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PLANTATION INDUSTRIES MINISTER SAYS . . . . .

The Minister of Plantation Industries, Dr. Colvin R. de Silva in an interview with the 'ECONOMIC REVIEW' on the Agency House Commission Report made the following points :—

Q. Agency House interests have expressed the view that the report of the Commission of Inquiry on Agency Houses is a very biased document. How far would you disagree with them ?

A. The characterization is unfair and undeserved. The research embodied in the Report is extensive, the analysis of the researched facts is incisive, the opinions expressed are direct and the recommendations made are radical. All this has been done from a consistent point of view, namely, that the plantations are a national asset which must be run in the national interest. I rather think that this is what the word "bias" signifies in the mouth of interests whose governing purpose is the generation of private profit and whose basic purpose has been and is to serve foreign interests which have through the plantation system exploited this country for one-and-a-half centuries. What they mean really is that the report is not written from the point of view that exploitation is natural and right but is written from the point of view that exploitation must be sought to be ended through public control. That is not bias in this time and age ; for, after all, that is the perspective of the Government itself.

Q. What is your view of this report ?

A. I believe the report to be quite thorough. It has dug reasonably deep into the matters it was concerned with and it has reached conclusions which flow from the facts that they have found. The Planters' Association characterises as "charges" the criticisms made in the report which to normal people would indicate a bias on the part of the Planters' Association. However, I do not see much point in entering into a developing controversy about the report and its recommendations. It is far more important to observe that we have in this report a valuable conspectus on well nigh all matters that concern the Agency House System—its development, its functioning and its relevance to the contemporary perspectives of our country. I should also add that the report was produced in the face of considerable non-co-operation.

Q. What repercussions have there been following the release of the report ?

A. I am told that certain recommendations in this report have had a depressing effect upon share values.

Q. Were there any apprehensions about the release of the report ?

A. The Cabinet considered it important that we publish the report inspite of some suggestions that. in view of the sensitive nature of the findings, we do not. The report could have been kept unpublished thus depriving the country of some very valuable information. It is necessary for the people to know what the Commission has said and this goes even for those interests abroad who could gain a wrong impression by distorted versions leaking out unofficially.

Q. What are your views on the possibility of implementing the recommendations in the report ?

A. As for implementation, this report is unique in that it expressly sets out a plan of implementation showing that the Commission always had in mind the practicability of the proposals in framing the report. The part on the replacement of the Agency House system is a novel feature.

Q. How necessary are the Agency Houses ?

A. The Agency House is a product of the foreign ownership system. You do not talk of an Agency House system in Britain. It arose historically as a necessary link in the chain of institutions to serve the plantations in Sri Lanka whose ownership and owners lay abroad. Even the Ceylonese companies handed over the running of their estates just because there was an Agency House system.

Q. A possible nationalization of the Tea Industry has evoked as much interest recently as the question of the Agency Houses. What relationship and eventualities do you foresee ?

A. If the State becomes the owner of plantations, the State's concern will be to find an appropriate form of organisation for running its own plantations. The organisations we have already developed in this country for running our publicly owned ventures will be available for choice. Several forms exist — for example, the Corporation form, the Government Department or the Co-operative. In this respect, we can say that the State Plantations Corporation is the Agency through which the State runs its plantations. The State Plantations Corporation had only 12 estates when I took over this Ministry, today it has over 90 spread over the entire plantation region and produces nearly 1/10th of the tea exported. It is establishing seven or eight regional offices from which the plantations in each demarcated region will be directly run. It is not so very difficult to fit a nationalised plantations system into such a framework. The somewhat elaborate framework suggested in the Report flows from that it contemplates the situation arising from the existence of a predominantly private sector in the plantations. This it does rightly because the question of nationalisation of the plantations does not fall within its terms of reference.

Q. In the case of implementing the Agency House report and/or nationalization of the entire Industry can you guarantee existing criteria of efficiency ?

A. On the contrary such measures will tend to improve returns. Let me explain. With ownership in the State a thorough going rationalisation of the whole plantation system is possible and savings will result. We can achieve a higher level of efficiency in management approaches and techniques and in building up and preserving these assets rather than making profit the sole objective.

The State Plantations Corporation's regionalisation scheme, for example, saves transport costs; and by regrouping estates under a common state ownership, we will remove artificial boundaries. For example, the Estates—Vedamulla and Ramboda—which are adjoining estates, spread over 4,000 acres, can now be regrouped as a single one, saving tremendous overhead costs. In this respect the mere act of taking over foreign owned plantations and running them through the State Plantations Corporation will enable us to move immediately from loss to profit. Why? Because repatriation of monies for Head Office charges in London will then not be necessary. More foreign exchange has gone out in recent years as Head Office charges than as dividends of plantations.

Q. The report calls for swift action on its recommendations. What are your views on this ?

A. Deep going changes as envisaged in the report cannot be done suddenly. The country should have time to discuss the problem.

Q. What would you say is the next step ?

A. There is a tremendous body of opinion among plantation owners themselves, that the next logical step is to nationalize. Since November, 1973, we have given the plantation sector a package deal where we are pumping in Rs. 625 million over a five year period in order to render the estates more profitable. When I was in London in December last year, I said in a B. B. C. interview that we are injecting Rs. 625 million into the tea industry. The interviewer asked me "Why don't you take over?".

Q. What was your reaction ?

A. My answer was, "personally I agree with you, but my way as a Minister is never to anticipate the decisions of my colleagues; and to carry out changes in such a manner as not to interrupt the flow of a product so well established in the international market."

Q. Since we are on the subject of nationalisation what reaction do you foresee in the event of such a step ?

A. I do not think the British government or people or even the plantation interests themselves will be surprised if this government took a decision to nationalise. What is in their minds is adequate, prompt and effective compensation. The policy of this government has been nationalisation with compensation and not outright confiscation. Perhaps the current thinking of sterling interests themselves is being manifested by the increasing sales of their estates to the Ministry of Plantations. I welcome this new development because it represents abandonment of transactions abroad which I have considered not to be in the national interest. As a matter of policy sterling estates will gradually be bought up by a process of negotiation.

Q. In the event of implementation of the Agency House Report and/or nationalisation what will happen to those in employment now ?

A. My Ministry is taking over estates as going concerns and with the exception of an odd member or two of the management, we have taken over the total body of those employed. The labour force has been taken over intact. For purposes of terminal benefits the services under private owners are considered as service under us. In some cases we have even re-employed persons retrenched by the private owners or by Agency Houses upon their estates coming into our hands. We would certainly honour our obligations to present employees. I believe that there is in the estate sector a whole body of skills and expertise which should be availed of. It would be foolish not to do so. These talents are as much a national asset as the plantations themselves.

Q. In the implementation of either measure do you foresee a period of disorganisation and drop in production ?

A. In the way I contemplate the process of nationalisation, there will be no interruption whatsoever in the production process. There will not be even a shortfall in production or a disruption of the marketing process. We are geared to take overs. Take overs have become routinised.

Q. At what stage are we now on the report ?

A. Concrete proposals are now being prepared for consideration by the Planning Council before they are submitted to the Cabinet.

Q. The people affected are wondering what will happen ?

A. May be, they hope and believe that what will happen will not happen.