

INSTITUTE OF CURRENT WORLD AFFAIRS

WWU - 21
NON-ALIGNMENT & A CABINET CRISIS

Queen's Hotel,
Kandy, Ceylon
June 15, 1959

Mr. Walter S. Rogers.
Institute of Current World Affairs.
366 Madison Ave., New York 17, N.Y.

Dear Mr. Rogers:

In some ways, Ceylon is right out of Gilbert & Sullivan. There are "Black Englishmen" with monocles and Cambridge accents; A Finance Minister who is posted in every club in Colombo for failing to pay his dues; A Member of the House of Representatives who was elected to two seats at once but up to now has stymied a complete tally of the full 101 membership by voting from only one of his constituencies; Other Representatives who not long ago carried 12 of their colleagues out bodily from Parliament, all the while crying "Gently! Gently!" from the desk tops to be sure those giving the heave-ho to a pregnant Member did not create an incident; An acting Minister of Finance who, the moment his boss was out of the country, announced that the new National Budget was "the act of a lunatic"; Sinhalese-speaking people who can't get along with Tamil-speaking people; Buddhists who can't get along with Hindus, who can't get along with Christians; military chiefs of staff who don't matter because they're Catholic and, anyway, the Ceylonese Navy, for instance, has but one ship, a minesweeper; Trotskyite Marxists who can't get along with orthodox, Kremlin Marxists, who, of course, can't get along with anybody; Prime Ministers who used to marry Prime Minister's relatives in order, naturally, to become Prime Ministers; de Sousas, de Zoysas and de Silvas who can't be differentiated until you learn their particular descent from Ceylon's Portuguese conquerors, some four centuries ago; "Burghers" who look just like other Ceylonese except for a dash of Ceylon's Dutch conquerors, some three centuries ago; and emulators of Thackeray's England who gave their sons such names as Esmond or Leslie or Shirley after the British conquerors came in, a century and a half ago.



LATE PRIME MINISTER D.S. SENANAYAKE
WATCHES INDIAN OCEAN MONSOON BREAKERS
FROM STEPS OF HOUSE OF REPRESENTATIVES

But all this does not mean that this West Virginia-sized tear drop in the Indian Ocean just off India's southernmost tip is ridiculous. It can't be: It's too enchanting.

It's enchanting even today when there is a Cabinet crisis which keeps being resolved by adding more Ministers to placate the discontented;

where there are charges that the eagerness for foreign aid, particularly from America, is rocking Ceylon's non-alignment policy as well as her internal politics; and where there exists an increasing influx of "dumped" products from Red China which one day may raise hob with the whole economy.

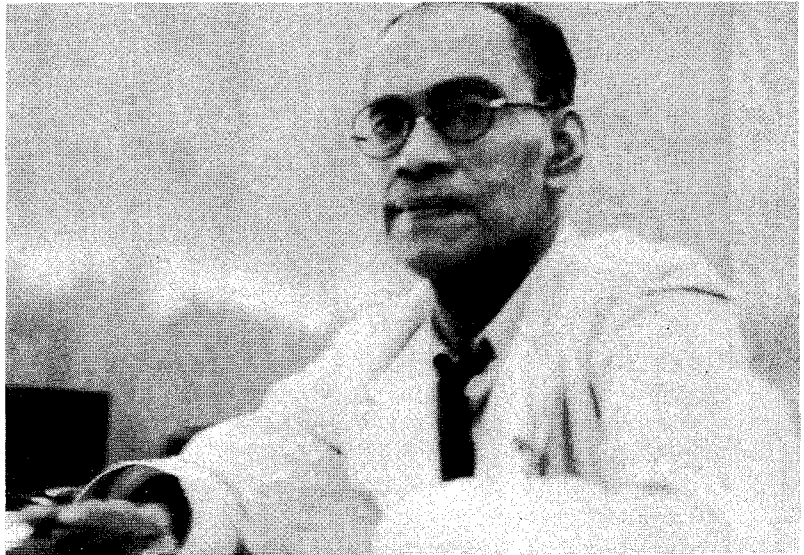
I arrived in Colombo a week ago, late at night, and awakened the next morning to the boom of something besides the monsoon-tossed Indian Ocean -- cannon and machine gun fire. "Just practice," I was told, "be sure to leave your hotel window open."

Ceylon has claimed to be "neutralist" or "uninvolved" for all of her 11 years since Independence. But her non-alignment has experienced various shadings. Her first Prime Minister, the late D.S. Senanayake, was so fond of the British he wanted them to stay right where they were -- at their Katunayake air base just North of Colombo; and at their famed Trincomalee naval base on the Northeast side of the tear drop. When Senanayake died, his son Dudley proved to be just as pro-British a Prime Minister. But Ceylon's need for rice to eat and for rubber customers abroad compelled him to conclude a Rice-Rubber exchange pact with Peking. Dudley's successor at "Temple Trees" (the local No. 10 Downing St.), Sir John Kotelawala, nephew to old D.S. and cousin to Dudley, was also pro-British. But this didn't deter him from playing a leading (or at least, noisy) role at the Afro-Asian Conference at Bandung in 1955 and goading Chou En-lai with sallies which a Nehru or an U Nu would never dare. And Sir John had fun tweaking Russia too; Not only did he refuse to recognize Russia (and all the other communist countries), he wouldn't even grant visas to the Moscow "Dynamos" who at the time were anxious to make an end run down from Bombay for a little football scrimmage. This pro-Western leaning had a price, of course. Russia kept Ceylon out of the UN until the very end of 1955 on the charge that she was still nothing more than a British colony. On the other hand, Ceylon wasn't quite so amenable to Western wishes that she would consent to join SEATO, despite all Mr. Dulles' urgings.

But all this changed most radically in 1956. That was the year one Solomon West Ridgeway Dias Bandaranaike booted Sir John and his United National Party (UNP) back to their tea cups and polo ponies. (Kotelawala himself actually settled down to gentleman farming on an estate in Kent.) Bandaranaike, whose father, Sir Solomon, was Ceylon's Chief Justice, and whose own strong British accent is straight from Oxford, headed a leftist coalition which campaigned for nationalization of the rubber and tea estates, the ports and transportation facilities, etc.; Government blessing on a full Buddhistic revival; and the superimposing of Sinhalese over Tamil as the only national language. And when it came to non-alignment, Bandaranaike saw to it that Ceylon's pro-West policy shifted a good way back to center (some say left) and he lost no time in inviting Russia and China to exchange diplomats and set up embassy housekeeping in Colombo.

I had an interview with Prime Minister Bandaranaike -- in my shirtsleeves. I wasn't out to establish a diplomatic provocation. But I had thought shirt and tie adequate for an interview I had scheduled with an official in the Ministry of Finance. Before I knew what was happening, the official was bustling me into the Finance Minister himself (Stanley de Zoysa, complete with monocle) and the Finance Minister, in turn, lost no time in picking up his red phone (White House direct lines are white) and asking the P.M. if it was all right if he brought me along to their noon conference. Well, things got pretty informal after that. As the Finance Minister tried to leave

he was blocked by a union delegation in his ante-room (no Washington back-door escapes in the Colombo Secretariat). As he headed for the elevator and motioned "down," the elevator operator frowned and proceeded to go up. When we did reach the ground floor, the Finance Minister dashed out into the rainy lot, proceeded to open the door of his car for me (by then I was speechless) and then hopped in the other side behind the wheel. "My driver has the flu so I have to drive in addition to all my other troubles," he explained -- monocle still in place. When we finally reached the Prime Minister, Mr. Bandaranaike brushed off my shirtsleeve apology with a quick gesture. (I've since learned that he has greeted Ambassadors in his dressing gown.) Anyway, the opening gambit was where did I get my name. Sometimes I tell people I'm a UN organization but this time I fessed up and said it was either from Schleswig, the Balkans or the Punjab; they all have towns called "Unna." Then I said I was very familiar with his name for I had once written a piece for The Washington Post detailing how the Ambassador-designate for Ceylon had failed to come forth with the names of the Prime Ministers of both Ceylon and India. Bandaranaike positively beamed: "You know when Mr. Gluck came to meet me, I asked him how he pronounced HIS name. He put both hands on either side of his chest thrust out his chin and announced proudly, 'Gluck; it rhymes with pluck.' I said, 'You know, Mr. Gluck, I'd be a bit careful if I were you for I believe there are some other Anglo-Saxon words which also rhyme with your name, but which are not quite so complimentary.'"



BANDARANAIKE: He winced when the camera appeared

Bandaranaike, a small, wiry man with spectacles and pipe, apparently loves to laugh and he certainly loves to talk -- with rapid, emphatic gestures. I could have listened to him expound as Prime Minister, Minister of Defense, Minister of Food and Cooperatives or Minister (de facto) of Information. Instead, I questioned the Minister of External Affairs (his other portfolio) on non-alignment.

He was not brief, and he repeated a few times when he decided I wasn't looking sufficiently responsive. But after all he is the Prime Minister, so here goes:

"We had to reconstitute a new society, a free society, free of colonial economy, keeping with the needs of today, keeping with our own genius and our own tradition. And to do that I think it is a mistake to hitch ourselves onto any world bloc. In this period of a new society, we like to keep our minds open. We may not, and indeed do not, like many things of communism. But there also may be things in the Western world we do not like. It doesn't mean that we are hostile to anybody. Merely because we choose to have friendly relations with the communist countries does not mean that we are hostile to the Western world. If our economic development should go on

socialist lines, there may be certain tips that we can pick up that may be useful to us -- although we don't subscribe to the communist philosophy. Merely because we get help from other countries, we are not going to toe the communist line of their point of view. There need be no fear of that. Similarly, when we receive very great assistance from the U.S. that should not be interpreted as joining the Western bloc. Politically, we believe in democracy. We do not stand for totalitarianism of any kind, either of the Right or of the Left. Economically, we follow a socialist approach. And with these two ingredients we provide a third ingredient: the preservation of cultural and spiritual values. Also, we perhaps underline the importance of world peace. Peace is so essential for us in the period of reconstruction. It is a sine qua non. There is no chance of establishing any stability, of our carrying on any reconstruction, unless we have peace. It is true that peace must proceed from strength, not from weakness, and I can appreciate the Western point of view. I understand why certain countries may feel the necessity to form into a bloc on one side or the other. All I ask is that you appreciate our side too. I also believe that anything that helps to keep large sections of the world apart from each other, that avoids contacts, also is a dangerous thing. It puts emphasis only on the differences..."



THE P.M.'S DOORMAN:
Distinguished looking,
isn't he?

At this point, Finance Minister de Zoysa asked the P.M. for a pencil and paper and then proceeded to scribble him a note. The P.M. quickly gave it his oral endorsement by incorporating it into his declaration: "...It (blocs) can only engender fear and not friendship. This neutralist policy of ours is valuable because it does provide in some way a sort of liaison, a sort of bridge, between the two blocs -- strengthening the climate of peace. The doctrine of coexistence is a corollary.

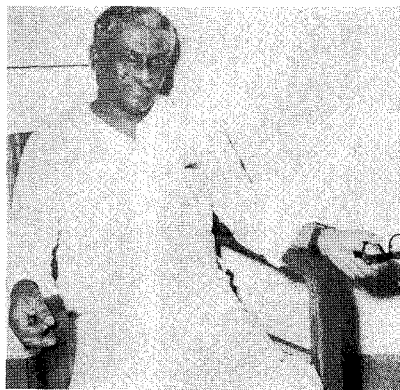
"I don't like the word 'Neutralist' (the P.M. used it, I didn't). There is no sitting on the fence about it. It's not negative. It's very positive, flowing from a clear-cut political philosophy."

What about foreign aid, does this influence your non-alignment?

"I think our friends abroad give us foreign aid without strings attached. That has been the attitude of the U.S., Canada, the U.K. I presume the other countries in the Eastern bloc also mean the same thing. one accepts the bona fides. (I found Ceylonese officials trill that expression around their tongue with the same deliciousness American economists in Asia pronounce "viability".) After all, foreign aid helps not only fellow human beings who may need the stability, it also is essential to insure world peace. But we must not become drug addicts here in Ceylon. The drug of assistance is necessary when you are ill, but we must use that assistance to stand on our own feet and not fall in the error of hoping to live indefinitely on the assistance of our good friends from abroad."

I got a completely opposite view on the relationship of foreign aid to non-alignment from Philip Gunewardena. Philip (so many people are Gunewardena here the newspapers chummily simplify things by using first names) is unquestionably the most controversial gent in Ceylon today. A Trotskyite Marxist, he came in with the Bandaranaike Cabinet in 1956 and, until his

"resignation" a few weeks ago, had been the P.M.'s right hand man (some say, his political mentor). What happened was that the more conservative members of the Cabinet banded together, told Bandaranaike that if Philip, Minister of Agriculture, Food and Cooperatives, and another left-winger, P.H. William de Silva, Minister of Industries and Fisheries, didn't go, they would. What's more, they let Bandaranaike understand they had the necessary votes to replace him as Prime Minister with the Minister of Education, W. Dahanayake, one of their own. Much to everyone's surprise, Bandaranaike bowed to the Right Wingers and emasculated Philip's portfolio by stripping it of Food and Cooperatives. Under Food, Philip had been implementing a Paddy Lands Act by collectivizing Ceylonese agriculture with a products acquisition. He couldn't get by with outright land acquisition. Under Cooperatives, Philip's Cooperative Wholesale Establishment (CWE) had been putting up multi-purpose cooperatives in each of Ceylon's 150 electoral districts -- with Philip's hand-picked agents establishing a built-in personal political machine for the 1961 elections. Also under his CWE, Philip had been busy pushing low-priced consumer goods, "dumped" on the market by Peking, into the hands of appreciative voters. But more of this aspect later.



ANGRY PHILIP

I interviewed Philip on the front porch of his home the other evening. It was after his resignation, in the middle of his front-page crossfire with the Cabinet Right Wingers and just before his setting out for the countryside to rally opposition against the Government's majority (of one) when Parliament convenes June 30. In previous letters, I have described some of the people I met as delightful. Philip also fell under a single adjective: Disagreeable. He has unruly gray hair, a scowling face and a bored and patronizing way of speaking. However, I was told that I was among the fortunate few he has consented to speak to of late. Philip started right off by telling me he had studied political science at the Universities of Wisconsin and Illinois in the early 'Twenties, had been a socialist, "then and since," and was all for non-alignment, BUT...

"We have been gradually pushed into the Anglo-American camp. The present Government is tied to the apron strings of Western finance. It's politically bankrupt and in financial need of money. My own feeling is that America has informed this Government that she is prepared to aid her substantially if this Government is to her liking -- a Right Wing capitalist government, normally called a 'democratic' government. The campaign to get us out of the Government is the outcome of the Finance Minister's (de Zoysa) visit to America last Fall to get money. He did not succeed in getting the loan, but it was indicated how he might get it. Now with our going (Philip and de Silva) they are likely to get accommodation."

In other words, Philip was blaming his political misfortunes on his country's anxiety to ingratiate itself with America for a handout. What does America say?

Officials here tell me it is true the U.S. announced and signed an agreement granting Ceylon an extra 40,000 tons of surplus rice (in addition to the regular annual amount of 25,000 tons) under the U.S. Public Law 480 program on May 28, a few days after Philip's departure from the

Cabinet. But they also say that this agreement was long underway and that, as a matter of fact, Philip, while Minister for Agriculture and Food, made some other P.L. 480 requests which are still under consideration.



UNCOMPROMISED RAJU

the normal obligation for assistance."

And from the Ceylonese Government side, Raju Coomaraswami, coordinator of foreign aid programs for the Ministry of Finance, said flatly: "We have not found that our non-alignment position has affected in any way the aid that we can get. It probably shows the success of neutrality." Raju said he accompanied Minister of Finance de Zoysa on his aid plea mission to the U.S. last Fall and "at no stage was any politics discussed...Just the normal procedure." Raju did acknowledge that while each side has its stated terms of aid — "when we make an appeal or they make an offer over and above these, then the chances for political accommodation are there." But he hastened to add: "We have not so far got into any position where we feel more obliged to our benefactors than

As a matter of fact, the West and East are said to be pretty nearly squared off in their aid to Ceylon. The U.S. aid program was authorized in 1950. But for six years the State Department took a sticky interpretation of the Battle Act, decided that Ceylon's sale of rubber to Red China constituted shipment of a strategic material to an unfriendly nation, and refused to sanction any aid. State was persuaded to take a new interpretation in 1956 and since then U.S. aid has totaled approximately \$38 million, the bulk of it in surplus food stocks which Ceylon pays for in rupees. Then the U.S. leaves the money in Ceylon banks, some to be used for outright grants, some to be loaned back to Ceylon at low interest. The high point of goodwill toward U.S. aid occurred in January, 1958 when Ceylon was inundated by fierce floods and Rear Adm. H.M. Briggs steamed to the rescue with a Navy task force, cabling ahead: "We are yours to command in your hour of need." His words made the headlines of every Ceylonese paper. And to cap it off, the Admiral had parachutes dropping food supplies and rescue equipment all over the place for all to see.

Russia started to dispatch a high-level aid team to Ceylon just before this. But first the Government wasn't going to be available because of Christmas, then the plane found it couldn't land because of the floods and finally the Government got so absorbed in flood relief they couldn't find the time to sit down and talk. However, a Rps. 120 million (\$25.2 million), five-year loan eventually was arrived at. A list of 14 projects was drawn up, but so far less than \$50,000 of the amount has been utilized and Raju doubts that the full amount of credit ever will be used. Under both Russian and Chinese credit terms, the equipment purchased must be from the donor country. Says Raju: "Unless the equipment China and Russia have can meet the standards we already have, we have the problem of retraining personnel and finding spare parts."

The China aid program is making more headway because it is tied up with Ceylon's Rice-Rubber Pact. Because the price of Ceylon's rubber has been rising faster than that of China's rice, the balance has been in Ceylon's favor. China decided to meet its obligations with low-priced consumer goods. To sweeten this, China said she would allow Ceylon to hold on to some \$3 million a year for five years from the sale price of these consumer goods and reinvest the money in rubber replanting. China also extended Ceylon a \$15 million, low-interest credit to help out in flood relief.

After 6½ months of traveling in some 14 countries I've finally had a chance to sit down and talk with a real, honest-to-goodness, professional Communist here in Ceylon. He is Pieter Keuneman, secretary-general of Ceylon's Communist (Kremlin-brand) Party. Pieter is 45, the son of a Supreme Court Justice, husband of first an Austrian and now a British wife, a Cambridge graduate who headed the Cambridge Union in the 'Thirties and then came back to found the local party. Pieter is called a "Burgher" and I suppose his handsome features do indicate some Dutch lineage. In going to my interview, I thought I would see how well known Pieter is and so simply mentioned his name to the taxi driver. The driver knew instantly where to go (Pieter's house is in an alley behind the Soviet Embassy). But not because he was simpatico. "Don't take offense, Sir; Please don't think I'm rude, Sir," he told me as we approached. "I like communism, but I'm a Catholic -- I mean an Anglican -- and so I can't have my religion and communism too, no matter what they say." And it turned out the cabbie knew Pieter's address because his previous fare had been Pieter's wife, on her way to Party headquarters.



CHARMING PIETER

Well, let me start off by saying that my first Asian Communist (Kremlin-type; Philip is a Trotskyite) sure had polish. Pieter's small living room was all dignity. A few Chinese wall scrolls, lots of books in lots of languages, a modern pastel--non-political, a small medallion of Lenin on a wooden stand over the book case and a wall photograph of the gathering of the foreign clan under the Kremlin chandeliers. What's more, Pieter served me tea -- with curry puffs, mangoes and home-made chocolate cookies. Pieter is a charmer and some people tell me that he is such a charmer that if the Communists ever should gain power here Pieter would have to be replaced by someone tougher. But all this is of no immediate concern since out of the total 101 House seats, Pieter's Communists claim only three (the Trotskyites, 14).

Pieter's first words were in good party form: "Neutralism is essentially the outlook of a rising national bourgeoisie and the philosophy of the middle strata. The Bourgeois Neutrals think it is a good policy but there is a limit to it because other people assist such Cold War speculation. However, to the extent that it (neutralism) has contributed to easing tensions and contributed to world peace, it should be encouraged. Ceylon, up to now, has been reasonably neutral. But this is not a crisis in neutrality. It is a crisis in bourgeois democracy and that's why you get either an Ayub Khan or 'guided democracy.'"

And then Pieter continued the argument of his Trotskyite opponent, Philip:

"The Right Wing element of the Cabinet, in order to get Western aid, a year ago made several decisions to set the necessary climate:

+ "They decided to postpone nationalization for 10 years.

+ "They made a big public declaration guaranteeing the rights of foreign capital. (This was made in 1958 after a big exodus of British business interests.)

+ "They tried to break strikes by putting police in the factories and bringing the Army around against the pickets just as we were putting on a strike.

+ "They have driven out of the Government the 1956 originators of the socialist program. The Right Wing decided to boycott Cabinet meetings unless Philip Gunawardena was thrown out. They told the Prime Minister that if he didn't get rid of both Philip and William de Silva (Minister of Industries and Fisheries), they would put up a man against him, the Minister of Education."

+ "After that, they pressured the P.M. to deliver an anti-communist statement at their party session a month ago. He tried to tone it down as much as he could and said that the Government was against communism, fascism and all totalitarianism."

Then, said Pieter, Finance Minister de Zoysa decided the time was ripe to announce in Indian papers ("not here in Ceylon, mind you") that "now the door is open to foreign aid." He saw this as an answer to a visit by Burman Minister of Economics Ludwig Erhard last year in which, according to Pieter, Erhard told Ceylon's leaders, "You can't expect to have this aid if you are to take such an attitude toward socialism, etc."

I was grateful for the Communist chief's candor when he volunteered that perhaps Bandaranaike might have had another reason for getting rid of Philip -- besides being pressured by his Cabinet's Right Wing: "He may have been distrustful of Philip using his Cooperative Department to build up an electoral apparatus of his own. And if Bandaranaike had gone to the Left it would have meant expelling a good amount of his own party without leaving himself a base -- just Philip, whom he didn't trust, and us. And what are we for him?"



ACTIVIST LESLIE

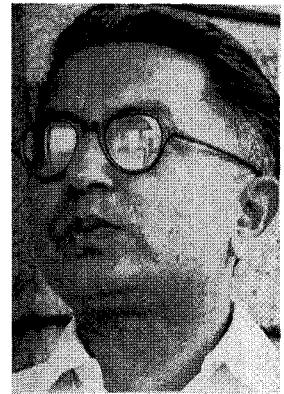
Ceylon turned out to be a field day for finding communists willing to talk. I also went to the home of Leslie Goonewardene (It's hard enough to pronounce these names, and then they keep changing the spelling on me). Leslie is secretary of the Sama Samaj, Ceylon's leading Trotskyite party. Just as Pieter loses no love for the Trotskyites, Leslie loses no love for the Kremlin Communists: "Last March 3 we had a one-day strike over the Public Security Bill. The Communist Party opposed it and did what they could to sabotage our strike."

Leslie seemed to have quite a few misgivings over the current Government, declaring it represents the "capitalist and radical bourgeoisie electorate." I then asked him what he would do were he Minister of External Affairs: "As far as international relations, not much. But I'd be a little more positive, criticize both sides a little more, not so much be the neutralist who doesn't criticize anybody." Has foreign aid interfered with Ceylon's neutrality? Leslie hesitated and then, by his selectivity, made his point: "As far as aid from Canada, all people in Ceylon agree that has been completely altruistic." (The Canadians, by the way, seem to be riding the popularity crest with everybody here.) I don't think so far there has been any political strings attached to the aid that we have accepted."

Any thoughts about the U.S.? "In 1952, when we concluded

our Rice-Rubber Pact with China, your Senators got up and said they would cancel Foreign aid to Ceylon. We didn't have any American aid then and this disturbed us and did not go very well here. And as far as our Party and the Communist Party are concerned, we are still not given visas to travel to America. One of our Party leaders applied several years ago and was turned down. Another member of our Party was chosen for an American scholarship. The newspapers announced it and then it was turned down. The Embassy was rather shame-faced and got him another scholarship which didn't have to go through the State Department. And why do you have this unholy fear of communism? Why can't you realize that what is happening in Russia doesn't have to happen to you with your kind of government? If you think that socialism will do that to you you must have very little confidence in yourselves. And as for China and the UN, when will you come around? Who knows, maybe it will improve your own relations in Asia."

I had a talk with another Marxist-Trotskyite, T.B. Subasinghe. Subasinghe was Parliamentary Secretary for the Ministries of External Affairs and Defense -- a sort of deputy to Prime Minister Bandaranaike -- until he resigned in a policy disagreement last Spring. He asked me to lunch in the House of Representatives cafeteria and was so busy calling his colleagues "Minister" in mockery over the daily Cabinet additions that when he introduced me to the "new Minister of Labor" at the adjoining table -- a man who got up to shake hands leaving his shoes behind -- I thought it was more of the same thing. I was just about to get in the game by saying, "Oh, can't you get anything better than a Cabinet post?" Luckily, I stopped. For the man was indeed the new Minister of Labor, appointed in the Cabinet shakeup the day before.



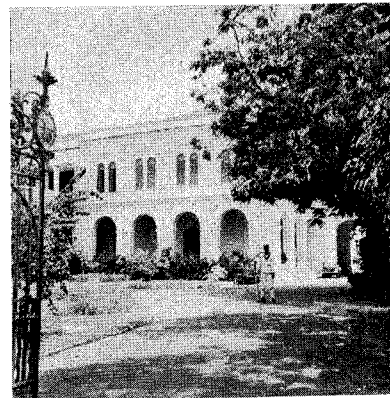
SNUBBED SUBASINGHE

We sat down to lunch and Subasinghe began: "For the West to expect us to take the same attitude toward China and the USSR is, I think, unrealistic. We are not against communism. That does not mean we are communists. But we don't have your history of capitalism, nor the urge to fight for it. More aid does not interfere with our position in international conferences despite the pressure put upon us. There was pressure from Dulles on the pro-West Government here to have Ceylon join SEATO. But except for a very extreme Right Wing or Left Wing Government, there is no chance of our changing our non-alignment position. In the case of Lebanon and Jordan, we took a very strong line at the very time we were negotiating a loan from the U.S. And I don't think there need be any fear that this country would be dominated by the Soviet Union as such. Yes, I am a Left Wing Socialist in so far as it serves the interest of my country. But that doesn't mean that I will sacrifice the independence of my country to anyone. And that is true of many of the Left Wing elements here. Your diplomats think I'm a Marxist and a Communist, but they've never met me. They don't socialize with me so how do they know my views? I see the Indians and the Indonesians and the Burmese diplomats. Your diplomats, Mr. Unna, do not get down below the highest level so how can they know what is happening? (I checked out this complaint with one of the three political officers in the U.S. Embassy. He said nonsense, any man of Subasinghe's stature was certainly known to the Embassy. I asked him if he had met him. He said "No.").

By self acknowledgment, nay, repeated emphasis, M.A. de Silva is a "peasant." "I do not fall into the English-educated class. My thinking is that of a peasant. I feel like them," the managing editor (and de facto editor) of Dinamina ("The Sun of the Day") declared. Dinamina, with

a vernacular Sinhalese circulation of 65,000, is Ceylon's biggest daily. To be sure he had my attention, M.A. (again, there are so many de Silvas, they are distinguished by first-name references) began by saying: "The ordinary man in any of these countries today doesn't mind a good revolution. I'm for a change in the status quo. Ninety-three per cent of the people never had a decent chance. Our temperature is now at the boiling point. A while ago an English professor was here and asked his audience, 'What do you want, liberty or food?' They all shouted, 'Food!' If only two per cent of the people read newspapers, does freedom of the press mean anything? Freedom of movement to people who never go anywhere? Freedom of speech to people who are starving? In 1952, China came in and offered a higher price for our rubber and offered to sell us rice in exchange. The terms were so favorable that we could not possibly back out. And you can't eat Chinese rice and attack the Chinese. You cannot sell your rubber to China and attack the Chinese."

Then M.A. shifted more to center: "At the bottom, we are anti-communist. Ideologically, we are against communism. We hate regimentation. We are lazy. But today we don't mind because of one impressive fact: China has made tremendous economic progress. America is a democracy, but all democracies are not America. So it is possible for me to be democratic and anti-American. But people in America do not understand that. They said, 'You are either with us or against us.' And that is how they pushed us into the hands of China and the rice deal...But the stronger that Russia or China grow the more there will be anti-Chinese feeling. We are really frightened of the aggression of China. Not so much Russia."



CEYLON'S GOVERNOR GENERAL
NOW KEEPS BRITAIN'S RESIDENCY

M.A. considers himself a completely independent editor, achieving that position by impartially telling both America and China "where to get off." He showed me the reaction of Peking's New China News Agency to his editorial on Tibet. They accused his paper of "initiating a smear campaign." Then M.A. interjected: "I'm democratic. I love the democratic way of life because I feel I can develop my spirit as the Buddha has taught. I want democracy for myself and socialism for the country in which I live." I was becoming increasingly confused, particularly when M.A. threw in an "If Ceylon succumbs..." "How near are you to succumbing to communism?" I asked him. "We really don't know. Our thoughts haven't clarified yet. No Ceylonese or Burmese knows what he wants or what he doesn't want. We haven't taken our bearings yet. We are like a boy who is between 18 and 21. He doesn't know whether he is in love or not in love. Then one day he will find he is married. This concept of a nation still has not caught on."

M.A. also mentioned that China was "flooding the market with cheap goods" and that Ceylon's textile market and tinned food imports had become "dominated" by China. Said he: "I don't know the internal economy of China but from what I see here there are no limits. Ceylon is a small place so they can afford to flood it with their own goods. We are the guinea pigs for the communists today."

I decided that since Britain would be the country most concerned about being driven out of her traditional market by the Chinese the best place to check this would be with Her Majesty's Trade Commissioner for Ceylon. The Trade Commissioner, G. Ronald Latham, turned out to be one of those

wonderful pipe-smoking Scottish civil servants who darts around the room with armfulls of statistics, has spent a year studying just this particular problem and is always scrupulous in qualifying that which he believes to be so from that which he is "absolutely certain" is so.

As was said earlier, the real opportunity for Chinese "dumping" began last Fall. That was when China persuaded Ceylon that the best way for settling the Rps. 19 million credit due Ceylon -- because of the surplus in Ceylon's favor from the 1957 Rice-Rubber exchange agreement -- was for China to ship Ceylon consumer goods -- cheap. And Philip Gunawardena, then Minister of Agriculture, Food and Cooperatives, got into the act by having the Chinese goods [funneled] into his Cooperative Wholesale Enterprise and seeing to it that attractively-priced Chinese goods reached the remotest villages. But, according to Latham's "figgers," computed for the period up till last Fall, just preceding this, Ceylon's imports from China were still only a small proportion of her over-all imports -- 1.68 per cent. But even in this earlier period, Ceylon's import of printed Chinese cotton pieces rose more than 1000 per cent between the first nine months of 1957 and the first nine months of 1958 -- from Rps. 280,000 (\$58,800) to Rps. 3,112,000 (\$653,520). And a box of a dozen cotton printed handkerchiefs from China was wholesaling in Ceylon for 49¢; from Japan for 82¢; and from the U.K. for \$1.09. A Chinese lock was selling for from 21 to 42¢; those from the U.K. for \$1.05 to \$1.47. Latham read me a distributor's letter of lament to his traditional British supplier. The supplier, a lock manufacturer, said naturally the Chinese locks would begin to rust: They couldn't compare with British standards. "That's all very well," said Latham. "But what they are forgetting is that this can permanently damage the market." He also itemized that electric iron plugs sell for at least five times those from China; plugs from Japan for at least 2½ times the Chinese price.

Said Latham: "In textiles and electric goods, the chief sufferers are Japan and India. The U.K. is threatened in electrical fittings and capital machinery. China is threatening the whole market. These prices are sufficient to put everybody else out of Ceylon. But so far it is the threat, not the actuality." And Latham emphasized: "It has gotten to the point where notice must be taken of it. But that is all."

Latham continued: "There are two great disadvantages where China may fall down. The unreliability of delivery and quality -- Chinese tinned stuff was found to be inadequately processed and there were some cases of food poisoning. And the vicious system of "political prices" where on the third or fourth delivery date -- after China has isolated its distributing agent -- she suddenly puts up the price."

Is Ceylon taking any action, such as the Federation of Malaya has? "No," said Latham, "nor do I see any likelihood." Then he read me excerpts from a memo he recently had dispatched to London: "Some increase is plainly inevitable with the present complexion of the Ceylon Government and our problems continue so long as it (the Government) is infatuated with the Chinese Communists. The question is whether a more balanced attitude on the part of the Ceylon Government will take place before the Chinese can achieve a permanent foothold." Latham said China's dumping is being directed by the Commercial Counselor of the Chinese Embassy, who is also the representative of the China National Export Co. Ltd. "Normally," said Latham, "the business of a country is carried on by commercial firms who pay a tax. So this is doing the businessmen out of business and the Government out of a capital gains tax. Protocol-wise, it should have a large question mark." And Latham uttered this

last with that wonderful unemotional dryness that the Scotch reserve for the subjects they disdain most.

Cordially,

A handwritten signature in cursive script, appearing to read "Warren W. Unna". The signature is written in black ink and features a large, sweeping initial "W" that loops back under the rest of the name. The signature ends with a long, horizontal flourish that extends to the right.

Warren W. Unna