

trade have done much better and more consistently than public companies, which are engaged mainly in industry. The index for public companies stood at 100.4 in 1961 (1955 = 100) after a downward plunge in 1957 and 1958, while that for private companies went up consistently to 170.8. Those of the public companies which engage in trading shared the trend for private companies; their index stood at 143 in 1961. The inference to be drawn from this, however, is not so plain as it appears at first sight, for many business groups consciously and deliberately siphon off some part of the profits of their public companies to close, 'owned' trading companies within the group which are private limited.

The negligible increase in the profitability of public companies over the period 1955 to 1961 was due mainly to the substantial decline in the profit ratios in plantations, sugar, iron and steel, mineral oil, cement, paper and shipping. The industries which improved their profitability were vegetable oils, all textiles, engineering, chemicals, matches, and trading. The most significant increase in profitability was recorded in silk and woollen textiles, and chemicals; their respective index numbers in 1961 were 208 and 161. Why should one be surprised, then, if the actual pattern of private investment tends to be different from what is intended in the Plans?

Unrest in Ceylon

THE problems of Mrs Bandaranaike have recently assumed a more gloomy aspect. Things have not yet assumed the pattern preceding the abortive coup of early 1962, nor do they justify a return to the Emergency, but nevertheless substantial grievances are visible. Last August's budget touched off frictions in the Government Party over Finance Minister Hangaratne's alleged failure to cope with rising inflation. Colombo Municipal elections in September (which went to the rightist United National Party) sharpened the criticism, and the trade unions became increasingly restive under the wage-freeze. To this purely economic stimulation of the trade unions has subsequently been added the split in the Ceylonese Communist Party which leaver the militant Pe-

king-inclined trade union leaders to work independently of the Moscow-inclined Communist Party leadership. At the end of the year, port clerical staff struck, and some 13,000 other white-collar workers subsequently came out in solidarity—such that on January 9 the Government was forced to issue a straight ultimatum to the unions.

But this was not the only sign of unrest. The loss of a Government stronghold in a by-election at Nikawaratiya (again to the United National Party) precipitated an angry Party meeting in which Ministers were shouted down, and ordered to resign if they could not stabilise the cost of living by next April. The Government's response to all this has been to press on with its elaborate Ceylonisation measures (including the new nationalisation moves) and the linguistic reforms to enforce national unity. On January 1 general insurance and domestic petrol and petroleum products distribution points were nationalised, and Sinhala replaced English as the national language.

The nationalisation measures were part of the general Ceylonese attempt to control the economy and provide opportunities for the Ceylonese—they cover two of the most profitable interests in Ceylon and are thus not an encouragement to foreign investors to come to the island for new ventures. Henceforth, the State petroleum corporation will maintain all petrol stations, and private companies will be restricted to the sale of aviation spirit, bunker fuel and lubricants. American protests have been strong, particularly after the earlier experience of Ceylonese nationalisation (which led to the suspension of U S aid), but the British have been more circumspect, primarily to protect their extensive interests in the plantations, even though they claim that here the State already takes some 90 per cent of the profits in taxes or export duty.

While compensation was offered to the oil companies, it has so far been refused to insurance companies on the grounds that no physical assets are involved. Some fifty or so companies are affected (10 Ceylonese, a few Commonwealth, American and Swiss, and the rest British). The measure follows the 1961 appropriation of all new life insurance

by the State Insurance Company, In addition, banks have been warned to behave (whatever that means in such contexts), and measures are afoot to Ceylonise the export-import trade. At present about half the import trade is controlled by foreigners although the State reserves to its nationals the right to trade with the Eastern bloc and in certain key commodities. It is proposed to set up a State Trading Corporation. In the coming year, some 175 non-Ceylonese textile importers have been excluded from the trade; and on January 10, a new 10 per cent tax on remittances abroad for the maintenance or transfer of assets was introduced, along with a 20 per cent tax on the purchase of foreign exchange (or tickets for foreign travel). All this will have its effect on the Indian nationals on temporary residence permits in Ceylon who number some 5,688 of the 6,679 foreign nationals employed in the private sector. In addition, the problem of the almost seven lakh 'stateless' persons remains.

Leftists Divided

THE linguistic approach to unity has received its 'final solution'. While the DMK is still officially prohibited, the Tamils still have their Federal Party and Jatika Vimukti Peramuna, both of which have been active in opposition to the introduction of Sinhala. On October 1, the Federal Party launched a campaign of civil resistance, demanding a boycott of all who follow the Government policy in the Tamil areas, and culminating in a mass demonstration against the official Language Act at the beginning of this month. Many—some 1,110 Sinhalese and 848 Tamils—in the Civil Service have availed themselves of the opportunity to retire with full pension rights (on the grounds of lack of proficiency in Sinhala).

The sharpness of the left opposition attack, however, has been increasingly blunted by the split in two of the three parties comprising the United Left Front, announced with much flourish in August. In November, the left Communists, expelled from the Party, decided to convoke the Party Congress (postponed since December, 1962) in defiance of the central committee majority; and when the Trade Union Federation held its annual session in