

# YOUNG

# SOCIALIST

**EDITORIALS ON:** Ourselves again; The Budget; Those new imposts; Finance Minister's second thoughts; Normalising the Emergency; The Price Problem; Nationalisation of the Bank of Ceylon; Belgrade and Berlin.

*IN MEMORY OF THE HARTAL—1953*

**Budgetary Policy and the Working—class**

By EDMUND SAMARAKKODY

**Felix's Second Budget**

By N. M. PERERA

**The Politics of the Budget**

By COLVIN R. DE SILVA

**Economic Development; The Socialist Road**

By OSMUND JAYARATNE

**Trade Unions Protest**—Continuing Committee of Trade Union Organisations, The Customs Officers' Union, Bank Employees' Union, Ceylon Mercantile Union, Government Clerical Service Union, Municipal Employees' Union, Government Workers' Trade Union Federation.



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# YOUNG SOCIALIST

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Number 2

Special Budget issue 1961

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## *Editorial Notes*

### OURSELVES AGAIN

IN the first issue of "*Young Socialist*" we declared that "serious discussion of serious issues from a socialist point of view has become a crying need." That there is a very widespread demand for such serious discussion has been demonstrated by the speed with which the first issue of "*Young Socialist*" was sold out. We have no doubt therefore that this special Budget Issue of "*Young Socialist*" will find a ready welcome.

### THE BUDGET

IN our last issue we said: "It is the coming Budget alone which will demonstrate whether Government has even at long last achieved a systematic set of aims which can enable planned progress;" and we added: "The wise will await it without anticipation or expectation."

Our comment has been more than justified. The Budget does not feed a plan. Indeed, the Finance Minister himself has no disposition to planning. In the alternative, what sort of a concept of planning can a Finance Minister have who solemnly declares in the course of his Budget speech: "We do not want to give the answer now to questions which only pose themselves in the future, but if you ask any question in relation to a concrete problem of the present, we can find an answer because the answer that the Sirimavo Bandaranaike Government gives is a very simple one: the common people of this country, the rural people of this country can rest assured that we shall never let them down!" And again: "'Dompe Socialism' does not set its mind, does not set its eye, on any far

horizon.....We believe it a far more satisfactory political solution to face the immediate future....."

Perhaps the key phrase in the Finance Minister's pronouncement is: "political solution to face the immediate future." In association with the reference to "the rural masses of this country" it suggests a consuming pre-occupation with the conservation of the S.L.F.P's mass base in the countryside for the next General Election to the exclusion of longer-term considerations of socialist planning. It is a vote-catcher's point of view and not a statesman's.

Leave aside the "democratic socialism" of the Throne Speech which has got lost in the Budget, there is not even a genuine planner's outlook in the Finance Minister's declaration. The essence of a plan and also its governing factor is the ultimate socio-economic pattern it aims to create. All day-to-day problems have to be tackled in that perspective; else, one may end up precisely where one did not intend to go. It is therefore not a question of not wanting "to give the answer now to questions which only pose themselves in the future." To fail to give the answer now, even tentatively, to "questions which only pose themselves in the future" is to fail to pose correctly the question which faces you now. The Budget itself is a good example.

The problem before the Finance Minister was apparently the problem of a 701 million rupees deficit. And if, employing another simile of the Finance Minister, you look only at your nose and not at the stars, then the only problem was where to find most readily the money to bridge the

gap. But the problem was and is different. The problem lay not in the deficit itself but in the fact that it represented the continued failure to achieve a rate of expansion which would raise Ceylon's economy to new levels and give it a new pattern and balance. To that problem the Finance Minister has not addressed himself at all in this Budget. Instead, he has given us the pattern as before while inventing a series of taxes whose only purpose seems to be to hit hardest those who can least bear his blows.

It will do the Finance Minister good to pay heed here also to the self-same Nehru on whom he and the Prime Minister manifestly model their foreign policy. Says "The Hindu" of 22nd August; "Prime Minister Nehru disclosed in the Lok Sabha today that a 15-Year Plan was under preparation by the Planning Commission so that, in the execution of the Third Plan and other plans that follows, they could keep the broad perspectives of this 15-Year Plan in view." One must not allow one's nose to obscure the stars!

## YOUNG SOCIALIST

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## THOSE NEW IMPOSTS

THE Finance Minister's new taxes fall into a significant pattern. He has imposed "half a ceiling" on the incomes of the ultra-rich (perhaps a hundred income-tax payers of the topmost bracket), and assured even these a steady 5 per cent, income-tax free, in respect of half their above-ceiling income. Incidentally, the real ceiling is not Rs. 37,000 to Rs. 54,000/- but Rs. 75,000/- to Rs. 100,000/- a year; which makes over Rs. 6,000/- per month for a single person and Rs. 8,500/- for a married man with a family of four children or more—plus 5 per cent, income-tax free, on the forced 20-year loan to Government of half the excess. (The other half goes to Government as super-tax.)

As against the above, the lower income brackets are assailed from the lowest levels with 5 cents extra on flour and white sugar and one-and-a-half cents and two cents extra respectively on matches and cigarettes. Earned incomes of Rs. 300/- per month and upwards come under a 4 per cent National Development Tax which has piled on to it from the very first income-tax paying levels a ration book tax of Rs. 24/- per year per book. In addition, there is a Registration Tax on "business" which is Rs. 50/- for those earning below Rs. 300/- per month, Rs. 200/- in the Rs. 300/- to Rs. 400/- slab, Rs. 250/- in the Rs. 400/- to Rs. 500/- slab, Rs. 300/- in the Rs. 500/- to Rs. 600/- slab and Rs. 350/- on all above Rs. 600/-. The small landed proprietor is brought in by starting the acreage tax at 20 acres (Rs. 5/- per acre). What with the additional import duties, the burden is disproportionately on the lower middle class and the broadest masses. And there is a novel Sales Tax and further excise duties to come.

How the Communist Party could bring itself to vote for a Budget with this scheme of taxes will be a mystery only to those who have not understood that C.P. policy in Ceylon is determined not by the needs of the masses of Ceylon but by the requirements of current Soviet foreign policy. The Finance Minister showed a nice understanding of this fact when he paid for C.P. support with a declaration (which drew

loud C.P. applause) that he accepted the set-up in the countries of the Soviet Bloc as constituting "one-party democracy." Indeed, the Finance Minister seemed to envy the Soviet Bloc countries their one-party system when he contrasted it with the multi-party system in Ceylon. The C.P. plea of stepped up development expenditure in this Budget as an excuse for its vote is too specious to be worthy of examination. It not only is not true on analysis but also obscures the fact that the money to be newly taken from the masses including the poorest of the poor could easily have been found otherwise and elsewhere. But that would of course have required contemplation of the socialist stars instead of taking for granted that one must leave substantially un-affected the capitalism under one's nose. You cannot move towards socialism by continuing to gyrate within capitalism's confines.

#### FINANCE MINISTER'S SECOND THOUGHTS

THE storm of protest against the new and unwarranted imposts on the masses has begun to disturb the self-confidence of the Finance Minister. Although he drove his Parliamentary Party and his C.P. "fellow-travellers" to accept the Budget intact at the second reading, it was already plain that he was wavering on certain proposals whose hardship to the masses could not be hidden. Note this passage in his final speech in the Budget Debate:—

"The price of flour has gone up. I concede it. The price of white sugar has gone up. I concede it. Both are increases which do hit the people, and not on any distinction arbitrarily drawn between urban and rural workers... If I may say so, those are the two taxes which, at some day when I have the opportunity to remove them, shall be the first to be removed..."

The Finance Minister gave way a little further the next day in his winding-up speech on the second reading of the Finance Bill:—

"I agree that the tax on ration books has difficulties in it. I admit that if a person is liable to pay Rs. 20 by way of income tax, if that is his liability, it does seem rather

hard that he shall have to pay Rs. 144, if he happens to have a wife and four children, by way of ration book tax. I appreciate that difficulty and it is because I appreciate it that I say one will obviously have to reconsider the question of setting a ceiling according to the number of dependants and children in the household or in the family; and secondly, in the lower income earning groups, the lower income tax groups, of reconsidering whether one should charge a flat rate of Rs. 24 or set a ceiling in relation to the income tax payable, in relation to a fraction—shall we say half—that is, that the liability on ration book tax should not exceed a half of the liability to income tax taken as a whole. The result of that would be that a person who is liable to pay Rs. 100 tax might find himself in the position of paying Rs. 50 towards the ration book tax even if he happens to have a wife and ten children, and in no case should he have to pay more than for a wife and a fixed number of children if that is the basis on which relief is granted on income tax... I have already indicated, the turnover might perhaps be a better base for wealth."

Since the above, it would appear that it has been decided also to exempt small traders with less than Rs. 60/- turn-over a day, and self-employed persons with similar small incomes from the Registration Tax of Rs. 50/- per year. A proposal to reduce the National Development Tax to 2 per cent on the slab between Rs. 300/- and Rs. 502 per month is also said to be under examination. At the other end some modification of the ceiling on incomes is being contemplated to give relief to mortgagers and the like.

All this goes to show that the agitation against the attack on the masses through the Budget is beginning to show results. The need is to step up the agitation and not to relax the pressure.

#### NORMALISING THE EMERGENCY

THE Finance Minister's attack on the living standards of the masses proceeds in the setting of the continued Emergency regime of which, incidentally, he himself, as Parliamentary Secretary to the Prime Minister and Minister of Defence and External Affairs, is the principal adminis-

trator. The Government apparently wants the country to settle down to accepting the Emergency regime as normal to the country. The Government Party has certainly settled down in that way.

It would be disastrous to permit this outlook to grow or spread in the country. The Emergency regime vests the Government with dictatorial powers. The Chief Administrator of the Emergency becomes nothing less than a despot. It is no answer to say that the despot is not using his powers harshly or at all. We cannot make of the external forms of Parliamentary democracy a mere velvet glove for a mailed Emergency fist. The Emergency itself must go, and go immediately and unconditionally.

Besides, it is not true that the Emergency powers are not being used harshly or at all. The entire leadership of the Federal Party is still behind bars. (Mr. Chelvanayakam who is in the U.K. for medical treatment is apparently under certain restrictions.) The military are still the rulers of the North and East. And the Bank Employee's strike remains prohibited and intimidated.

The incidence of the Emergency laws on the working class and especially the trade unions will bear recapitulation. In terms of the Essential Services Orders it is not only illegal to strike, it is also illegal to fail to conform to the employer's wishes! Whoever associates with or encourages in any way action affected by these Regulations is himself guilty of an offence. The punishment for offences under these Orders, which today cover every aspect of economic activity, is not only fine and imprisonment but also automatic forfeiture to the state of all the convicted offender's movable and immovable property. Not even the U.N.P. had this forfeiture clause.

It is idle to pretend to defend the continuance of such a regime on the ground of a no-longer-existent mass situation in the North and East. All's quiet on the Tamil front according to the Government itself. It will be an exceptional worker who will not claim that the principal reason for continuing the Emergency is Government's fear of working class unrest in the present situation. It is impossible for the working class to tolerate the continuation of the Emergency regime.

Incidentally, it would also appear that the Government itself has settled down to the position that the Emergency regime constitutes a solution of the problem of Sinhalese-Tamil relations in a single, united Ceylon. No greater error is possible. The mass Satyagraha movement of the Tamils may well be ended for the time being but the problem which brought the movement into being remains even more intransigent than ever. The solution of the problem can only be political, not military. And on the solution of the problem early depends not only the future of the Ceylonese nation but also the advancement of the pressing tasks of planned national development. If the Government prefers Nehru as usual on this question too, let us quote "The Hindu" of 22nd August again in regard to his Lok Sabha speech introducing India's Third Five Year Plan:—

"But the most important aspect on which Mr. Nehru dealt at length towards the end of his speech and on which he declared the whole basis of the plan rested, was national integration. Economic development and social changes they aimed at could never be achieved, he said, without unity."

What goes for large-scale India in this respect goes with no less force for little Ceylon too.

### THE PRICE PROBLEM

GOVERNMENT has announced through the Prime Minister an all-out attack on the black-marketeers. This is no doubt to the good. But what is needed is an all-out and all-round attack on high prices.

In such an attack it is of course important to bring the black-marketeers, the hoarders and the rest of that tribe to book promptly and to punish them accordingly. But that is only the fringe of the problem. At the heart of the problem lie two facts: shortages of goods and inflation.

So long as goods are in short supply there will be black-marketing and the rest. So long as there is inflation prices will rise. Further, the price-rises are also connected with the import restrictions which in turn are linked with the balance of payments problem. The problems are thus inter-

linked and depend on correct general policy and not merely on a fight to bring black-marketeers to book. High prices involve high Government policy.

The immediate task is obviously to ensure abundant supplies of the basic commodities so that even faults in the distribution system cannot have more than local and transient consequences. It is essential to realise that Government must firmly take over the import of these commodities but that at the same time it must not confine distribution to the co-operative societies. The co-operative system is not yet sufficiently strong or widespread to shoulder the extra task of island-wide distribution. The private retailer has therefore to be utilised; but he should be brought in in an organised fashion through the encouragement of traders associations which can link up with the Government's wholesale distribution points. Incidentally, the practice of Government M.P's going about their constituencies distributing essential commodities from Government stocks must be given up for the tragic-comic spectacle it presents. Such opportunist devices only amount to cheating the public for partisan political advantage and entirely personal popularity.

One further point. Government has rightly called on the public and the trade unions to co-operate in fighting the black-marketeers but this entirely laudable call has met with two principal obstacles. On the one hand, the public have been dispirited by the Budget attack on their living standards. On the other hand, the trade unions are not willing to be relegated to the role of the Government's policemen on prices. The unions ask, rightly, for proper and continuous consultations on matters like high prices and if this had existed they would have come easily and naturally into the fray.

Incidentally, the Finance Minister's claim that the multiplicity of rival unions stands in the way of organising co-operation does not bear examination. Why not start by consulting the big unions, leaving the little unions entirely to the task of making representations concerning their members? That is the way forward.

## NATIONALISATION OF THE BANK OF CEYLON

DESPITE the Finance Minister's odd theories on nationalisation, he has taken an important step forward in this field by taking over the Bank of Ceylon. This will give him an additional means of mobilising the financial resources of the country and also of controlling the direction of private Ceylonese capitalist investment. He would appear to claim that he intends to compete the foreign Banks out of business; but this is a tall claim, especially for a Government which is as dependant on foreign capitalist aid as is this Government. It were better to admit that policy rather than prudence governs the refusal to touch the foreign banks. In that way, the Minister could qualify for real encomiums for the take-over and progressives could concentrate on the real fight to take over the business of the foreign banks.

## BELGRADE AND BERLIN

WE end up as usual with a couple of foreign notes.

Two scenes of great importance today are Belgrade and Berlin.

At Berlin, the moves of the Soviet Union to win from its former allies recognition for the East German Democratic Republic and the counter-moves of the Western Imperialists in their effort to refuse to recognise reality (as in the case of the Chinese People's Republic) has resulted in heightened international tension. There is much of the clangour of arms but both sides announce willingness to negotiate. We can but say that those who combined to cut the living body of Germany in two after the last war must bear the final responsibility for the recurring crises over Berlin. The new patchwork that may result from the present crisis will not solve the fundamental problem of the reunification of Germany.

However, this Berlin crisis develops at a time when the uncommitted nations are meeting in Summit Conference in Belgrade. This conference will surely influence the situation and the parties concerned towards a negotiated settlement or at least some

easing of the new Berlin crisis. The speeches of leaders on both sides of the Berlin issue have already shown that they appreciate the role which the uncommitted nations can play in the situation. We can but wish the Heads of Governments meeting at

Belgrade, including the Prime Minister of Ceylon, success in all efforts to reduce the prevailing tension. If they can get the two sides together for serious negotiations they will be entitled to claim a major success.

24th August 1961



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## IN MEMORY OF THE HARTAL—1953

**O**N August 12th 1953 occurred the Hartal—the most significant direct mass action this country has seen in recent times. On July 26th a mammoth rally summoned by the opposition parties on Galle Face Green was tear-gassed by the police. This was followed by sporadic mass action in certain outstation districts, spearheaded by the women of Randonbe, a little village on the southern coast. The snowballing crisis reached its climax on August 12th with the virtual stoppage of all public activity throughout a large sector of the island.

The immediate cause of this action was the stepping up of the price of rice by the U.N.P. government, preceded by other measures aimed at passing the burdens of the prevailing financial crisis on to the shoulders of the poor. Although the Hartal was limited to a 24 hour period, its effects were far-reaching on the consciousness of the people and the political temper of the country. While sowing confusion in the ranks of the U.N.P. Government, it led to eventual resignation from office of Prime Minister Dudley Senanayake. In the political life of the people it produced a qualitative change and built up in them the confidence that their united strength could determine in the final analysis the fate of governments and politics. The repercussions of the Hartal were evident three years later at the polls when the U.N.P. was unceremoniously dethroned from the power it had held for nine years and the government of Mr. S. W. R. D. Bandaranaike's M.E.P. was installed in its place.

The Hartal arose from the efforts of a capitalist government to safeguard the capitalist social structure and "solve" its financial crisis at the expense of the masses. The wheel has turned round a full cycle and the country is once again in the throes of an acute financial crisis. But those whom the masses installed in power have failed to profit from the lessons of 1953. This Budget of the S.L.F.P. Government, like that of the U.N.P. eight years ago, seeks to cast its burdens on the lean shoulders of the poor. Not all the window-dressing that accompanies it can hide the efforts to safeguard the capitalist structure of the economy and the foreign imperialist interests that dominate it. The lesson of the Hartal is crystal clear: capitalism cannot assure the well-being of the nation; only a bold socialist policy will secure the co-operation of the masses and lift the country out of its economic stagnation. History can yet repeat itself and the fund of mass patience is not inexhaustible!

**"Young Socialist" salutes the memory of those who laid down their lives in the Hartal and those nameless thousands who suffered at the hands of the repressive machinery of the U.N.P.**

# BUDGETARY POLICY AND THE WORKING CLASS

By EDMUND SAMARAKKODY, M.P.

THE Annual Budget of a Government is in simple terms the estimates of Revenue and Expenditure for the year. But revenue policy and expenditure policy of a Government which must necessarily affect the lives of the people in diverse ways are obviously related to the overall policies and ultimately to the political philosophy of the Government and the party in power. In a class society (present day Capitalist Society) the Government of the day will necessarily have its own class character whatever it would like to call itself. Whilst class character determines policies of social and economic development the examination of implementation of policy will bring out the class character which has remained obscured or clouded by vote catching phraseology.

**Question :** *"Your Government is alleged to have lost the goodwill it had when it took office in July last year ?*

**Answer :** *"My Government came into power with the support of the rural masses. It has no reason to believe that this support has changed."*

Prime Minister Sirima Bandaranaike's answer to the question of the newspaper correspondent is a key to the understanding of the policies of the S.L.F.P. Government. Preconceived notions of the importance of social layers and the determination to cling to traditional and an emotional outlook is hardly the way to meet the biggest challenge of our times—the problem of economic and social development of a backward country.

To meet the needs of an under-developed export-import economy in which 83% of the families received less than Rs. 150/- per month and in which 55% of the families earned less than Rs. 75/- per month with a population increase of 300,000 per annum calls for far-reaching and drastic change in the structure of the economy. It is not just a question of diversification of the economy that poses itself but a bold plan of industrialisation with the aim of speedily

making the industrial sector (manufacturing industries) the larger and the prominent sector leading to converting an agricultural economy into an industrial economy. Given such a perspective and a development plan geared to such a perspective the working class (the proletariat) will necessarily begin to play a prominent and dynamic role.

The structure of employment at present in Ceylon will reveal that the bulk of the working population is engaged in agriculture rather than in industry. Agriculture, forestry and fishing have absorbed 57.1% of the workforce who account for 54.4% of the gross domestic product while manufacturing and mining industries absorb only 8.6% of the work-force who account for 7.6% of the gross domestic product. In contrast we have a country like Japan in which Industry absorbs 19.2% of the workforce accounting for 28.3% of the gross domestic product. It is clearly evident that a fundamental change in the structure of employment is vital if a modern industrial economy is the aim. But regretably the 10 year plan of the S.L.F.P. Government and its budgetary policy reveal that the intention is to pay lip service in this regard. Say the planners: "One of the major goals of planning would be to bring about a progressive change in this structure with industry playing an increasing role in respect of its contribution to both employment and material out-put."

The vagueness of the perspectives in this regard is brought out in the final sentence of the quotation: "If the proportion of Ceylon's total work-force which is engaged in industry is to increase beyond the present percentage a stage will have to be reached when at a lower limit more than 8.3% of the annual increase in the work force will have to be applied to Industry. This involves a minimum average absorption of more than 10,000 persons into this field." That even this 8.3% is a pious hope is proved by the figures relating to the projected work force and the additional projected employment in

agriculture. Out of a projected work force of 1,219,000 persons over the next 10 years it is estimated that the plan will bring about an absorption of as much as 1,197,000 persons in agriculture. This leaves only a balance of 22,000 to be absorbed in manufacturing industries—that is just over 2% of the work-force. If the total of 1,197,000 persons to be absorbed in agriculture is broken up into plantation crops and rice and dry zone cultivation we have as much as 645,000 for the latter category. This means that Government policy over the next ten years is expected to create 645,000 peasant holdings—with their families we have roughly 2½ million people who are expected to be beholden to the Government in the rural areas. Hence the policy of the Sirimavo Bandaranaike Government of turning their face to the rural masses and their back to the uncertain and revolutionary proletariat.

Programme outlined in the Ten Year Plan does not correspond to their place in the total work force of the country today or at the end of the ten year period. Out of a grand total of 3,508,000 of work force in 1957 the position of the proletariat inclusive of clerical hands and supervisors would be somewhat as follows:—

(a)	Agricultural workers in the tea, rubber and coconut plantations .. .. .	815,000
(b)	Industries large and medium .. .. .	291,000
(c)	Construction work .. .. .	105,000
(d)	Electricity undertakings .. .. .	4,000
(e)	Transport and Communications .. .. .	155,000
(f)	Public administration .. .. .	181,000
(g)	Other services .. .. .	719,000
		<hr/>
		2,383,000

#### THE WORKING CLASS AND THE DEVELOPMENT PROGRAMME:

The policy of the S.L.F.P. Government to underestimate the share of the working class or the proletariat in the Development

Out of 2,383,000 employees both in the Government and private sector it would be safe to assume that roughly 2 million constitute the working class or proletariat. Whether it is in the annual programme or

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during the 10 year period the human factor in the development programme would be made up of about 80% working class. The Budget proposals for the year 1961—1962 envisage the expenditure of Rs. 607 millions in the three sectors (a) Agriculture and fisheries, (b) Industry, power, transport and construction and (c) Social Services.

In all three sectors, apart from the provision for grant of subsidies and pure line seed, development must to a large extent mean the construction of minor and major irrigation works, the establishment of Government farms for agricultural products and animal husbandry. Under social services we would expect a programme of building and other construction work. All these activities would inevitably involve the employment of paid labour. In the export crops sector re-planting and rehabilitation would bring the agricultural worker into the centre of the development programme.

Overall development on a planned basis must make provision for the human factor. Willing co-operation is paramount for attainment and fulfilment of goals. But incentives must be more or less according to the sector and according to the social class or category.

While the rural masses (the poor peasants) have become a problem in relation to development the working class or the proletariat (a small minority of the population) is called upon to play a dynamic role in production. Poor peasants need incentives for food production. The guaranteed Paddy Scheme to help the paddy producer will in the coming year cost Rs. 158 millions. While there are other agricultural products for the home market that receive subsidies the paddy cultivator gets further subsidies like fertiliser at Rs. 2/- per bushel and pure line seed paddy. In addition we find that crop insurance is really a subsidy as the premium the cultivator is called upon to pay is very small. With regard to colonists the scheme of assistance provides for payment of money up to Rs. 3500/- for free houses and wells costing from Rs. 300/- to Rs. 600/-. Local and foreign capitalists have been granted a variety of concessions (tax-free holidays, export of capital etc.)

Where does the working class come in this scheme of incentives? The framers of the so called ten year plan recognise that in relation to the industrial plan an investment of the order of nearly Rs. 50 million per year is very difficult to realise. Say the planners: "There is no denying that it will be difficult to realise such a programme. Every endeavour must be made to see that it is fulfilled, for on it depends the performance of the economy as a whole." The attitude of the S.L.F.P. Government to the working class and their appreciation of the role of the working class in development has undergone considerable change since 1956.

Following the 1956 victory the Bandaranaike Government showed a readiness to investigate sympathetically the grievances and to grant redress where possible. The employers as a class soon got the impression that the Bandaranaike Government had a bias in favour of the working class and they the employers for a brief period were guided accordingly and appeared to bend to the pressure of the workers who they believed had the backing of the government.

The late Prime Minister's views on the working class and its role comes out with some clarity in the plan which he himself signed. "Labour is a partner in the plan and is going to be one of its important beneficiaries....there is no question of imposing a code of conduct on labour—labour must be wooed rather than fought. Therefore there should not be any weakening of trade unions. Indeed a strong responsible trade union movement will be a great help than a hindrance." Although the views of the S. L. F. P. (during Mr. Bandaranaike's life time) underwent rapid changes adverse to the working class yet there was an acceptance that the working class had a strong case for putting forward wage demands both in the public sector and the private sector. In recognition of the disparity between wages and the cost of living that had risen considerably since the compilation of the cost of living index (1950) the S. W. R. D. Bandaranaike Government gave in to the pressure of the working class and granted a temporary increase of a special cost of living allowance of Rs. 17-50 for all government employees. Thereafter where organised labour

was in a strong bargaining position they launched out on trade union action and obtained Rs. 17-50, Rs. 12-50 and Rs. 7-50 in certain cases.

In the private sector only a small minority of organised labour was able to win concessions. The harbour workers and the mercantile employees who put up a determined fight lasting for many days were defeated as a result of a change in government attitude. In the private sector the government came out openly against workers helping the employers with police action to crush the workers. In a very wide field—in the plantations—tea, rubber and coconut—nothing was granted by way of increases to meet the increased cost of living. The fact that the problem of the living wage was not solved even with the granting of the special living allowance of Rs. 17-50 is borne out by the fact that the late Mr. Bandaranaike appointed the Wilmot Perera Salaries Commission to investigate and report on the many matters pertaining to government employees including the case for increased wages. With regard to the

wage conditions in the private sector the S. W. R. D. Bandaranaike Government appointed a second Commission to examine the existing wage structure and make recommendations on wage policy with special reference to needs of economic development. That the planners also recognised the existence of a case for wage increase is clear. "The objective of wage policy from the development angle should obviously be to ensure that while labour gets the *appropriate increase*—it also like all other classes diverts to development a substantial part of it." In addition the question which came under welfare and housing has been accepted as a field in which justifiable grievances remained over the years.

#### THE INCENTIVES FOR THE WORKING CLASS IN THE 1961—62 BUDGET:

"We asked for bread. We received stones." This reaction of the working class to the budget proposals is not without justification. The workers in the government sector ever since the Sirimavo Bandaranaike Government came into power were pressing for the expeditious conclusion of

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the report by the Commission, and thereafter for the publication of the report. The demand for the publication of the report was obviously with a view to obtaining what little benefits—wage increases etc. would accrue to them. But the Sirimavo Bandaranaike Government had very early decided to unmask itself in relation to the working class in the face of a growing financial crisis. In the budget speech of the Finance Minister he has clarified the position of the Government in relation to demands of the working class in a manner which prevents any further speculation in that regard—“So far as the general public is concerned its interest in the Commission’s recommendations will be mainly in *those which suggest means of increasing efficiency and affecting greater economy.* At a time when our resources must be marshalled and conserved for economic development and when we call upon the people to make sacrifices in that common cause we can hardly divert a greater part of these resources than we do now towards the public services which represent a small section of the community.”

Income Tax which was always looked upon as a direct tax on the rich and the upper middle classes has been broadened under the name of 4% “Development tax” to include those sections of the working class and middle class that have over the years risen to a position in which they could enjoy a well earned measure of comfort. A tax of Rs. 16/- per month from persons of this category is a severe blow to those who generally at the stage of receiving Rs. 300/- have many children to support and many responsibilities to shoulder. To harness the skill and experience of the employee at this level and achieve increasing efficiency effecting greater economies is the question. But this frontal attack on their standards of living has provided an incentive not for efficiency but for a serious lowering of morale and even giving it a shattering blow. Other indirect taxes—Rs. 3.4 million from matches (from 3½ cents to 5 cents) Rs. 42.5 millions from sugar and flour, Rs. 8 million from cigarettes (increase of 2 cents) and Rs. 57 million from increased excise duties on a variety of articles of mass consumption amounting to Rs. 51 millions affecting generally everybody must necessarily affect the working class more harshly than other

groups. As in the case of these upper layers who have suffered a virtual wage cut of 4% these indirect taxes will in their totality have the effect of a wage cut. Where a wage increase has been justifiably demanded over the last decade and when at the worst a status quo in the existing wage levels had to be guaranteed under circumstances of a financial crisis we find not merely an effective cut in wages of all workers but also a clear indication that in the foreseeable future the government cannot contemplate any wage increases.

Apparently the reason for this attitude towards wage increases of the working class is not based on the exigencies of a financial or economic crisis in the very near future. On the contrary according to the Finance Minister it is a “temporary imbalance”. The decision to practically freeze wage levels and even impose indirect cuts is arrived at by an assessment of prices and wages as at present prevailing. Says the Finance Minister: “Living costs as measured by the Colombo Consumers Price Index declined by 1.6% in 1960 compared with the previous year’s average. The Index which stood at 104.1 in December 1960 fell to 103.9 in April this year “....” The Index of real wages rose in every case as living costs were lower in 1960.... The combined index of real wage rates of workers in agriculture, industry and commerce being 108.2 in March this year as compared with 106.8 in March last year.” Apparently the Finance Minister has convinced himself that far from there being a case for increase of wages the real price situation calls for even reduction of wages. On 30th November 1957 the Finance Minister of the S. W. R. D. Bandaranaike Government appointed a committee to revise the cost of living index. One of the terms of reference was to design and supervise the execution of the surveys necessary to prepare a realistic cost of living index or indices of the middle and lower income groups. In the words of this committee whose report was published on July 17th 1959: “The last family budget survey in Ceylon on which the current index is based was conducted in 1949—1950. Since then there have been many important changes in social and economic conditions in the Island which are likely to have influenced the pattern of consumption of different sections of the

people. An index based on the 1949—1950 pattern of expenditure may therefore no longer be representative. The further away from the base year the less realistic the index is likely to become. In addition the current index has limited applicability. It seeks only to measure price movements of goods and services used by the working class in Colombo. The working class population in other urban areas is not represented.”

The investigations of this committee have revealed that over the years there have been changes in the pattern of expenditure. They have brought out forcibly the point that it is dangerous to consider the long term trends revealed by price indices without taking into account the changes in living habits which occur between the earlier and later part of the series. The unreality of the Colombo Consumers Price Index on which the Finance Minister has based his assessment of the present cost of living is brought out by this report in a number of ways. The household budget inquiry which had been relied upon to give an accurate picture of how the workers have spent their money during a selected period of this survey had been

confined to the Colombo Municipality. Furthermore the important question of pricing of consumer goods has had defects which could have resulted in the obtaining of price records which were non-existent. Questions like selection of correct buying sites for pricing of consumer articles which could have far reaching consequences in the ultimate compilation of the price index had been found to be overlooked by the compilers of the Colombo Consumers Price Index. The revelations of this committee are a devastating condemnation of any attempt to measure living costs by the Colombo Consumers Price Index. The assumption relating to prices and real wages obtained on the basis of the Colombo Consumers Price Index vanishes and the reasoning of the Finance Minister which directed him to impose severe burdens on the working class is to say the least without foundation. The anti-working class policy of the S.L.F.P. Government now stands exposed.

#### SOME CONSEQUENCES

Since the elections that led to the victory of the S. W. R. D. Bandaranaike Government the working class has supported the

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S.L.F.P. As the U.N.P. was anti-working class it was to be expected that the working class would co-operate fully in the defeat of the U.N.P. Thereafter for nearly 12 months of the S. W. R. D. Bandaranaike Government workers only made representations but did not resort to strike action. Thereafter a large number of economic struggles have taken place (1958—1959) which caused severe headaches to the then Government. All these struggles of the workers were however within the framework of support of the S. W. R. D. Bandaranaike Government. The political support of the Bandaranaike Government was based on the reasoning that this Government would result in a better milieu for the improvement of conditions and that a government friendly to the working class could help to obtain even in the private sector better conditions from the capitalist class. But the possibility of winning concessions from the capitalist class always remains conditioned by many factors. Wage increases and general improvement of conditions from the capitalist class and the government must depend on an expanding economy and steady improvement of export prices. Generally speaking up to 1956 it could be stated that conditions appeared somewhat favourable for obtaining concessions for workers. But the working class could not realise that failure to obtain concessions was not related to the U.N.P. as such but to the conditions of a stagnant capitalist economy linked to the world market in a period of decline and decay of Capitalism. The result was that Mr. Bandaranaike's victory brought about a swing to the S.L.F.P. and the S.L.F.P. Trade Unions that were newly formed. Trade Unions of the L.S.S.P. and the C.P. were for a short time meeting with strong competition from the S.L.F.P. unions and with the S.L.F.P. trade unions celebrating May Day the situation appeared somewhat menacing and many probably proclaimed that the S.L.F.P. Unions had come to stay in a big way. After about 12 months

of the setting up of the S. W. R. D. Bandaranaike Government there was a movement away from the S.L.F.P. Trade Unions, and today 12 months after the Sirimavo Bandaranaike Government the S.L.F.P. Unions count very little. But it is not merely a question of getting away from S.L.F.P. trade unions. It is much more. The present taxation proposals have caused the working class as a class to break with the S.L.F.P. The plantation workers of Indian origin both on a trade union level and a political level were never with the S.L.F.P. But the rest of the working class was clearly with the S.L.F.P. politically. We have seen that the basis of this support was the apparent possibility of concessions from the capitalist class and the Government. This is the basis of the reformist outlook of the working class in any capitalist country and the tendency to support reformist political parties with a Left colouration. The 1961-62 Budget has, through reformist spokesmen in whom the working class had faith, declared categorically that no concessions are possible from the capitalist class and that the Government will not co-operate with the working class in obtaining concessions which in the eyes of the S.L.F.P. Government are not possible and not justifiable. It is already evident from the reactions of the working class and the lower middle class that they contemplate trade union action to defend their living standards. Widespread and serious struggles on the working class front both in the private and public sector are on the order of the day. Briefly we are on the eve of militant trade unionism. It would be unwise to overestimate the extent to which this militancy will grow. But a new radicalisation of the working class must necessarily take place from the present situation. If this takes place the working class will begin in a serious way to understand and follow revolutionary politics. The conditions are therefore ripening for the steady growth of organisations and in the influence of the revolutionary party of the proletariat.





# FELIX'S SECOND BUDGET

By N. M. PERERA Ph. D., D. Sc.

MR. Felix Bandaranaike's second budget struck the headlines by a series of direct and indirect taxes which fall upon all sections of the community. The high levels of income have a ceiling. The lower middle-class and the upper segments of workers who were hitherto immune from direct taxes have been roped in both through a widening of the income tax base as well as through a development tax. Even the smallest boutique keeper in urban and rural areas, the vedamahattayas and a whole host of self-employed persons are caught up by the Business and Professional Registration Tax. The subsidy on rice has been withdrawn from the income tax payers hitting the marginal tax payers of the middleclass. The mass of workers and peasants have been uniformly hit by the increase in the price of sugar, flour, matches and cigarettes.

It is, however, not my purpose to analyse these taxation proposals at the moment. I am concerned here to probe into the claim that these unpopular taxes have been necessitated by the eagerness of the Government to maintain development at a high level. Has this claim any substance? The fact that the Finance Minister has made the claim and other Ministers and the SLFP backbenchers have parrot-like repeated this argument does not justify it. We have to be satisfied whether the so-called development programme does in fact obtain and if so is it an acceptable programme.

The Finance Minister claims that he is adhering to the Ten Year Plan. In column 903 of the Hansard of 27th July 1961 the Minister asserts: "I have adhered as closely as possible to the main features of the Ten Year Plan, as I said I would last year. Though we have lost almost 3 years the phasing of the plan has of necessity had to be revised." Again in column 937 he is more positive in his adherence to the plan "We have a target in the Ten Year Plan. I admit that our performances in the past have fallen short of the target. But our programme is very encouraging. Indeed if you examine the White Paper, you will see that, broadly we have achieved in some instances

performances as low as 40% of the target and in some instances as high as 75% of the target. I would like to make the statement here and now that we expect to be on target in the year 1964." This is an interesting statement from a Minister who last year spoke of the Ten Year Plan as only a blue print. I quote his own words. "We have a general outline but if I may put it in this way, it is a blue print, but it is not a working plan. Sectoral plans have still to be drawn up within it and it is still necessary to work out the immediate arrangements for the implementation of the Plan and if one imagines that one can immediately start planning the economy on the basis of that document one would be sadly mistaken indeed." He then added "That does not mean that we do not propose to implement that document. It means that a lot of work has got to be done, co-ordinated work, not work that merely consists of writing documents like economic tutorials on the work of individual Ministers." And in keeping with this the Minister in introducing his first Budget set about dissolving the National Planning Council and the Secretariat set up by his illustrious guru and substituted a National Planning Department. According to him the task of the National Planning Council and the Secretariat in working out the Plan was now over, and the task now is to have a group of economic advisors to work in close co-ordination with the Ministers in the implementing of the Plan. "To get on with the job we need foremen not architects and with proper technical advice we are confident that the structure we build will run little risk of being jerry-built."

When we place these quotations in juxtaposition we can straightaway perceive the confusion in his mind and we can see how little he understands planning and the implications of planning. When a Finance Minister talks of putting up a building dispensing with architects and utilising only foremen he displays a kind of ignorance that is rare even in Ceylon. He treated the Ten Year Plan as only a blue print. One can be generous in assuming that he spent a good portion of the past year in perfecting

the "sectoral plan" about which he talked in October 1960. Would not one expect from him a condescension to educate us and keep us informed of the wonderful sectoral plans he has drawn up. He might have told Parliament and the country of the detailed implementation that was taking place. Instead he has issued a White Paper making the claim that the targets of the Ten Year Plan are being adhered to substantially, that in some respects there have been small lapses but in any case by 1964 all the targets will be fulfilled.

One begins to wonder whether Mr. Felix Dias Bandaranaike really understands what planning means. The Ten Year Plan was really not a working plan. It was a scheme of target objectives. It was a series of targets spaced over a period of ten years. Although it was not a blue print it really was not a complete working plan. The working plans had to be drawn year by year within the targets specified in the ten year scheme. It had to be a co-ordinated working plan in which all sectors of the economy had to participate. It meant a dove-tailing of the various activities of the Departments. But

it could not be confined to the Departments. It had to rope in every workshop, every factory, every Village Committee and every rural organisation. It would have a working plan if it was hammered out in close co-operation with the workers in the factory and the peasants in the field. The working plan had to come from below while the targets would come from above.

There is nothing to indicate that the Minister of Finance had any such notion about the plan that he was talking of. He spoke of adhering to targets of the Ten Year Plan. How were they fulfilled and who fulfilled them. He has not deigned to tell us neither has his White Paper enlightened us. It will be interesting to take the Finance Minister at his word and see whether in point of fact he has adhered even to the targets of the Ten Year Plan.

The Ten Year Plan provided for developmental programmes of all sectors of the economy beginning from 1959 and ending in 1968. The base year was taken as 1957. The Plan provided for an yearly investment of a sum of money both by the public as well

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as the private sectors. At the end of 10 years Rs. 13,600 millions was to be spent, roughly about 35% of that sum was to be spent by the private sector and the balance 65% by the public sector.

Let us take some of the items and see how far the Minister has fulfilled the targets of the Plan. Under the Ten Year Plan the agricultural export sector was very important and for good reasons tea, rubber and coconut provide over 2/3 of our export earnings annually. We depend on these 3 products for the foreign exchange to buy all our necessities. They must provide the earnings not only for food and clothing but also a surplus to obtain the necessary capital goods for industrial development. Consequently the Plan laid great stress on the further expansion of these 3 products for which we had the technical skill and the natural advantages of climate and soil. The Plan provides for an increased investment of Rs. 507 millions in the tea industry, 411 millions in the rubber industry and 315 millions in the coconut industry during these 10 years. Of these investments in tea the private sector was to provide 351 millions and the public sector only 156 millions. In rubber the private sector was to provide rupees 217 millions and the public sector 194 millions. In coconut the private sector was to provide rupees 274 millions and the public sector only 41 millions. It was calculated that this increased investment will produce an increase in the out-put of 105 million pounds in tea, that is 26% over the 1957 base year; in rubber there was to be an increase of 79 million lbs, that is an increase of 36% over the base year and in coconut 873 million nuts that is an increase of 42% over 1957. These investments were to take place year by year. In 1959 the total investment on the export crops was to be 94 millions,

103	millions,	in	1960
115	millions,	in	1961
118	millions,	in	1962
124	millions,	in	1963
130	millions,	in	1964
131	millions,	in	1965
136	millions,	in	1966
141	millions,	in	1967
143	millions.	in	1968

These investments were not merely to provide an increase in production but was calculated to provide employment for a bigger work force. Tea was to absorb an extra 139,000 people, rubber an extra 6,000 people and coconut an extra 14,000 people making a total of 159,000 people.

Have these targets been realised by the Minister of Finance. The figures are set out in the White Paper, page 24. Strangely enough the details are most meagre. The 3 crops tea, rubber and coconut are not given separately and under the heading of export agriculture he has provided from financial year to financial year the following details:— 1958-59 the planned target is 31.598 millions, The actual expenditure 26.384 millions. In 1959-60 planned target 36.298 millions, and actual expenditure 29.371 millions. 1960-61 planned target 40.498 millions, financial provision 39.975 millions. 1961-62 planned target 43.598, financial provision 39.200 millions. He has not made any reference to the fact that these exclude the private sector. We do not know. Presumably this refers only to the public sector or governmental expenditure. How does that fulfil the target. The Ten Year Plan target is for planned production of tea, rubber and coconut to produce a certain quantum of goods as a result of specified outlay. Can the Minister say that this expenditure which he is supposed to have incurred will produce the result envisaged in the plan, Obviously it cannot. But he has the hardihood to say that in the White Paper 1951-62. "Provision has also reached very near the planned targets in the export crop sector." Is this honest, or is it a deliberate attempt to bamboozle the Parliament and the country. He must know that there is no relation between the targets set out in the Ten Year Plan and the targets he is talking of in his White Paper and in his Budget Speech.

From what I have argued earlier, it is clear that the fullest development of our export crops is the key to the success of the Ten Year Plan and indeed of any planning in Ceylon. I myself feel that the Ten Year Plan targets for these products are on the low side. We could and should have got a higher development quota for these crops. In any case if these modest targets cannot be fulfilled or else not actually fulfilled, there

is no meaning in the talk about a plan at all. In the report of the 10 year plan this was fully appreciated and over and over again it refers to the vital role of these products in the fulfilment of any plan for Ceylon. "It would be true to say that success on the agricultural front is of crucial importance over the next decade. As emphasised before, agriculture plays a central role in development by contributing to both the earning and saving of foreign exchange. But its importance is also of significance from the point of view of man-power." (p 57 of the Report—Ten Year Plan) and again on page 86 of the same report, it stresses, "It is apparent that from the point of view of the balance of payments the fulfillment of the Plan largely depends on achievements in the agricultural sector. In other words it would be fatal if agriculture were to fall short of the targets for saving imports and expanding exports as set out in the Plan."

If we turn to the other activities like agricultural and industrial in respect of the Plan, we find that the Minister of Finance has been drawing on his imagination about the fulfil-

ment of the Plan. In regard to non-export agricultural crops under the Ten Year Plan by 1968 the total investment would have been Rs. 785 millions. Of which Rs. 321 millions were to be invested by the public sector and Rs. 464 millions by the private sector. This investment was to be spaced out over the 10 years in the following manner:—

1959	.. ..	Rs. 45	Millions
1960	.. ..	Rs. 51	..
1961	.. ..	Rs. 58	..
1962	.. ..	Rs. 63	..
1963	.. ..	Rs. 71	..
1964	.. ..	Rs. 80	..
1965	.. ..	Rs. 89	..
1966	.. ..	Rs. 98	..
1967	.. ..	Rs. 109	..
1968	.. ..	Rs. 121	..

How far have these targets been adhered to by the Minister of Finance? According to his White Paper worked out on the basis of fiscal years and not in calendar years for 1958-59 the actual expenditure has been Rs. 16.977 millions, 1958-60 Rs. 18.907 millions, 1960-61 Rs. 18.466 millions, which

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is the budgetary provision only. Similarly in 1961-62, the budgetary provision is Rs. 27.890 millions. Any one can see that there is a tremendous gap between the so called achievement of the Minister's plan and the targets fixed by the Ten Year Plan. Of course, he can cover himself by stating that these figures relate only to the public sector which has been assumed to be 41% of the investment suggested in the Ten Year Plan. Even taking him at his word, the Minister who pretends to implement the Ten Year Plan must assure the public or give some indication of the degree to which the private sector has contributed to satisfying the plan, because as the White Paper admits, he must know the Plan has been drawn up with a view to fulfilment through both sectors. If the private sector does not participate to their anticipated degree the Plan must fail. This is what his own White Paper says on page 25—"the proposed Government investment on paddy production in 1961-62, as well as actual investment in the first 3 years of the Plan period, compare very favourably with the investment targets set out in the Ten Year Plan for that period. But total investment in paddy production (due to substantial shortfalls in the private sector) has fallen short of Plan expectations." In a foot-note the White Paper refers to the fact that no account has been taken of the private sector. A little lower down in the same page of the White Paper we see another admission of the same type. "Although detailed investment targets have not been provided in the Plan for individual crops, it would appear that total investment in subsidiary crops (especially in the private sector) has fallen far short of Plan expectations throughout the Plan period".

It is true the White Paper talks bravely of what is intended to be done in the coming years, and refers discreetly to what should be done. To enter into the realm of speculation is not to fulfil the Plan and its targets.

Let us now turn to Irrigation and Land Development. The Ten Year Plan provided for an expenditure by 1968 of Rs. 1,092 millions distributed in the following manner:

1959	.. ..	Rs. 57 Millions
1960	.. ..	Rs. 58 ..

1961	.. ..	Rs. 78 Millions
1962	.. ..	Rs. 89 ..
1963	.. ..	Rs. 100 ..
1964	.. ..	Rs. 114 ..
1965	.. ..	Rs. 124 ..
1966	.. ..	Rs. 142 ..
1967	.. ..	Rs. 155 ..
1968	.. ..	Rs. 181 ..

According to the White Paper the achievements are as follows:—

1958-59	..	Rs. 59.3 Million
1959-60	..	Rs. 59.34 ..
1960-61	Estimated expenditure	Rs. 65.28 Millions
1961-62	Financial provision	Rs. 76.18 Millions

So that while the targets have been exceeded in the two years 1958-60 the following two years 1960-62, the amount allocated in the Budget has fallen short of the target by over Rs. 25 millions. Let us also remember that the Ten Year Plan envisaged an absorption by 1968 of a work-force of 258,000 people as a result of the fulfilment of targets both in the non-export sector of agriculture and in irrigation and land development. It is more than doubtful whether even a fraction of this work-force has been absorbed in the four years that have elapsed. Actually the White Paper admits in page 27 "Actual investment in irrigation in 1958-59 was more or less equal to the Plan target for that year, but investment and output have fallen short of Plan expectations in subsequent years.

When we turn to fisheries, the claims of the Minister are laughable. In the Ten Year Plan by 1968 the amount to be invested will be Rs. 218 million of which the private sector was to account for only Rs. 10 millions. The investment targets per year ran in the following manner:—

1959	.. ..	Rs. 15 Millions
1960	.. ..	Rs. 24 ..
1961	.. ..	Rs. 33 ..
1962	.. ..	Rs. 25 ..
1963	.. ..	Rs. 29 ..
1964	.. ..	Rs. 17 ..
1965	.. ..	Rs. 19 ..
1966	.. ..	Rs. 20 ..
1967	.. ..	Rs. 20 ..
1968	.. ..	Rs. 16 ..

This investment was to lead to the production of Rs. 3.932 million cwts. of fish by 1968 and it was to provide for an additional employment of 13,000 people. What was the Minister's achievement?

1958-59 expenditure was Rs.	3.057 million,
1959-60           "           "	Rs. 4.823   "
1960-61 estimated to spend Rs.	9.401   "
1961-62           "           "	Rs. 12.330   "

If one looks at the industrial activities of the Minister and the targets of the Plan one will really be shocked at the brass of Mr. Felix Dias Bandaranaike. The Ten Year Plan provided for a total outlay of Rs. 2,314 Millions. Rs. 1,613 millions of this was to be by the public sector and Rs. 701 millions by private investment, and it envisaged the absorption of a work-force of 237,000 by 1968. The targets were fixed as follows:—

1959	.. ..	Rs. 90	Millions
1960	.. ..	Rs. 136	"
1961	.. ..	Rs. 188	"
1962	.. ..	Rs. 178	"
1963	.. ..	Rs. 207	"
1964	.. ..	Rs. 215	"
1965	.. ..	Rs. 260	"
1966	.. ..	Rs. 300	"
1967	.. ..	Rs. 340	"
1968	.. ..	Rs. 400	"

What has the Government done so far by way of fulfilling the Plan? According to the White Paper, in 1959 the actual expenditure was Rs. 18.2 millions, in 1960 the estimated expenditure was Rs. 28.9 millions, and in 1961 financial provision is for Rs. 44.3 millions, and in 1962 for Rs. 50.584 millions. What an achievement to talk about and yet the Minister has the hardihood to boast about the fulfilment of the Plan. The White Paper confesses rather neatly and tries to explain away also the lapses: "It is clear from the summary of total investment in public sector industry that a considerable gap exists between targets and actual realisation. As already stated, the Government is keenly aware that industry has a crucial role to play in the economic development of Ceylon. The reasons for the shortfalls so far are partly shown and partly specified to the sector concerned. In regard to the latter, the progress has been inadequate particularly in the manufacture of cement, sugar and fertiliser."

In the Industries sector we have not been told either by the Minister or through his White Paper what actually has been achieved in the private sector. In the Budget Speech, the Minister has gaily talked about the 150 applications for new industries that have reached the Government since January 1961. Applications are one thing fulfilment of targets is quite another and different thing.

If we consider small-scale and cottage industries we are still more bewildered by the Minister's claim of target fulfilment. The Ten Year Plan provides only for an investment outlay of Rs. 400 millions spread over 10 years beginning with

Rs. 5	millions, 1959
Rs. 10	millions, 1960
Rs. 20	millions, 1961
Rs. 30	millions, 1962
Rs. 45	millions, 1963
Rs. 50	millions, 1964
Rs. 60	millions, 1965
Rs. 60	millions, 1966
Rs. 60	millions, 1967
Rs. 60	millions, 1968

The wonderful achievement of the Minister almost dazzles the imagination. In 1959 he spent nothing, in 1960 Rs. 897 of a million in 1961 Rs. 5.647 millions is the financial provision and in 1962 the amount provided for is Rs. 1.663 million.

The White Paper at page 45 talks glibly of what is necessary to be done: "It is evident from the above table that performance in the field of small-scale and cottage industries has been below that envisaged in the Plan. A very sharp stepping up of investment activity in this field is necessary." We were told by the Minister that new taxes have been imposed because of developmental activities not because of what is necessary to be done.

We have thus demonstrated that the Minister of Finance has either been deceived by the officials when he talked of fulfilling the Ten Year Plan targets or he has deliberately striven to deceive both Parliament and the country by painting an utterly unrealistic and rosy picture in order to explain away the imposition of taxes on the poor man and the middleclass employees. I would wish to be generous and assume that the Minister has been the victim of his own inept advisers of the Planning Department and the Treasury.

(Continued on page 88)

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# THE POLITICS OF THE BUDGET

By COLVIN R. de SILVA Ph. D.

**B**UDGETING is not only a matter of finance of course, but also of politics. In the class society, and that is what we have in Ceylon—the essential content of politics is the continuous adjustment, re-adjustment, change and ultimately, the disruption and transformation of the relations between the classes. Accordingly, whether a Finance Minister admits it or not, every budget is an instrument of the class struggle.

This year's Finance Minister claims that his budget is an instrument of democratic socialism. It will be our concern in this article to examine this claim.

## I

Now, socialism itself connotes a specific system of class and property relations. In the field of class relations socialism signifies the disappearance of the bourgeois class which is one of the two fundamental classes of capitalism. In the field of property relations, socialism signifies the disappearance of capitalist private property in the means of production, distribution and exchange and its replacement by collectivist forms of property ownership. We take it that this is the socialism designated when the Finance Minister used the term democratic socialism. In other words we assume that he was not seeking to redefine socialism in some unique way of his own and that the adjective attached to the term socialism in the phrase democratic socialism is only intended to emphasise the character both of the processes through which the socialist society is to be reached and the forms of organisation which will prevail in the socialist society when it is achieved. There is of course no other basis on which we can discuss the Finance Minister's claim. Otherwise we shall have to enter upon a quite different field of discussion, namely the discussion of what is socialism.

It would of course be unfair to the Finance Minister to suggest that his reference to democratic socialism represents anything more than the claim that his budget sets going a process or is in keeping with a process which if systematically pursued can end only in the emergence of a socialist society in Ceylon. This article will proceed on the assumption that this is really his claim.

Incidentally we take it also that the Finance Minister's reference to socialism is not a reference to the processes of mere redistribution of income among the various classes within capitalism. We assume that he is referring to what anybody should be referring to in the context in which he uses the term democratic socialism, namely, the transformation of a capitalist society into a socialist society.

## II

The only feature of the present budget which touches the field of property relations is the proposal to bring the Bank of Ceylon into complete state ownership. Although the state already held some thirty percent of the bank shares previous to this proposal, the acquisition of the rest of the shares by the state of course constitutes an act of nationalisation. Accompanying this measure is the limitation on the right of Ceylonese citizens and companies to open new accounts in the foreign banks. Thus, the state not only gets complete control of the resources of the Bank of Ceylon but also enhances them. What is more, the Government obtains a new means of directly controlling and even determining the fields in which Ceylonese private enterprise, that is to say, the Ceylonese capitalist class, can operate. Credit is the life blood of modern business and the banks are the basic instrument of credit in a modern economy. Whoever controls credit obtains a direct say in business and whoever controls a bank controls a source of credit.

The meaning of the step proposed by the Finance Minister should not however be exaggerated although its potentialities are such as have been indicated in the previous paragraph. The acquisition of a major bank by the state is not necessarily a contradiction in capitalist policy. A capitalist state can and does acquire a bank in the very interests of capitalism. In other words the question is not whether the bank is acquired by the state but what is the use the state intends to make of the instrument which it has thus taken into its hands. The answer to the last question is to be found both in the Finance Minister's speech and in the budget itself. Here is what the Finance Minister said on the subject in his speech:—



"In the Speech from the Throne, the Government declared its intention of taking certain measures to regulate the activities of Banks in a manner which would be best calculated to advance the country's economic development. We indicated that the lending policies of long-term credit institutions would be reviewed and some uniformity in practice and policy and in interest rates would be effected. We intend to go a step further.

"The Bank of Ceylon was established to fill a vacuum in the banking structure of the country. There was no institution backed by local capital to which Ceylonese business could confidently turn for assistance for the promotion or advancement of Ceylonese enterprise. The Government of the day recognising the need for such an institution provided the initial financial support by contributing a capital of Rs. 1.5 million in the form of preference shares for the establishment of the Bank of Ceylon. By conscious and deliberate policy the Government has stimulated the Bank's business and placed it in an almost commanding position in the banking and commercial life of this country.

"The Government proposes, in accordance with its policy of socialism, to nationalise the Bank of Ceylon. The Government also proposes to restrict the opening of new accounts by Ceylon citizens in foreign banks".

Despite the reference to socialism in this passage, there is nothing to indicate that any new role is to be assigned to the Bank of Ceylon. The Bank continues to be conceived primarily as an instrument of "assistance for the promotion or advancement of Ceylonese enterprise." However, if for no other reason, the very temptation to utilise the funds of the Bank of Ceylon for Government's needs when it is in Government's ownership will set going a tendency to use the bank consciously as an instrument for mobilising the financial resources of the Ceylonese capitalist class for Government's own purposes. The bank will thus become a means in the Government's hands of drawing on the resources of the Ceylonese capitalist class and centralising these resources in the Government's hands.

The nationalisation of the Bank of Ceylon should be regarded in association with the

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proposal to place a ceiling on incomes. Here is the relevant passage from the Budget Speech:—

“The ceiling will be so fixed as to leave a single person with a net income, after all taxation, of not more than a approximately Rs. 27,000. For persons with two units, three units and four units, respectively under our scheme of income tax, the ceiling will be approximately Rs. 40,000, Rs. 47,000, and Rs. 54,000. The excess income is to be taken in full in the form of a special super tax, but 50 per cent will be restored to the tax payer in the form of Development Bonds giving about 5 per cent interest and which will be encash-able by the holder for investment in approved projects. The income from interest on these Bonds will be free from tax.”

The essential meaning of the above proposal is that the state gathers into its hands all incomes of family units above the levels indicated. Half such surplus is to go to the state absolutely. The other half is to be compulsorily borrowed by the state on fairly attractive terms and will be made available to the lender only for investment in approved projects. In other words the state is to determine the purpose for which what it regards as the excess incomes of capitalists are to be used.

There can be no question that these measures will transfer from the control of the individual capitalist to the control of the state certain investment resources and that to that extent there is an invasion of the right of the capitalist class to determine the investment of its income. In short there is a diversion of certain private capitalist investment capacity to the state. However, it must be added that the volume of resources which may thus be diverted is extremely uncertain; so much so that the Finance Minister himself attempts no estimate. Besides, the ceiling itself is fixed so high that the surplus available may prove to be extremely small. And it is false that the income left to a capitalist is insufficient to enable major investments on his part. If we take a line through the amount that a person is permitted to spend on consumption activity without becoming liable to Expenditure Tax (from Rs. 7500/- for a single person to Rs. 20,000/- for a person with four children) it will be seen that the Finance Minister

intends  $2/3-1/2$  the income left in a capitalist's hands to be available for his private and profitable investment.

It will be relevant to our topic and useful in any event to compare this section of the Finance Minister's proposals with the comparable sections of known Left programmes in this field. For instance the Lanka Sama Samaja Party proposes the nationalisation of all banks and the imposition of a ceiling on incomes at Rs. 2000/- per month or Rs. 24,000/- per year. There is however a vital difference between the L.S.S.P. proposals for a ceiling on incomes and the Finance Minister's proposals. It is not simply that the Finance Minister imposes a higher ceiling. He in fact imposes a different kind of ceiling which is in some respects only a pretence of a ceiling. Let us draw out the salient feature.

The Finance Minister's ceiling operates only **after all taxes have been paid**. That is to say a capitalist, according to the size of his family, is to be left with Rs. 34,000/- Rs. 54,000/- a year after paying his taxes. In the L.S.S.P. proposal the 24,000/- per year **itself comes under taxation**. The actual amount at the disposal of a capitalist will therefore be less than Rs. 24,000/- the amount depending on the extent and gradations of the income tax.

The source of the difference is that the Finance Minister continues to depend largely on private capitalist investment activity for the development of the economy whereas the L.S.S.P. conceives of economic development in terms of state investment activity. Accordingly, unlike in the case of the Finance Minister, what is left by the L.S.S.P. for the private use of a person is intended to be wholly for his consumption needs.

Again, whatever is above the ceiling goes wholly to the state in the L.S.S.P. proposal. The Finance Minister leaves half in the hands of the capitalist although he takes control of its use. In addition the Finance Minister guarantees a fairly high income, on the half he borrows. Since the interest is tax-free and taxation at this level at present is over 75 per cent, the actual interest guaranteed is in the region of 9 per cent. This is indeed a high return for a gilt-edged security.

This of course is in keeping with the Finance Minister's continued dependence on private investment activity for economic development.

Above all, there is a fundamental difference in the perspectives of the respective proposals. The L.S.S.P. proposal for a ceiling on income is one of an integrated set of measures whose total application lays the complete foundation for a socialist economy and abolishes private capitalist ownership altogether from the central sectors of the economy. In other words the L.S.S.P.'s ceiling proposal is part of a many-sided plan to be put into immediate operation for the destruction of the foundations of capitalism in Ceylon. The Finance Minister's proposal bears none of this character. Whereas the L.S.S.P. relates its income ceiling proposal to proposals for the nationalisation of the big plantations, the banking system and the import and export trades, the Finance Minister's ceiling proposal stands in splendid isolation in an over-all capitalist economy for the rapid transformation of which into a socialist economy he has no proposals at

all. Even the association with the ceiling proposal of the nationalisation of the Bank of Ceylon, which leaves the powerful foreign banks untouched, is casual and accidental; for, the reasons given for the nationalisation of the Bank of Ceylon and the reasons given for the so-called ceiling are in no way linked with each other in the Finance Minister's speech.

In truth and in fact there is nothing different in principle between the Finance Minister's ceiling proposals and the ceiling substantially imposed in England through a super-tax system which makes it difficult if not impossible for a person to get above a maximum income of £6000 a year. Although this ceiling was imposed by a Labour Government, subsequent Tory governments have found it quite compatible with their policies; for, this type of ceiling is more a means to redistributing incomes within capitalism than a means of abolishing capitalism itself. This is the politics of the capitalist welfare state and the difference between taking control of the surplus investment capacity of the capitalist class

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and taking over capitalist property is the difference between welfare state policies and socialist policies.

As for the nationalisation of the Bank of Ceylon, it stands no higher and has no more significance than, for instance, the taking over the Imperial Bank by the Government of India. Nobody has claimed that this is a step to socialism.

### III

The politics of even the welfare state wears thin when we get to other aspects of the Budget. Of the estimated revenue for 1961-62, before the new taxes are added, namely Rs. 1,611,196,820/-, less than 1/5th comes from direct taxes like income tax. Fully 4/5 falls on the backs of the broad masses.

On top of this there is to be a whole range of new taxes which will fall mainly on the broadest masses. Additional import duties and excise duties are expected to bring Rs. 51 millions by way of revenue. Included here is 1½ cts. extra on a box of matches and Rs. 8/- per pound import duty on tobacco and cigarettes. No doubt one of the contemplated excise duties is a similar increase on Tobacco and cigarettes produced internally.

Next, the price of sugar and flour has been raised by 5 cts. per pound and will provide a revenue of Rs. 42.5 millions. In addition a further Rs. 30 million will be found by refusing to pass on to the consumer the drop in the international purchase price of sugar.

Going a little further up the social scale there has been imposed a four per cent National Development Tax on persons in receipt of aggregate emoluments from wages or salaries and living and rent allowances amounting to not less than Rs. 300/- per month. Again, self employed persons in professions, trade or business will be charged a registration tax of a minimum of Rs. 50/- per year on those with an income of less than Rs. 300/- per month or with net wealth amounting to less than Rs. 5000/-. The slab between Rs. 300/- and Rs. 400/- will pay Rs. 200/- per year, between Rs. 400/- and Rs. 500/-, Rs. 250/- per year, between Rs. 500/- and Rs. 600/-, Rs. 300/- per year and above Rs. 600/- per month or net wealth amounting to not less than Rs. 20,000/-, Rs. 350/- per year.

On the side of those with landed property, a person holding between 20 acres and 50 acres will pay a land tax of Rs. 5/- per acre. Let it be added that a sales tax is also coming.

The National Development Tax, the Registration and Land Taxes and the Sales Tax are expected to bring in Rs. 56.5 millions.

As against these, the surcharge on the Income Tax, which was also levied last year, is expected to bring Rs. 35 millions. Certain Income Tax and Wealth Tax Amendments are estimated to bring 9.5 millions. The withdrawal of the Rice subsidy to income tax payers will fetch Rs. 5 millions. This makes Rs. 49.5 millions on the upper income brackets, that is roughly our capitalist class.

In contrast, fully Rs. 180 millions are added on to the backs of those below the income tax line. The proportion is 5:18 in favour of the rich. Further, of the Rs. 180 millions loaded on the non-income tax paying sections, fully 2/3 falls on those below the Rs. 300/- per month level. In short the lower strata of earners in our population pay more than the higher income strata. Manifestly, this is not even the politics of the welfare state, leave aside socialism.

### IV

The Budget thus moves completely within the capitalist framework with a bias in favour of the capitalist class in so far as the distribution of taxation is concerned. The incomes guaranteed to the rich are by Ceylon's standards high and leave a reasonable margin for private investment on the basis of a reasonable moderation in personal consumption. Although new burdens have been placed on the rich, they in no way serve to alter the prevailing incidence of taxation as between the rich and the poor.

The lower middle class is hard hit by the Budget. If the income brackets between Rs. 300/- and Rs. 500/- are taken to represent this section, the lower brackets are hit by the four per cent National Development Tax and, in the cases of professional men, traders, business men and landed proprietors, also by the Registration and Land Taxes. The upper bracket of those between Rs. 300/- and Rs. 500/- are further hit by the reduction of the children's allowances for income tax

and the withdrawal of the subsidy on ration books which can add as much as Rs. 144/- per year to the tax liability of a man with a wife and four children. It is almost as if a ceiling of Rs. 300/- per month has been sought to be imposed on the lower middle class and the upper wage earning class. And the above direct imposts are of course in addition to the whole range of indirect imposts through sugar, flour, tobacco and matches, not to mention the import duties and the coming purchase tax and excise levies, all of which fall with disproportionate weight on these strata.

The truth of the matter is that the Finance Minister has accepted the long standing advice of capitalist economists to "broad base the income tax pyramid". In other words, these advisers wanted entire strata of the population, hitherto exempted from income tax, to be brought under that liability. These new strata had of course to be from the lower middle class and the better paid sections of the working class, both strata of the working population incidentally who had in the wage and salary earning field

organised themselves massively and successfully in recent years to better their wage and working conditions. The advice was therefore really to take by direct taxation the whole or part of the wage and salary gains of these strata of the working people. This, the Finance Minister has set about doing.

The fact of this attack on a substantial section of the working people who will include the skilled workers in particular cannot be minimised either by references to the so called wage-price spiral of inflation or by appeals to national sentiment in the form of a claim that all classes of the population must bear the burden of deficit budgeting and national development. What kind of equality is it which places what amounts to a ceiling on wages, salaries and the incomes of the little men at the one end and purports to balance it at the other with a ceiling on investment capacity.

It is to be added that the increase in the prices of flour and white sugar also strike especially at these very strata who have a relatively larger consumption of these articles

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than the humbler wage earner and the general poor. It is almost as if an attack has been concentrated on the unionised sections of the working people.

Three facts which do not strictly pertain to the Budget go to reinforce this conclusion. To begin with, a special attack was made by the Finance Minister in the course of his speech on the mass of public servants a goodly section of whom are hit hard by these new taxes. Here is the relevant paragraph of the speech:—

“The Report of the Salaries Commission has been received and will soon be released as already stated in the Throne Speech. So far as the general public is concerned its interest in the Commissioner’s recommendations will be mainly in those which suggest means of increasing efficiency and effecting greater economy. At a time when our resources must be marshalled and conserved for our economic development programme, and when we call upon the people to make sacrifices in that common cause, we can hardly divert a greater part of those resources than we do now towards the public services which represent a small section of the community. There is not the least doubt that if public servants at all levels increase their output of work, a substantial portion of our present expenditure on the public service can be released for more productive uses.”

This passage is at one and the same time a denial in advance of any wage and salary increases that the Salaries Commission may recommend, an assurance that certain reactionary recommendations regarding union rights and the like which are known to be contained in the report will be sought to be implemented, an attack on the patriotism of the public servants and an attempt to isolate them from the rest of the working people and the public at large.

Secondly, the Finance Minister made an attempt in his speech to counterpose the rural little man to the urban worker in the form of a declaration of “the political philosophy” of his Government. Said he:—“We have set a standard.....a very simple standard: we stand by the interests of the rural people of this country.” This was of course only another way of saying: “We shall not hesitate to hit the working class in order to avoid hurting the peasantry.”

The third fact is the continuation of the Essential Service Orders under the Emergency Regulations. These Orders cover every aspect of the economy of this country and completely straitjacket the working people and their organisations both in respect of strike action and in respect of the obligation to work in accordance with the employers’ wishes. The penalties are draconian and unprecedented even in respect of Emergency Regulations. A person who breaks an Essential Service Order is not only liable to fine and imprisonment, all his property, immovable and movable, also becomes automatically forfeit to the state on conviction. The force and meaning of these Orders were brought home to the organised workers when they were used to break the Bank Employees’ strike on 24th April last. The attack on the organised workers in the Budget has been made with these Essential Service Orders and the Emergency generally retained in all their dictatorial completeness.

#### V

Is it correct that the Finance Minister has guided himself “by the interests of the rural people of this country”?

Let it be stressed in the first place that “the rural people of this country” are not a homogeneous mass. On the contrary the rural people of this country are remarkably variegated from any point of view other than the geographical fact of their rural residence. For instance, a whole army of wage workers interpenetrates the rural mass. We refer here not only to the urban workers who reside in rural homes but also to those wage workers who live and work in the country side. The best known amongst these are of course the village people who work on estates but there are as large a number of wage workers in other occupations. Whatever hits the working class of this country hits this section too.

Again there are the innumerable little proprietors of land and rural industry on whom the new imposts will fall heavily. It is idle to claim that their interests have been conserved by this budget.

It is plain therefore that the Finance Minister when he refers to “the rural people of this country” is really thinking primarily of the small paddy cultivator whom he is doubly subsidising with the Guaranteed

Purchase Scheme on the one side and rationed rice on the other, and all that mass of neglected rural landless whom the Government is seeking to settle elsewhere with its colonisation schemes. To them he can say "You in your poverty use either brown sugar or no sugar; you are so poor that you only chew tobacco and smoke no cigarettes anyhow; I have touched you only with a match stick and that I am sure will not set the jungle of your poverty on fire. I am your man because I simply cannot find any way of extracting something out of your nothing. I shall leave you alone in the name of 'the rural people of this country'."

There is however a broader sense in which this budget has a rural bias. In the realm of the development of the economy the budget is overwhelmingly concerned with agriculture and land development. Out of a development budget of Rs. 615.7 million, only Rs. 85 million are earmarked for industry. There is really no concept of industrialisation at all in the budget. All that is provided for is an unrelated series of industrial units, mainly of a secondary character.

## VI

It would appear from the above analysis that the true bias of this budget is relatively in favour of the capitalist class in relation to other classes. The reference to a bias in favour of the rural people of this country is really only a blind or perhaps more accurately only a declaration of the intention to give up all urban political bases with a view to defending the rural bases of the Government exclusively.

The bias in favour of the capitalist class, that is to say in favour of the preservation of the capitalist system, is best illustrated in relation to the question of foreign aid. The Finance Minister manifestly relies heavily on the receipt of foreign aid as the substantial means of financing development. He himself says that "foreign aid has now begun to assume a very great importance in this country in our economic development programme and our budgeting." He adds that "foreign aid already negotiated and likely to be received and utilised in the course of the financial year is expected to amount to Rs. 140 million."

It is relevant to note, that, although a foreign policy of non-alignment with either

of the two great power blocs has enabled the Government to draw considerably on the countries of the Soviet-Chinese bloc and Yugoslavia, the Government has tended to draw more and more on essentially capitalist sources of foreign finance. This trend has had its political consequences.

It is noteworthy that both Bandaranaike Governments have been prone to nationalisations which affect wholly or mainly only the indigenous capitalists. The nationalisation of the bus companies covered entirely this sector. The nationalisation of the loading and unloading processes in the Colombo harbour did touch foreign capital to some extent, but not at a vital or even major point. The nationalisation of Life Insurance certainly affected foreign capital, but only in a secondary field. The nationalisation of the Bank of Ceylon points up the refusal to touch the exchange banks which are the great financial tentacles of foreign capital.

Even in the field of trade, the most important step has been the setting up of the Petroleum Corporation; but it is significant that this step was taken in substitution of and as an alternative to the nationalisation of the oil concerns. In other lines like dry fish and the like the same method has been used even in respect of local importers. As for the export trades which are the near monopoly of British capital, the Government has left their trading institutions severely alone.

All this must be looked at in the context of the continued adherence to the announced refusal to touch the foreign owned estates. These three sectors, the plantations, the banking and financial houses and the export and import trades, constitute the bastions of foreign imperialist capital entrenched in this country. Why are they not being touched even while the Bank of Ceylon is being touched?

Herein lies the key to the controlling politics of this budget. **Everything is designed not to scare away foreign capitalist investors from Ceylon and to attract foreign investment capital in quantity if possible.**

The attendant necessities of this policy are clear. If you wish to attract private investors you must create the climate in which

they are comfortable. The climate is well known. Private investors seek private profit in quantities that will compensate them for the risk involved in taking their capital abroad. Therefore a country which seeks to attract them must provide a framework in which high profits can be made by foreign private capital. It is necessary to point out that this Government has guaranteed to the foreign private investor the right to take away both his profits and his capital.

This pressure to preserve the capitalist system intact in Ceylon also comes in another way through the channel of foreign aid. Unlike the socialist countries, which do not make socialism a pre-condition of aid, the capitalist states do make this precondition in both direct and indirect forms. Those who seek their aid or depend on their aid thus find it necessary to see that their property systems substantially conform to the property systems of the aiding countries. It is impossible not to conclude that its dependence on foreign aid not only for economic development but also to close the budget gap has driven the Government to the necessary line of policy. The economic claims of imperialism are shackling this country anew through and by the enforced policies of a Government in financial difficulties. Despite the tall talk about the interests of the rural people of this country, this is the fundamental politics of this budget. Capitalism in Ceylon remains shored up internally and externally by foreign capital and a Government which relies on foreign aid for its very solvency is placed in the position of becoming Big Capital's protector in Ceylon. The very fact that the Finance Minister finds it necessary to cover up this

dread reality with references to Democratic Socialism is the proof that he well knows that the only way out of this trap is the socialist way.

Declared the Finance Minister in his speech: "It is not a question of asking us, 'Do you want to nationalise this that or the other?' We do not want to give the answer now to questions which will pose themselves in the future." How profound is his error. How deadly his failure to recognise and understand that these are questions not of the future but of right now. Those who refuse to face up to the problems of socialism turn out only to be guardians of capitalism. It will be no different with the Finance Minister if he continues to tread the present road.

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### FELIX'S SECOND BUDGET

*(Continued from page 78)*

Now that on a sober analysis it is plain that there is neither a Plan nor an attempt to fulfil a Plan nor even a chance of fulfilling the Plan at this late stage. One can only hope that the Minister will re-consider this whole Budget and let him begin afresh on a new Plan to operate in 1962 with 1961 or 1960 as the base year. This is the only honest, proper and realistic approach to meet the economic situation that exists. It would mean a completely new approach to the whole problem of taxation based on a period of austerity for all. It would mean the social ownership of all the commanding heights of the economy. It would mean a Plan which will spring from the people for the fulfilment of which they will gladly make sacrifices. In short, it means the first steps in the task of socialist building.

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# ECONOMIC DEVELOPMENT: THE SOCIALIST ROAD

By OSMUND JAYARATNE B.Sc

**B**UDGETARY policy is often a good index to the political character of a government. Particularly in the context of a financial crisis a government's proposals to meet the situation highlight its essential class character. Ceylon's economy, as other contributions to this journal have adequately shown, has entered into a stage of acute crisis. It has become obvious that not mere tinkering at the surface but bold policies aimed at fundamental changes in the structure of the economy can forge a way out of the impasse. Despite a welter of "socialist" phraseology the 1961 Budget has proved the reluctance of the S.L.F.P. Government to break with the status quo. Genuine *socialist* nationalisation of the basic sectors of the economy bears no resemblance to the attempts of the government to bring under state control isolated enterprises. At a time when such a deal of confusion exists in political circles it might be well to re-state some of the principal features of nationalisation policy as envisaged by Marxists in the context of this country.

THE nationalisation of the key economic enterprises in this country first appeared as a demand in the programme of the Lanka Sama Samaja Party over twenty five years ago. National and international trends in the ensuing period have brought it to the forefront of current political agitation. Even adherents of other persuasions have sought due to the pressure of events to pay lip-service in various ways to this policy. Nationalisation of the principal economic enterprises, including the plantations, entered into the electoral platform of the M.E.P. in 1956. But between the word and the deed there was a gulf, a very wide gulf. The late Bandaranaike government satisfied itself with the take-over of bus transport and the Port Cargo companies. A moratorium was proclaimed on the nationalisation of the plantations. The Sirima Bandaranaike government, despite the setting up of a few state enterprises—and many of these, too, on a basis of competition with private interests—has shied away from the main issues of nationalisation.

The present Budget bases its hopes of development on the virtually still-born Ten Year Plan, which in turn relies largely on the readiness of private capital to cooperate. More significantly the S.L.F.P. government hastened to reassure foreign capital by deferring *ad infinitum* the nationalisation of the plantations. In short, no government hitherto has seriously sought to disturb that most sacrosanct of capitalist society—private enterprise. Nationalisation has merely figured as a convenient slogan for winning electoral battles and appeasing mass pressure.

Even in the few enterprises that now belong to what is known as the public sector all is not well. Mismanagement and corruption are rife in the state corporations. Balance sheets show up frequent financial losses. Many among the thinking public who once welcomed these measures of statification have begun to re-assess the value of nationalisation itself.

It is necessary to look beneath the merely superficial aspect of this question.

Marxists consider nationalisation of the key economic sectors to be the *sine qua non* for solving the deepening crisis of our economy. It is virtually a platitude today that the revitalisation of Ceylon's economy depends primarily on our breaking free from an exclusive dependence on the three export crops—tea, rubber and coconut. Only the diversification of the commodities produced can protect this country from the capricious mercies of world competition and prevent it floundering in an economic impasse or even suffering a precipitous decline in the near future. This requires, above all, a concerted policy of industrialisation—principally in the sphere of commodities now imported, but also with an eye for possible external markets. Governments have recognised this need *in principle*, but practical achievements have been always superficial.

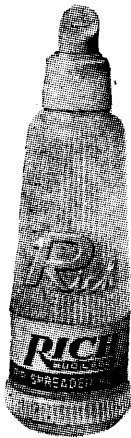
Two things are vital for the success of such a policy: adequate *capital* and an overall *national plan* for development.

Planning experts of successive governments have largely depended on private enterprise to supply the basic capital required for economic development. But this surely implies an ostrich-like refusal to comprehend the fundamental nature of capitalist investment which inevitably seeks maximum profits or returns. Big business has seldom been noted for its idealism. Private profit has always determined the channelling of investments in the world of capitalism. Patriotism has only served as a convenient guise to cloak the nakedness of the profit motive. Unfortunately the most profitable sectors have not always been those useful for national development. To consider one example, private capital in the building industry prefers investment today in cinema halls, high-priced flats and store-houses, when the urgent need is more housing for the middle and working classes. Repeated appeals to private entrepreneurs have failed to attract capital to sectors that most need developing.

Ceylonese capitalists have always been mere *junior* partners of imperialism. Their weakness in the economic field *vis-a-vis*

imperialism has always made them turn to speculation in land and buildings as an avenue of investment and limited them to the role of middlemen, brokers and retail traders. The basic pattern of foreign investment in this country has hardly changed despite the passage of political power to Ceylonese hands. The overwhelming bulk of the tea plantations and a fair part of the rubber plantations, the banks and the import and export trade continue to be dominated by foreign, and particularly British interests. Annually there is an outflow abroad of a sum ranging from 150 to 200 million rupees in the form of dividends and emoluments. This is wealth created from the resources of this country and mulcted from the sweat and misery of its workers.

Governments have extolled at various times the possibilities of foreign capital in assisting the economic development of this country. Even the present Finance Minister has become a protagonist of this cause. But none other than his colleague, the Minister of Trade, exploded this myth recently



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TRADE INQUIRIES SOLICITED

in Parliament in the course of the debate on the Petroleum Corporation Bill. The Minister proved with figures derived from Central Bank Reports that the post-independence period has experienced annually a net *outflow* of foreign capital! This was so even in the hey-day of U.N.P. rule. Apart from the exploitive nature of foreign capital—the drain of national wealth abroad—the very possibility of such capital coming in remains a hopeless mirage.

Further adherence to such conventional myths can only accelerate the collapse of our crisis-ridden economy. The inevitable conclusions must be drawn from the available data, however bitter to the aspirations of the capitalist minority. Outright *nationalisation* of the basic sectors of our economy—including the vital plantation and banking sectors—is the only course that will provide the capital and the control necessary at least for the initiation of a scheme of national economic development.

The efficient utilisation of capital and resources, geared to the country's needs, necessitates *central planning* on a scientific level. Planning is not something that can be carried out on a localised scale. It has to be approached on an all-national basis. Here again dependence on private enterprise with its stress on private profit rather than national need must necessarily prove a failure, as the much-vaunted Six year and Ten Year plans have proved. Central planning to be successful must be based on a nationalised economy. If planning is necessary in every domestic household, in every individual enterprise, scientific planning is even more necessary in the greatest enterprise of all—the running of the nation's economy. To depend on private enterprise would immediately place the economy at the mercy of the "blind" laws of the capitalist market, the laws of supply and demand.

The current space race between the Soviet Union and the U.S.A. demonstrates beyond doubt the immense superiority of a system of planned enterprise. The U.S. space programme, saddled with competition between the different armed services, between the big manufacturing interests, can hardly hope to plan its ventures on any scientific level comparable with that natural to the Soviet form of economy. The spectacular

achievements of the latter speak for themselves.

Why is it then that so much adverse criticism has come to be levelled at the few state enterprises in this country? A great deal of such criticism understandably emanates from displaced private entrepreneurs and foreign imperialists who can scarce conceal their chagrin at the implied threat to their halcyon existence. But this will not suffice to dispel the confusion of those who honestly believe that nationalisation is the road to the resurgence of our national economy. Prevarication will hardly allay their fears.

Three factors must be considered in seeking to understand the state of the public sector.

Firstly, the measures of state ownership and control thus far exercised in the country hardly compare with similar measures undertaken in certain other *capitalist* countries. India, Indonesia, the United Arab Republic have been far more consistent and comprehensive in their statification policies than Ceylon. India, and the U.A.R. for instance, have nationalised their banking systems, a measure only just mooted in this country. Recent history proves that statification of economic enterprises is a measure that does not necessarily and in all circumstances run counter to capitalist interests. The capitalist state has very often intervened with such measures to rescue private enterprises floundering in crisis and overburdened with falling rates of profit. This was the case with the coal industry in Britain. Experience has taught the bourgeoisie that in the long run the statification of limited sectors of the economy might be necessary to preserve the stability of the system as a whole. This is so particularly with the under-developed economies of the colonial and semi-colonial world. Adequate compensation in all cases assuages the discontent of displaced capitalist interests. However, in none of these instances has the *basic productive sector* been interfered with. It is evident that so long as private capital dominates this sector the fundamental character of the economy remains unchanged.

Efficient and successful working of enterprises is only feasible with co-ordination and planning on a national scale. It is least

of all possible while the key production sector remains outside the orbit of state ownership.

This is one reason why the timorous and half-hearted measures of statification in this country fail to come up to standards expected by the public.

Secondly, the experience of countries with nationalised economies shows that public utilities, even under state ownership, cannot always be expected to yield profits. If efficiently run in the public interest, such enterprises might have to be subsidised by the state. In Moscow, for instance, the state issues a subsidy to the City transport services. In a planned economy the profits must be siphoned off from the *production* sector where resides the wealth-producing potential of the economy.

If the Ceylon Transport Board fails to bring in the profits expected that is not *ipso facto* something to be fearful of.

Unfortunately, this is not the end of the story. What of the corruption that is rife in state corporations, the waste of public funds which a modicum of honesty and drive on the part of the executive could perhaps curtail? This is the public's main charge against state corporations.

Here we encounter the human problem—the psychology of the executives and employees of the various grades.

Is corruption limited to state enterprises? What of the cut-throat competition that prevails in the private sector, the manipulation of prices, the secret deals, the hundred and one behind-the-scenes manoeuvres that private capital engages in—ultimately at the expense of the public. The history of U.S. big business, for instance, reads like a lurid horror story which involves some of the fabulous gangsters that have blackened the American scene. From the unconscionable manoeuvring of government contracts to the ruthless exploitation of the housing shortage, business amorality is the rule rather than the exception.

Such a system must necessarily breed an equivalent psychology in society at large, corrupting every social layer, including the “small men” who keep the economy going.

Statification *within such a milieu* cannot escape the general taint of corruption.

It becomes a mere extension of the conditions extant in the private sector. In terms of state policy, too, it has been treated in the same sense. Witness the appointments made from time to time to the Boards and the top-flight executive positions of the State Corporations. Either the appointees are selected on the basis of mere political loyalty to the ruling party or they are men who have acquitted themselves in the service of the bureaucratic machinery of the capitalist state. The attitudes they bring to bear on the running of the Corporations are attitudes engendered in the days of the colonial regime and its capitalist aftermath. The necessity of winning over the cooperation of the workers as partners in a joint enterprise, for instance, is something wholly alien to their outlook. They are the masters, the supreme power in the Corporations they administer. This is further aggravated by the fact that the State Corporations are responsible to Parliament *only indirectly* through the Minister concerned. Criticism by the people's elected representatives must necessarily lose its edge. The success of the statified enterprises demands above all men devoted to the goal of nationalisation and responsive to the will of the people.

“But can human nature be changed”? —we hear the sceptics asking, as they have always asked. Our reply is an emphatic “yes”. Human nature, sociologists have proved, is not something eternal and unchanging. It is, above all, the product of the social milieu in which men work and live. Every great revolution in this century, which saw the transfer of political power to the workers and peasants, has demonstrated over and over again the immense enthusiasm, fervour and readiness for self-sacrifice on the part of men and women of the oppressed classes. The Leninist era of post-1917 Russia and the Chinese Revolution exemplified this. Right now, revolutionary Cuba is proving this for all to see who are not blinded by prejudice. Whole masses of “small” men and women, uprooted from centuries of apathy and oppression, blind victims of a milieu of social decay, have found new hope in their lives, new vistas to look forward to.

The hidden reserves of energy in the people have been released and a flood of human endeavour has been directed to the task of national reconstruction. Peasants in the co-operatives, workers in the factories willingly work extra hours *without remuneration* for what they know is *theirs*. An old American seaman, Ed Graham, familiar with the old Cuba of the Batista days, writes of his visit to revolutionary Cuba: "What a world of difference today! The people are still warm and friendly, but they are not looking for your money. There's a dignity and pride I have never seen in any country... Human nature has changed in Cuba!" A public opinion has been created which treats with contempt and ostracism any cases of social dishonesty and exploitation of man by man.

What is the secret of this transformation? It is the social overturn which removed the parasites and exploiters from the scene and made the people the masters of their national wealth. Cuban workers and peasants no longer feel that they toil to fill the coffers of a coterie of foreign and indigenous capitalists. They work for *themselves*. Daily they find tangible evidence of this in the fantastic constructional activity going on around them, the building of schools and dwelling houses, the halving of rents, the lowering of prices. They do

not live on empty promises but experience the living reality in the almost overnight transformation of their living standards.

Above all, they find for the first time they have a voice in the running of their own co-operatives and factories. The 1917 Russian Revolution instituted workers' control of factories. Workers' committees participated in the management of enterprises and made decisions regarding their efficient operation. Stratification from above, without drawing in the workers as active participants in the operation and management of such enterprises can never arouse in the workers the enthusiasm and self sacrifice necessary to make them a success. All that the workers experience is a change in the employer, the state taking the place of the private entrepreneur.

Sceptics with their vision glued to the each-for-himself psychology of capitalism can never comprehend the vast reserves of enthusiasm, the immense possibilities of self sacrifice that lie latent in the heart of the masses. It is the capitalist system, which has made commodities of human values, that keeps imprisoned the human spirit. The revolutionary upheavals presently sweeping the world will see an upsurge of human energy and enterprise, the like of which previous epochs will not have witnessed.

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# TRADE UNIONS PROTEST!

## Continuing Committee of Trade Union Organisations

"THE C.C.T.U.O. notes that the Government has decided to spend a sum of 2,312 million rupees in 1961-62 and is seeking to find money to do so by imposing new and heavy burdens upon the broad masses of the people by direct and indirect taxation, even though they are already suffering from widespread unemployment and the high cost of living.

The C.C.T.U.O. points out that the Government has no real plan for the economic development of the country. Also it is manifestly not willing to take over for national development the main sources of the country's productive wealth like the big tea, rubber and coconut estates. Further it is unwilling to take over the foreign banks and the import and export trades although this is essential to the reduction of the high cost of living and checking the effects of inflation'.

"At the same time the C.C.T.U.O. points out that the estimated expenditure of the Government for administrative purposes is grossly in excess of what is necessary. The principal reason for this is the highly bureaucratized state machinery and wasteful spending by and corruption in government departments and State corporations, which are the result of the denial of any democratic participation in the management of the departments and the corporations by those who work in them.

"In this situation, the C.C.T.U.O. cannot accept the Government's proposed expenditure as being justified in the interests of the masses of the people. The C.C.T.U.O. emphatically protests against the proposed direct and indirect taxes that the Government seeks to impose on the people, includ-

ing even the poorest of the poor, for the purpose of meeting its estimated expenditure.

"The C.C.T.U.O. protests in particular against:

1. The unconscionable increase in the price of flour, sugar, matches and tobacco, which will deal a severe blow to the millions of people who are already suffering in every town and village throughout the country:

2. The imposition of new tax burdens on taxpayers, even of the lower income groups, by way of the so-called 'National Development Tax' and the withdrawal of the rice subsidy even from these groups:

3. The imposition of a special tax on every self-employed person in the country, including even the poor people who try to exist, for lack of employment, by small trade or by practising individual crafts.

"The C.C.T.U.O. accordingly calls upon the Government to withdraw the above-mentioned burdens which it seeks to place upon the masses, and to immediately revise its whole policy in regard to the administration and development of the country by—

1. Cutting out all unnecessary or wasteful expenditure.

2. Nationalising the big plantations, all banking and import and export trades, and

3. Working out a real socialist plan for the development of the country in consultation and co-operation with the organisations of workers and peasants, and the democratic implementation of the plan with direct participation of workers in the management of all State and public enterprises."

**President**

## The Customs Officers' Association

THIS union views with alarm the Budgetary proposals imposed on the working people of this country. The cost of living continues to spiral up and, the added burdens in the form of taxation particularly the 4% levy is bound to cause increased hardship in particular to the middle class.

It also means in effect a cut in salaries. We are not yet fully aware of the Salary Commissioner's proposals but we do feel that what they might propose to give with the right hand will be taken away with the other by devious means.

We are prepared at any time to make sacrifices for the common good of the people but we are unaware of what plan the Government has in mind for the proper development of the economy of the country.

The lowering of the allowance on Income Tax from Rs. 1,000/- to Rs. 500/- per dependent is another blow on the middle class. We demand the restoration of the status quo.

The increase in price resulting from the Budget proposals of sugar and flour will also seriously affect the working class as well as the peasant.

It must be remembered that the working class and the peasantry are the same and should be used, without division, in the interests of the country as a whole. No wedge should be thrown between the two.

**President**

## Bank Employees' Union

If any-body had doubts as to whether the Sirima Bandaranaike Government is capable of fulfilling even the modest expectations of the toiling masses of this country, the present budget proposals will show, that all we could expect of this Government is an aggravation of the problems which the Government was so piously pledged to solve.

The increases in the price of flour, sugar, matches and cigarettes at a time when all other prices have rapidly increased will cast intolerable burdens on the people whom the Government claims to serve. These price increases will be an eye opener to all the poor sections of our society. The rural masses about whose welfare, this Government shouts from house tops, will be no exception.

The worst victims of this vicious taxation would be the lower middle class wage earners whose incomes range between Rs. 300.-00 and Rs. 500.-00

The development tax of 4 per cent has to be paid by those earning more than Rs. 300. heedless of the size of the family. For instance a man with a family of five earning Rs. 312-00 per month will pay a tax of Rs. 144-00 per annum.

A family with husband wife and two children earning a salary of Rs. 475-00 per month will in future pay an annual tax of Rs. 364-25 as against none this year. For the convenience of the reader I give below an illustration of how this works.

### EXISTING TAX SYSTEM

Family	Annual Income		Tax free allowance		Tax payable	
	Rs.	cts.	Rs.	cts.	Rs.	cts.
Husband, Wife and two children —	475	00	6,000	00	NIL	
	5,700	00				

### NEW TAX PROPOSAL PER BUDGET

Family	Annual Income		Tax free allowance		Tax payable	
	Rs.	cts.	Rs.	cts.	Rs. cts.	
Husband, Wife and two children	475	00	5,000	00	Income Tax	35 00
	5,700	00			plus 15 p.c. Surcharge	5 25
					Rice Subsidy	96 00
					Development Tax	228 00
					<b>Total Direct Tax</b>	<b>364 25</b>

It is interesting to observe that these unfair taxes on these sections of society have been imposed in the face of the Government's failure to implement the report of the Government Salaries Commission, which the wage earning public waited for patiently since 1958.

Close examinations of the budget proposals reveal that these illconceived tax proposals have been introduced on the basis of finan-

cial expediency, rather than on the basis of planned development.

The imposition of these iniquitous taxes is bound to strengthen the hands of reaction and it is the duty of all progressive minded sections of our society to campaign against these proposals and ensure that taxes are imposed only on those who could bear them.

**President**

## Ceylon Mercantile Union

THE Budget proposals put forward by the Prime Minister will cause hardship to all sections of the working population, rural and urban, but especially to the working class (including the middle class). The workers, unlike companies, individual capitalists and professional persons are unable to pass on these taxes, but must bear the full weight.

The Budget proposals will not deal with the spiralling cost-of-living, while the taxes, which in no way will be adequate to meet our development needs, will only make it more difficult for the working people to

even get close to a satisfactory living standard.

The Ceylon Mercantile Union has always called for a planned development of the country's resources and is sure that working people are prepared to make the sacrifices necessary for it, but has pointed out that this can only be done by taking over the dominant sectors of the economy. Similarly a real assault on the rising cost-of-living can only be successfully carried out by nationalising the import and export trade.

**President**

## Government Clerical Service Union

The 1961 Budget introduced by the Hon. the Finance Minister has proved most disappointing in so far as it represents an attempt to place the burdens of the present financial crisis primarily on the wage earners and other poor sections of this country. The increase in the price of flour, sugar, matches and cigarettes affects above all the living standards of the poorer classes of the country. While public servants have been long agitating for the release and implementation of the Wilmot Perera Salaries Commission Report, the Budget speech of the Hon. the Finance Minister seems to indicate the possible shelving of this Report. What is more, a *de facto* wage-cut has been imposed on the middle income group by way of the National Development Tax and the removal of the rice subsidy from income tax payers belonging to this group.

We wish to point out that the people of this country are capable of willing sacrifice if genuine developmental objectives are placed before them. But the present National Development Tax does not appear to be geared to any concrete programme of development works.

We would suggest to the Government, if it is genuinely interested in solving the economic problems of the people of this country to:

(a) Extend the nationalisation of the Bank of Ceylon to cover all other Commercial Banks,

(b) Take over the import and export trade with a view to stabilising the price levels in the country, and as a measure to bring down the cost of living.

(c) Hand over all cultivable land free to the tillers of the soil..

We are as anxious as anyone else to play our part in the development of our country. For this it is necessary that Government should take the organised workers into its confidence and grant the right to joint participation in the planning and implementation of the nationalised ventures of this country in drawing up National Development Plans.

The Government should initiate immediate consultations with the Trade Unions on these matters.

**The Secretary**



## Colombo Municipal Employees' Union

THERE is not the slightest doubt that the new taxation proposals are an onslaught on the living standards of the wage earners and other poor sections of this Country. In the midst of their indebtedness and in the face of the steeply risen cost of living, and at a moment when they are deeply involved in the very struggle for existence, these tax proposals are an added insufferable burden. The cumulative effect of them all will be

like the last straw that broke the camel's back.

It seems tragically apparent to us that a people's Government has sought to compel the wage earners and other poor sections of this country to pay for the sins of those who seek to perpetuate the exploitation of this land by capitalists of both the foreign and local variety.

**Secretary**

## Government Workers' Trade Union Federation :

THIS Budget is the budget of the broken promise. The public servants demanded a salaries and wages revision because the awards of the two post war salaries commissions, the Collins Gunatilake Report of 1946—47 and the Poulter Report of 1953—55 did not adequately meet the demand for salary and wage increases.

The Late Mr. S. W. R. D. Bandaranaike at the settlement of the strike in November 1957 indicated that a Salaries Commission would be appointed before the end of that year and pending the issue and the implementation of its report he granted a Rs. 5/- increase which was in addition to the increase in the Special Living Allowance by Rs. 12-50 per month. The report of the Salaries Commission just like the report of the National Wage Policy Commission which affects the private sector, is yet to be published. In the meantime the cost of living has risen intolerably. Now the government workers have been given not the expected salary increase but through the imposition of the new taxes, a salary cut.

Successive governments over the years, in their policies though varied in other respects have basically committed themselves to the maintenance of the capitalist system, the draining away of our resources to the advantage of foreign exploiters and to a helplessness in the face of a deteriorating economy that condemns the vast majority of our people to frustration and poverty. Such governments have found it politically expedient to seek to avert the anger of the oppressed by endeavouring to turn one section against another and by talking of the disproportionately high cost of the public service. What does the argument amount to more than that they keep the rural people poor and then use that to justify the continuing poverty of the others. Our struggle is against the forces that keep down the living standards of both urban and rural toilers. It is as part of that struggle that we make our protest against the broken promise.

**President**

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## BEN HUR

ONE critic, writing about Ben Hur, says most appropriately that the film calls for applause and for nothing else. Certainly, serious criticism seems irrelevant, I could almost say irreverent, in the face of the gigantic scale on which the makers of this film have set their ambitions. At the first touch of critical analysis the splendid edifice, religion and all, will crumble into a mountain of rubble. But when human energy, resources, talent and ingenuity are engaged on so vast a scale one does not have to be shame-faced about going along with the film and, yes, applauding.

Never before has Hollywood been able to muster such a galaxy of talent, from within its fold as well as from without, to produce so brilliant a cinematic spectacle. In Ben Hur Hollywood's acknowledged technical and organisational mastery, so often thrown away on worthless trifles, is triumphantly successful. I wish to give the devil his due

for even on a plane of its own choice it is not often that Hollywood can persuade the critic to take a holiday.

The reason why Ben Hur has earned this amnesty is because one can find, beyond its spell-binding effects, certain qualities which the de Mille product so signally lacked—good taste, wit, imagination, and determination to do without the customary formula of religion-cum-sex. Of course the mature will take its religion with a pinch of salt but I think they will refrain from calling it humbug. The film may not exactly be a monument to Man's unconquerable spirit of revolt from tyranny, it may not be the choice material with which to enshrine the Christian ethic, but at that level which we call vulgar without meaning any offence, these themes carry a fair measure of conviction. In a commercial film, par excellence, this is not a virtue to be lightly disregarded.

A. M.

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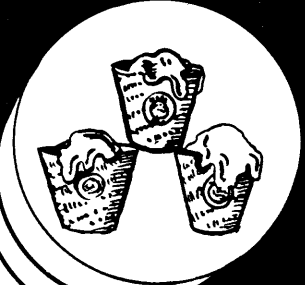
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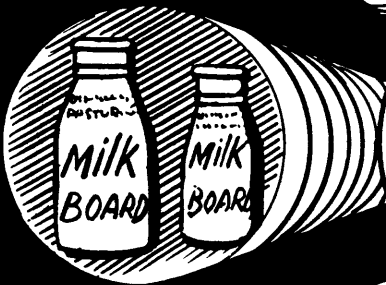
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