ have used South Korean employees or other connections as a front and have bought up real estate, including sites and homes within the city of Masan; after registering the change of ownership to a South Korean, the companies more easily get the real estate for company housing—in actuality they own the property. In order to legitimise their property titles, they go as far as submitting property acquisition papers to the authorities concerned." (Declaration of Safeguarding National Identity, June 30, 1971)

These facts came to light when Korea Sumida Electric Korea Akamatsu Machines and other Japanese subsidiaries submitted property acquisition papers to the Department of the Interior. With Masan as a foothold, this control of property is just one of Japan's tactics in its advancement into South Korea.

Small Businesses

Many of the Japanese firms that have come to the MAFEZ are small businesses which, unable to endure within-Japan wage increases, were forced elsewhere in their pursuit of low wage labour. Still worse,

skill levels are low and working conditions terrible in these enterprises. In May of 1974, Opposition party questions presented at a South Korean National Assembly session included the following observation:—

"According to a survey of the situation in the zone conducted by the Masan office of the Labour Ministry during January and February of this year (1974), thirty-eight firms, or more than half of the foreign firms, were found to have unsanitary work environments, inadequate pollution control and deficient safety precautions. As a result, more than fifty workers every day, an average of some 1,500 employees per month, received medical treatment at the zone's service centre."

In the newspaper, this Labour Ministry survey was reported under the headline, "Below Zero Degree Centigrade Working Conditions—Foreigners' Industry" Moreover, Japanese firms utilise a system of trial employment, during which 20-30 per cent is cut from the already low wage—this oppressive behaviour extends to then discharging employees once this trial period has been completed.

Despite the strict prohibition of labour disputes, this system still results in labour struggles, primarily for higher wages. Towards the end of March 1974, the problems of Japanese firms' low wages and abuse of women workers were raised in the South Korean Assembly. President Park himself quickly went to check out the site in April and was forced to recognise the need to solve the problem of low wages. With this swell in the workers' movement and South Korean public opinion as background, there has been a considerable increase in the wage levels. However, inflation has also gotten worse, especially in Masan, where price increases have been greater than the national average. Due to this real wages cannot be thought to have risen very substantially.

Deepening Recession

These problems of low wages and inferior working conditions began with the advent of Japanese factory operations in the MAFEZ. The deepening recession, sparked by the oil crisis of late 1973, manifested itself directly in the small businesses at the fringes of the Japanese economy. A storm of production reduction and huge lay offs raged over the Masan workers, who were powerless to resist because of extra-territoriality. Employment peaked in June 1974, after which it has fallen rapidly.

"At present there are eight companies, makers of plastic products and the like, experiencing lengthy shut-downs. There have also been factories where those responsible for operations at the site have withdrawn to Japan. Of the total labour force, which at one point

reached 24,000 workers 1,800 have been laid off in the past few months. With the opening of the year, the number of businesses suspending operations increased rapidly, and plans for personnel adjustment may affect 1,500 more employees."

Conditions in the fall of 1975 became progressively worse.

"As a result of factory closures and operation cutbacks, the lay-off of employees continues; the number of workers has dropped by 4,000 from peak employment, to about 21,000 people. Even those who have somehow survived the lay-offs are now faced with real wage cuts, due to the large reduction in working hours."

This sort of unstable situation for workers can be traced to their lack of rights, but it is exacerbated by the economic position of the investing corporations—minor enterprises that act as a safety valve (buffer mechanism) for the regulation of the Japanese economic climate. A feature in the "Donga Ilbo," entitled "The Japan and the Japanese That Have Come Again—the Advancing Industrial Divisions," state the following:—

"Most of the Japanese firms that have come to South Korea represent polluting, declining industries which absolutely could no longer continue to survive if they remained in Japan—their advance into South Korea keeps them alive."

This is not limited to Masan, but is characteristic of most of the export industry estates.

Anti-Jap Sentiment

In January of 1976, plans for the construction of a second free export zone at Iri, also designed for Japanese firms, were abandoned because, during the present recession, Japanese firms did not submit investment applications. Since the entire South Korean economy is trapped within a Japanese economy and the burden of economic slump has been shifted onto South Korea, it is natural that anti-Japanese sentiment would emerge.

"We cannot take in small and medium sized Japanese firms, no matter if they are export specialists. At present, the small enterprises already established in Masan should be directed towards extricating themselves from the petty scale of capital and technology by their own efforts, rather than continuing to depend on our government's favourable tax, financing, and rent measures and other matters... Otherwise, it would be best for these companies to leave immediately. For foreign corporations whose scale and technology are on the level of a small factory of Korean nationals, and who exploit only the low wage differential, it is only a matter of time, but there is no alternative to their leaving." ("Donga Ilbo," August 14, 1975)

("AMPO" is an English-Quarterly published by the Pacific-Asia Resources Centre in Tokyo.)

"YOU ARE THE SLAVE OF FOREIGN CAPITAL"

A Reply to J.R.

"So, we have demarcated a certain area. In that area, I want to say quite frankly, let the people of the world including our capitalists come and make it a 'robber baron's area', like the American system and the Japanese system and the British system before the Industrial Revolution, let anybody come and invest."

This is from the speech of Mr. J. R. Jayawardene in the N. S. A. when, on 19th January, 1978 he, as Prime Minister, introduced the second reading of the Greater Colombo Economic Zone Bill, his brain child, for the creation of the Free Trade Zone and its entire set up.

The Constitution of Sri Lanka, as adopted in 1972, had as one of its prime aims the prevention of Sri Lanka at any time being anywhere close to a robber baron's area. Hence Mr. Jayawardene's Bill had, in its chief provisions, to be patently inconsistent with the Constitution. The inconsistency was a finding of the Constitutional Court itself. Mr. Jayawardene is himself by training a lawyer with considerable acumen in matters pertaining to questions of Constitutionality. Most of the Ministers who served on the Free Trade Zone Subcommittee are lawyers. So are the advisors. Was it then by an oversight that the Constitution was transgressed? No, it was by choice, for here is Mr. Jayawardene himself on the matter in the same speech earlier referred to:-

"We are committed to democratic socialism. I emphasise the words 'democratic' and 'socialism'. We intend the whole of Sri Lanka, except the free trade zone area, to be democratic and socialist."

This is the habitual manner in which the UNP Government announces a cut—be it a cut in democracy, in socialism or rice and sugar. The whole of Sri Lanka will be democratic and socialist except the free trade zone!

FTZ Area Unlimited

But is the Free Trade Zone law restricted or confined to the Free Trade Zone area? Mr. Jayawardene likes to make us believe that it is so. He would get it across to us by inference as when he stated in his speech referred to:-

"Once and for all, in the whole of Sri Lanka except in the Free Trade Zone, there will be no big capitalists. Put that in your pipe and smoke it!"

Mr. Jayawardene is too much the father of the Zone not to know that he is gravely in error here. The Zone's laws, rules and regulations apply to enterprises outside the zone too where such enterprises have established connections (by statutory agreement). Any enterprise in Colombo, Galle, Kandy, Jaffna or any other part of this land can thus come within the purview of the laws of the Zone within which, as Mr. Jayawardene says, there will be no democracy and socialism. In fact, according to Mr. Jayawardene's Bill, the whole of Sri Lanka could be declared overnight a Free Trade Zone area, by a decision of the Minister. Thus in Mr. Jayawardene's words, the whole of Sri Lanka can under this Bill cease to be democratic and socialist.

By Batty Weerakoon

Defending his Free Trade Zone scheme, Mr. Jayawardene has often questioned his critics as to why the zone concept (and foreign capital along with it) should be bad for him when even socialist countries are prepared to accommodate foreign capital? This is the red-herring he draws across the trail. Our objection is not to foreign capital, but to the terms on which it is got. Ronnie de Mel, lacking the finesse of a Jayawardene, blurts out thus in the same debate:-

"Vietnam is inviting foreign investment. Vietnam, which became communist only the other day, is expecting to get 1,400 million dollars in foreign investment into that country because they know that is the only way they can build up that country. Whether before a communist revolution or after a communist revolution, every socialist country has realised that without foreign investment and foreign aid they cannot develop."

Let us get this point clear. None except a madman would think that an under-developed country like Sri Lanka will not need foreign capital. And

only a fool will think that foreign capital does not come for its own benefit and by nature it is not rapacious. The capitalist class running Sri Lanka's state machine would subordinate the country to foreign capital, whereas a socialist or a genuinely socialist oriented party that is in charge of the country's government would subject foreign capital to its own terms.

Vietnam Case

Revolutionary Vietnam, for instance, introduces its Regulations on Foreign Investment thus:-

"These regulations were promulgated by Decree No 115/CP of April 18, 1977 of the Government Council of the Socialist Republic of Viet Nam and they provide facilities, quite favourable conditions, and guarantees for foreign investors in Viet Nam. They constitute a legal basis for and facilitate the extension of cooperation in a fair and reasonable spirit between Viet Nam and other countries on the basis of the principles of respect for the independence and sovereignty of Viet Nam and of mutual benefit."

Under the Vietnamese regulations a foreign party and a Vietnamese State-run organisation can get together to form a joint enterprise. The foreigner must invest in foreign currency at least 30% of the capital but his share shall not exceed 49%. Hence effective control of the enterprise is guaranteed for the Vietnamese.

Also it is required that:-

- (1) The operation of the enterprise in no way be detrimental to the economy of Viet Nam.
- (2) The export of the commodities produced by the enterprise be subject to the Vietnamese customs' control, and foreign currency earnings from such exports be deposited with the Foreign Trade Bank of Vietnam. The cash assets of the enterprise too be deposited with the same bank.
- (3) To observe the laws and regulations of Vietnam including those applicable to foreign trade and exchange control.
- (4) To apply the Vietnamese book-keeping system or a system approved by the Government of Vietnam.
- (5) To hire Vietnamese workers and technical personnel in accordance with the Labour Law of the Vietnamese State and under the terms of the collective contract signed with the representatives.
- (6) To pay income tax ranging from 30% to 50% of tax bearing profits.
- (7) To remit home of transfer to other countries yearly 5 percent of the enterprise's annual profits provided



Mr. Bernard Soysa, United Left Front Candidate for Colombo West, immediately after presenting his Nomination papers.

that it does not exceed 25 percent of the total invested capital.

- (8) Any dispute with the foreign party shall be gone into and determined by the Foreign Trade Arbitration Council, the Economic Arbitration Council or a competent labour office or a competent Court of justice.
- (9) To compulsorily employ Vietnamese personnel and to pay them in foreign exchange.

No Robber Barons

The incentives provided are fairly attractive. There is also the guarantee that the foreign party will be able to carry on business for a period of 10 to 15 years and protection of the investment by the Government. In the event of nationalisation fair compensation agreed on by the parties is also assured.

Here is a distinct attempt not only to attract foreign capital, but more specially to provide incentives for the launching of export-oriented industry. But there is no attempt to establish a robber barons' area either as a Zone or as exempted enterprises. This for a very good reason. Vietnam, like other revolutionary regimes,

has fought robber barons both in the form of imperialism as in the form of imperialism's servitors at home. What distinguishes the J. R. Jayawardene law on this question from these other experiments is that here in Sri Lanka, the attempt is by the Robber Barons themselves to enact the laws most conducive to their unbridled exploitation. To drive home this point one need only list the basic features of the Greater Colombo Economic Zone Bill as originally presented by Mr. Jayawardene. These features are-

1. The robber barons will be free of all laws in this country that protect our foreign exchange, our exchequer, our own banking system etc,
2. The robber barons are assured of continuance of their business in this country for ever.
3. Any dispute of the robber barons with this country will be determined not by our courts but by courts set up abroad.

How different are these provisions from those enacted in Vietnam!

Welcome to....

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for the Prime Minister of revolutionary Vietnam to address the people of Sri Lanka. J. R. Jayawardene, after all, has taken away the parliamentary liberties of the people of Sri Lanka and barricaded himself in the office of President with the powers of which Parliament has been robbed, because of his inability to face the people and permit them to scrutinise his policies and actions. His invitation to Prime Minister Pham Van Dong to visit Sri Lanka flows out of his need to disguise his reactionary visage with some of the reflected glory of such a visit. But he dare not go so far as to permit the voice of the Vietnamese Revolution to speak directly to the people of this country.

Whatever the shortcomings of the official arrangements for the Vietnam Prime Minister's visit, Pham Van Dong will receive a very warm welcome from the people of this country. He has been here once before, on the occasion of the Non-Aligned Summit Conference in Colombo. It was not feasible to provide him on that occasion too with an opportunity to meet the people. Perhaps, he will have a further occasion to visit this country and in conditions in which the heroic achievements of the Vietnamese people in their struggle against imperialism will receive a genuine demonstration of the admiration and gratitude of the no less anti-imperialist people of Sri Lanka.