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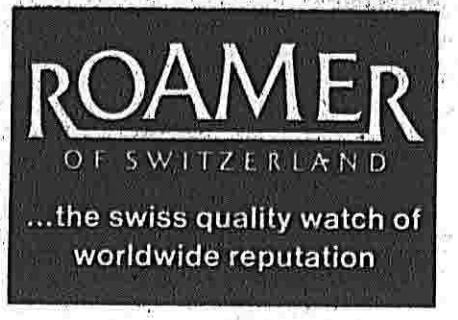
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News



# THE KABUL TIMES



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VOL. V, NO. 170.

KABUL, TUESDAY, OCTOBER 18, 1966, (MIZAN 26, 1345, S.H.)

PRICE Af. 3

## Conferences, Concerts Held To Mark Red Crescent Week

**KABUL, Oct. 18, (Bakhtar).—**On the second day of Red Crescent Week conferences were held in various schools and institutes in Kabul. At Rahman Baba, Zarghoona, Malalal and Isteqal High Schools yesterday students commended the work done by the Society and called for public support.

Concerts were given at the end of the conferences. And in some schools pamphlets explaining the programme of the Society were distributed.

Students and members of the scout organisation collected donations.

## Iranian Artists Honoured At Reception Here

**KABUL, Oct. 18, (Bakhtar).—**In honour of the visiting Iranian artists a reception was held at Baghe Bala restaurant by the Minister for Information and Culture Osman Sidky yesterday evening.

Officials of the Ministry, members of the press, the Ambassador of Iran and his wife, members of the Iran embassy with their wives attended the reception.

Several Afghan artists and Mrs. Marzia, the famous Iranian singer, performed.

The Iranian artists came to Kabul to participate in the celebration of the birthday of His Majesty.

## Johnson Begins "Mission Of Hope" To 6 Asian Nations Calls For End To Narrow Nationalism

**HONOLULU, HAWAII, Oct. 18, (DPA).—**A turning point in Asian history is at hand, U.S. President Lyndon Johnson said here Monday, and a new Asia "is gradually coming into its own" while attention is centred on "the terrible costs of combat and hostility".

Speaking at the East-West Centre while en route to Fago Pago, American Samoa, on the first leg of his 25,000 mile tour of Asia, Johnson said: "one after another, the nations of Asia are casting off the slogans of earlier narrow nationalism. One after another, they are grasping the realities of an interdependent Asia."

The East-West centre promotes a programme of cultural and technical interchange between Asia and the United States. More than 6,000 Asians and Americans have studied there since it was dedicated in 1961 by President Johnson who was then Vice-President.

Johnson said he would confer during his Asian trip "with leaders of six nations who have also committed their men to the proposition that aggression shall not succeed and the people of South Vietnam shall have the right to shape their own future in peace."

"I go to see, to listen, to learn and to act with our partners to bring an honourable peace to Southeast Asia at the first day it is possible."

Johnson said a "new spirit is clearly at work" in Asia, marked by "a self-confidence that permits cooperation, a skepticism that rejects illusory short cuts, a deepening consciousness of Asia's proud past and its great future."

The role of the United States, he said, was to help Asia come into its own with technical assistance and advice.

"We can help," he said. "We must help. We are helping. But we see our role as that, not more."

"Our role is that of a neighbour among equals—a partner in the great adventure of bringing peace, order, and progress" to Asia.

He pledged again American strength to back U.S. commitments in Asia "as long as danger threatens", but he added: "Yet we seek no special status or privileges, no primacy, no territory, no base rights in perpetuity."

He noted there are still "voices of extremism and apostles of militancy" in Asia, but he said such voices were "out of tune with the new currents", and "increasingly irrelevant" and "increasingly isolated."

Asia's people, he said, saw the absolute necessity of "matching Asia's needs with Asia's resources," adding: "Sooner or later this new perception will spread as well to the closed societies of communist Asia. Sooner or later the pragmatic and compassionate spirit of the Chinese people will prevail over outmoded dogmatism. We look to that day with confidence."

Saying that all hatred among nations must end in reconciliation, he looked forward to the day when the policies of China will permit such a reconciliation: "But we are not prepared," he said, "to pay for peace the price of freedom—American freedom or the freedom of America's allies in Asia."

## Home News In Brief

**KABUL, Oct. 18, (Bakhtar).—**Mohammad Yasin Mayel, Deputy Minister of Irrigation in the Ministry of Agriculture and Irrigation, left Kabul yesterday for Rome to attend the one-week Executive Committee meeting of WHO Representatives.

**KABUL, Oct. 18, (Bakhtar).—**Ghulam Mohammad Sulaiman, Afghan Ambassador to Pakistan who had come to Kabul on vacation some time ago, left for Rawalpindi yesterday.

**SHEBERGHAN, Oct. 18, (Bakhtar).—**A new road linking Faizabad and Noor Abad village was opened to traffic yesterday. The 15 km. road, which is 7 m. wide, has been constructed by the people of the area. It is 7 km. shorter than the old road connecting the village and the town.

**SHIBERGHAN, Oct. 18, (Bakhtar).—**A scout organisation was established in the secondary school for boys in Zarghoon Kot village yesterday. Thirty-five students have joined.

**BAGHLAN, Oct. 18, (Bakhtar).—**Eng. Abdul Qudus Majid, the Deputy Minister of Mines in the Ministry of Mines and Industries arrived in Puli Khumri yesterday. He later inspected the Karkar Coal Mines.

## STOP PRESS

**JAKARTA, Oct. 18, (AP).—**The prosecution in the trial of former Indonesian Foreign Minister Subandrio Tuesday again demanded the death sentence.

The prosecution rejected the defence statement of Monday but this time failed to mention key questions surrounding President Sukarno and former Communist Party chairman D.N. Aidit.

Subandrio, 50, was present in the white washed two-storey courthouse but made no statement.

The prosecution statement was unusually brief, just one hour compared to sessions of five to seven hours previously.

## Rural Centre Aids Over 225,000 People In Parwan

**CHARIKAR, Oct. 18, (Bakhtar).—**The Rural Development Centre established six years ago in Sayed Khail of Parwan province has given medical, agricultural, and educational help to 225,850 people residing in 124 villages.

It has opened 28 primary and village schools, a home economics course for women, 18 literacy courses for elders, 29 village jirgahs, seven social centres, and four youth clubs, Abdul Satar Khostwal Director of the Rural Development Department, told a Bakhtar reporter.

Over 1,600 girls and boys are studying in the schools and 382 people are enrolled in the literacy courses, he said. More than 890 students have graduated from these schools.

The centre has helped agriculturists to protect their gardens and fruit trees by spraying insecticide and guided farmers in the use of fertilisers. It has also helped them protect their livestock from disease.

More than 157,000 people have been given first aid and 25,029 mothers and children have received milk, vitamins and soap from the centre. About 30,000 children have been vaccinated against smallpox.

Each province has also undertaken wheat seed production and distribution programmes and has set up demonstration farms.

Majid said the improved wheat seed produced on the Ministry's farms is given to farmers in return for their produce. The provincial departments of agriculture have installed wheat cleaning machines to provide free service to farmers. Chemical fertiliser is sold at low rates and on easy terms for repayment to farmers.

This year, Majid said, priority will be given to farmers who used improved wheat last year and have asked for more.

## 'Better Wheat, More Wheat' Plan Gains Momentum

**KABUL, Oct. 18, (Bakhtar).—**The Ministry of Irrigation and Agriculture will use its own farms and those of the Nangarhar and Helmand Valley Development Authorities for research in increasing wheat output.

The Ministry has been providing farmers in various provinces with improved wheat seed, and demonstrating the use of chemical fertiliser, irrigation methods, etc., Abdul Majid, President of the Planning Department of the Ministry of Irrigation and Agriculture, said.

Last year 250 farmers in Logar, Wardak, Kabul and Parwan provinces received wheat seed from the Ministry. This year, Majid said, 7,500 seers of wheat seed—enough for 750 acres of land—will be distributed to farmers in these and some western provinces.

Majid said this year 4,550 acres of land on the Ministry's farms has been earmarked for raising wheat seed. The harvest, it is estimated, will be 28,000 seers.

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## Wolesi Jirgah Debate

**KABUL, Oct. 18, (Bakhtar).—**The Wolesi Jirgah today will continue its debate on the budget for the current year of the Prime Ministry. The Jirgah discussed this matter yesterday also.

## Visitors See Press

**KABUL, Oct. 18, (Bakhtar).—**Sadiq Tehranian, the editor of the daily Khorasan of Iran, met Mohammad Ebrahim Kandahari, the President of the Government Printing Press yesterday. He later visited the various sections of the press.

The press delegation from Saudi Arabia here at the invitation of the Ministry of Information and Culture also met Kandahari yesterday. Kandahari presented them with some of the books published in the press.

## Israel Planning Attack On Syria, UAR Says

**NEW YORK, Oct. 18, (AP).—**Mohammed Awad el-Kony of the United Arab Republic told the UN Security Council yesterday that Israel had brought its complaint against Syria in an attempt to create a pretext for aggression against a neighbouring country.

"Israel now is paving the way for an attack on Syria," he said as the Council met to continue its debate on the Syrian-Israeli dispute.

In this attempt, he added "Israel has the support of the imperialists. But I deem it necessary to state that Syria does not stand alone in its defence against imperialism."

He declared that the failure of the Security Council to act in previous cases of Israeli aggression was an act of injustice to the Arabs.

Syrian Ambassador George Tomeh later told the Council that the stand of the Syrian government continues to be one of cooperation with UN peace-keeping machinery, while Israel followed a policy of obstruction.

He said that Israel had boycotted the Armistice Commission at least since 1955 "because she wishes to avoid being condemned by the Commission."

He said that Israel had completely disregarded and forgotten UN resolutions on the Middle East.

## Bank Crisis Fades In Lebanon, Iran Not Affected

**BEIRUT, Oct. 18, (AP).—**All banks in Lebanon, the banking capital of the Middle East, were closed Monday, but a financial crisis facing the country appeared to be fading.

The Lebanese government's Central Bank Sunday ordered all banks in Beirut to close for three days while it set up a rescue operation to provide massive liquidity against the threat of bank runs.

Merchants, shipping and insurance agents and financial circles reported that business had slowed down to a small extent Monday, but trade continued and there were no signs of panic like the spectre of mass bankruptcy that loomed over the city during the weekend.

Police guards patrolled the banking districts, and riot police were assigned to guard the giant Intra Bank, whose closure ignited the crisis Saturday, but no crowds gathered outside the banks.

Beirut's money changers were doing a regular business and the one reported result of the crisis was that the price of the U.S. dollar was falling, so far by about 3 per cent. This, they said, was because banks were expected to sell large amounts of dollars to accumulate stocks of Lebanese pounds.

In Tehran, leading Iranian bankers discounted, Monday any major effect on the closure of the Middle East's largest bank, Intra Bank of Lebanon, on banks in Iran.

Abol Hassan Ebtehaj, managing director of the Bank Iranian, a leading private bank, said his bank did not have any deposits with Intra Bank which had very little dealing with Iran anyhow.

Middle East Airlines officials in Tehran claimed Monday the closure of Intra Bank of Lebanon, which owns 60 per cent of this airline's shares, will not affect airlines operations.

## ATTACK ON GOLDBERG

Tomeh also alleged U.S. Ambassador Arthur J. Goldberg is politically identified with Zionism.

Goldberg replied that he could be regarded as a Zionist "in the same sense that many world statesmen, including some Arabs, considered themselves Zionists."

Tomeh's charge came shortly after Secretary-General U Thant delivered a protest to Goldberg from 62 Asian and African countries against the invasion of the Syrian mission to the United Nations last Friday by a young American Zionist group.

This was the first time in a UN forum that Goldberg, a Jew, had been accused of being a Zionist. He has been the subject of such charges by Arab nationalists in statements distributed to newspapers.

Tomeh said Goldberg had acknowledged in a speech he was a spiritual Zionist, adding: "When from this spiritual Zionism, one carries over to support the state of Israel, this is no longer spiritual Zionism. This is political Zionism, and the difference is very great."

Goldberg said that there should be a distinction between speeches he made before he was appointed U.S. ambassador to the UN in July, 1965, and his statements made as a representative of the U.S. government.

But he added that the statement he made on his views on Zionism grew out of his spiritual heritage "and I do not apologise for the statement I made."

He stressed that U.S. policy is one of friendship with all the countries in the Middle East.

## Subandrio Denies All Charges

**JAKARTA, Oct. 18, (AP).—**Indonesia's former Foreign Minister Subandrio, facing a possible death sentence on charges of treason, Monday tearfully denied all charges against him.

Subandrio, in his defence summation, declared he was not involved in the abortive communist coup last year.

Subandrio broke down and wept as he ended his three and a half hour defence plea.

He declared the prosecution had no real evidence to support charges of treason, corruption and helping plan a coup attempt.

At one point in his defence, Subandrio shifted partial blame for last year's attempted coup to army strongman General Suharto. He said Suharto, as head of security, should have been aware of coup reports and reported them.

The one-time medical doctor also denied reports that Sukarno's illness last year helped trigger the coup attempt.

"He (Sukarno) had been ill for a long time, but his illness was not dangerous. But his refusal to be operated on was dangerous," he said.

Sukarno fell ill on Aug. 4 last year. The prosecution charged the Communist Party felt Sukarno might die, so they decided to act against the army before it attempted to crush them.

Subandrio, 51, also denied that he wrote the section in Sukarno speech of last year calling for a new axis of power between Peking and Indonesia.

"It was the President himself who did this, not me," Subandrio said.

Turning to an alleged letter from the British Embassy indicating Britain and American planned to attack Indonesia, Subandrio said he turned it over immediately to Sukarno.

Sukarno called a meeting of his military chiefs to ask them about the letter and the reported "Council of Generals." The alleged council was reported formed to overthrow Sukarno.

Its leaders told Sukarno the council was only to handle promotions of officers, Subandrio said.

Army Chief General Achmad Yani, later murdered during the coup attempt, also discussed the alleged British letter with Sukarno, Subandrio said.

The two agreed the phrase in the letter "our local army friends" implied outside help to army rebels in the Celebes Islands.

It was Sukarno himself who spread the reports of the alleged British letter, Subandrio said.

## Report Finds Help Flowing Faster To Developing Nations

**PARIS, Oct. 18, (AP).—**Financial help is flowing faster than ever to the world's underdeveloped countries but the recipients are growing no faster than they were 15 years ago.

This was pointed out Tuesday with publication by Willard Thorp, chairman of the 15-member Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), of his annual report.

Thorp, an American, said aid increased roughly 10 percent to over 10 billion dollars from 1964 to 1965 and is continuing strongly in 1966. Of the various sources, the largest year-to-year increase was registered by private investment, up 17.9 per cent to \$3.6 billion. Other sources were official bilateral disbursements, up 6.1 per cent to \$5.8 billion and disbursements by multilateral agencies, up 14.7 per cent to \$914 million.

The increase, in effect, exceeded the 15 donor countries' own increases in revenue, the report said. But performance by the underdeveloped countries appears static.

Thorp said there has been no improvement in their rate of growth in the past 15 years. This rate, an average of about 5 per cent, varies between 2.5 and 7 per cent.

Thorp adds that the recipients could effectively use considerably more money, and added that "while most countries show a slow per capita rise in national income, there can be little doubt that the rate of change would be accelerated if the flows of foreign capital and technical assistance were increased.



The journalists' delegation from Saudi Arabia called on Mohammad Osman Sidky, Minister of Information and Culture (centre), at his office yesterday morning.



## AFGHAN CO. TO EXPORT MORE, BETTER QUALITY CARPETS

By Our Own Reporter

The Afghan Carpet Export Company is working hard to increase the carpet trade in Afghanistan by exporting high quality carpets and introducing new means of bringing more foreign currency into the country's national economy.

The company exports many different types of carpets produced in the northern regions of Afghanistan, primarily Mauri, Shakh, Bar-maza and Saruq. These are among the highest quality carpets produced in Afghanistan.

Unlike other companies and businessmen who export carpets, the Carpet Export Company does not deal directly with individual carpet weavers. Rather it has branches all over the northern regions where carpets are woven by the Turk-mans. Although it is one of the leading export companies in the country, it does not purchase any carpets unless it gets an order. After receiving orders from firms or individual businessmen, the company's main office in Kabul notifies its provincial branches and its agents contract with the carpet weavers about the quality, colour and design required.

Usually the company itself supplies the dye since dyes used by the carpet weaver are usually of inferior quality and results of using them have been unsatisfactory. From experiments made recently, the company prohibited the use of black dye since it makes the wool coarse. Instead of black the company imports blue dye.

pets exported 40,000 were exported

The company has branches in eight cities, the largest of which is in Mazare Sharif which has a staff of 12. Other offices are in Kunduz, Aqcha, Andkhol, Daulat Abad, Shiberghan, and Charuk. They are responsible for seeing that the orders are filled and supplying the materials for producing high quality carpets. Branch managers keep in constant touch with the local representatives.

The Kabul office has many business contacts with foreign companies and sends representatives to Europe to find good markets. Thirty people are employed by the Kabul office which has facilities where carpets are stored and cleaned. In the Kabul custom house the company has installed packing machines where carpets are packed in the presence of customs officials.

The company has been in operation for 16 years. In 1960 the budget was increased with the help of Banque Mille and the Azimi Company. The bank, has been helping the company financially since it became one of its shareholders. It has given the company a 30 million afghanis non-profit credit loan which the company can use at its discretion. The Bank also assists the company abroad where the company has sale accounts. At present it has a budget of 20 million afghanis which it expects to increase.

Through continued expansion the company's exports have increased considerably. Last year out of the 520,000 sq. metres of Afghan car-

by the Carpet Export Company. The best markets for carpet export are in the Federal Republic of Germany, Sweden and Switzerland, the company's Vice-President Abdullah remarked. Efforts are underway to further increase the trade there and in other parts of Europe where hand-made carpets are in great demand. Talks are in progress with American firms, too, but final decision has not been reached because of the low prices American interests have offered.

In order to extend its sales, the company advertises in magazines. However, it is unable to advertise on television. Nor has it been able to open outlets in major business and shopping centres, because of the high taxes it has to pay. The policy of the company, said Vice-President Abdullah is to spend as little money as possible outside the country. Instead, the company advertises within Afghanistan. This has been, in general, effective and has, as a consequence, helped local papers and magazines.

The Carpet Export Company is optimistic about its future and plans for further enlarging its sales. It plans to adopt new methods of attracting customers. It also intends to try out new designs in carpet weaving. It is considering the establishment of a dry cleaning plant for carpets—both for carpets exported by the company and those of other firms. At present carpets are cleaned abroad at a high cost. The money for this plant will come from the profits of last six years made by the company.

### Magnetic Pump Generates Its Own Electricity

A pump which has no moving parts, and which generates its own electricity to keep it going, has been developed in the United States. It is designed to pump hot, molten metal in a steady stream.

The pump generates the electricity it needs from the heat of the metal which it is causing to flow. Thermoelectric elements extract heat from the fluid metal being pumped and convert a portion of that heat directly into electricity. This electricity is delivered to the section which produces the pumping action.

In that section, electrodes are mounted on opposite sides of the channel through which the liquid metal is flowing. These electrodes send an electric current through the molten metal. Permanent magnets create a magnetic field perpendicular to the electric current passing through the liquid metal.

This arrangement exerts a magnetic pumping force on the liquid metal. The strength of that force is proportional to the electric current, magnetic field and width of the fluid channel.

The pump is one foot (30 centimetres) long and weighs 45 pounds (20 kilograms). It can pump liquids as hot as 1,300 degrees F (700 C), and is designed to operate for 10,000 hours, though in tests it has already logged 18,000 hours of operation.

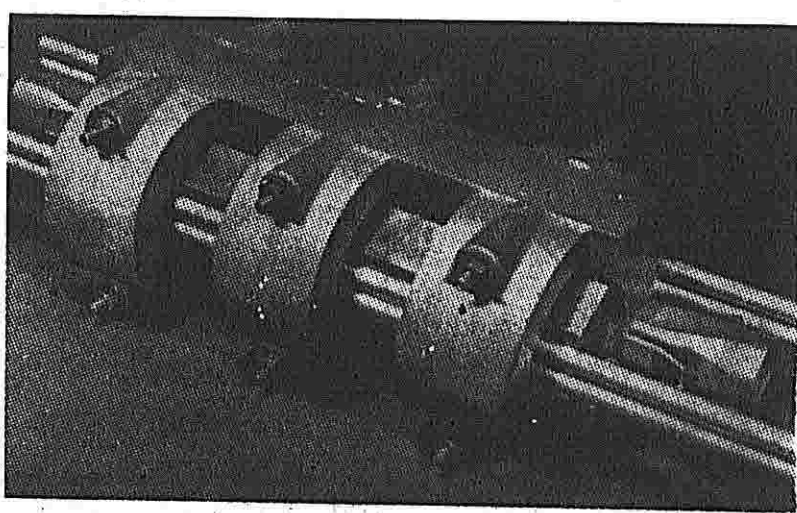
Called a thermoelectromagnetic pump, it is being offered to industrial users by Atomic International, Canoga Park, California, a division of the North American Aviation Corporation.

Pumps to push other liquids by magnetic action are also being developed. For example, studies are being conducted by Dr. H. F. Poppendiek of the Geoscience Laboratories, Solana Beach, California, for an electromagnetic blood pump.

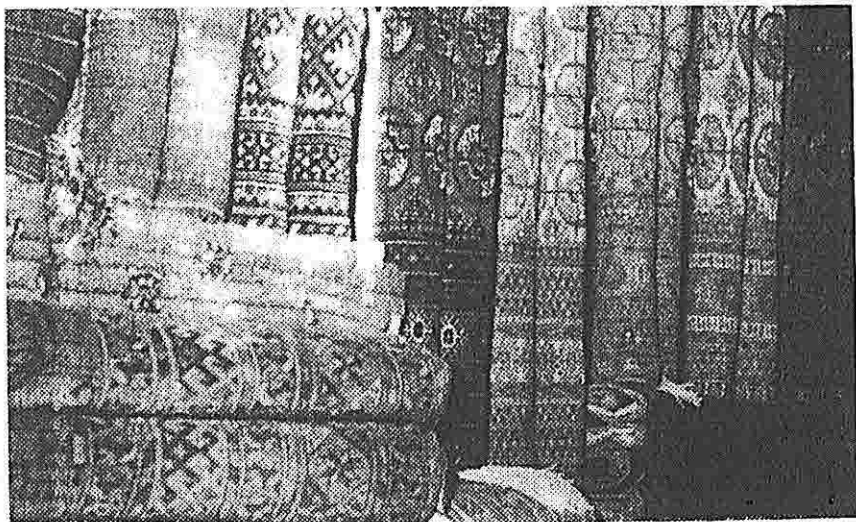
Its purpose would be to circulate a patient's blood during heart operations and other surgery when the body's natural blood pumping mechanism is temporarily incapacitated.

In animal experiments, blood was circulated out of the body, through the pump, and back into the body. During its passage through the pump, the blood came into contact with platinum electrodes which sent electric current through the blood. Magnets acting on this electric current caused the blood to flow.

US source



This unusual pump, known as a "thermoelectromagnetic" pump, converts heat from liquid metals directly into electricity.



Afghan carpets are made in a wide variety of designs.

### Settling Investment Disputes

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States entered into force October 14, 1966. The Convention, sponsored by the World Bank, was submitted to the Bank's member governments for signature and ratification on March 18, 1965. It was to enter into force 30 days after the deposit of the 20th instrument of ratification, which took place on September 14, 1966.

The first 20 States having ratified and thus become parties to the Convention include the Netherlands, Nigeria, Tunisia and the United States.

States ratifying subsequently become parties 30 days after the deposit of their instrument of ratification. Other States which have signed to date include Afghanistan, Austria, Belgium, Denmark, France, West Germany, Italy, Japan, Norway, Pakistan, Sweden and Britain.

The convention, which is open for signature to all member governments of the World Bank, establishes an International Centre for Settlement of Investment Disputes as an autonomous international institution under the auspices of the World Bank. The governing body of this Centre will be an Administrative Council consisting of one representative of each State party to the Convention. The President of the World Bank will be ex officio Chairman of the Council.

Among the first tasks of the Administrative Council will be to elect a Secretary-General, who will be the principal officer of the Centre, and to establish rules for the institution and conduct of arbitration and con-

ciliation proceedings. It is expected that the first meeting of the Administrative Council will be convened within a few months.

The Centre will make available facilities to which Contracting States and foreign investors which are nationals of other Contracting States could have access on a voluntary basis for the settlement of investment disputes between them in accordance with rules laid down in the Convention. The method of settlement selected might be conciliation followed by arbitration in case of conciliation effort should fail.

The Centre will not itself act as conciliator or arbitrator but will maintain Panels of specially qualified persons from which conciliators and arbitrators can be selected. Each Contracting State may designate four persons to each Panel. The Chairman of the Administrative Council will designate ten persons to each Panel.

Recourse to conciliation or arbitration under the auspices of the Centre is entirely voluntary, and no Contracting State is bound to make use of the facilities of the Centre. However, under the provisions of the Convention, once a state and a foreign investor have agreed to use the facilities of the Centre, they are required to carry out their agreement, to give due consideration to the recommendations of a conciliator and to comply with an arbitral award.

In addition, all Contracting States, whether or not parties to the dispute, are required to recognise arbitral awards rendered in accordance with the Convention as binding and to enforce in their courts the pecuniary obligations imposed thereby.

### Possibilities Of Exports To Austria Discussed Here

KABUL, Oct. 18, (Bakhtar).—A two-man delegation from the free zone of Austria left for home Sunday. The delegation came here last week at the invitation of the Pash-tany Tejaraty Bank to study the possibilities of exporting Afghan commercial goods to Austria.

During its stay the delegation carried on discussions with Pash-tany Bank officials about the volume of the Afghan products to be exported to Austria and ways to attract more customers for Afghan products.

# BUSINESS & INDUSTRY



Carpets for export are packed by machine.

## Role Of Marketing In US Economic Growth

By Schuyler F. Oleson and Malcolm L. Morris

Japan have prospered with limited natural resources.

Three developments in the United States did much to pave the way for large-scale manufacture and mass marketing.

—The first was the standardisation of products. An extreme illustration is the remark attributed to the late Henry Ford: "You can have any kind of a car that you want so long as it is a Model T and so long as it is black." Standardisation enabled firms to deal in economical lot sizes which lead to both manufacturing and mass marketing efficiencies.

—The second development was a mass transportation system that enabled an economical flow of materials from farm and mine to the factory and then in finished form to the consumer—by railroad, by truck, and by air. Low cost and effective transportation has done much to contribute to large scale operations, both in manufacture and in market coverage, and has laid the way for efficiencies in both of these activities.

—The third development essential to a system of mass marketing was mass communication. In 1896 a rural free delivery system was initiated which meant that eventually mail was delivered daily to homes in practically all rural areas throughout the country. With a highly literate population, the doors were opened to the use of newspaper, circular, and magazine advertising, and to mail order books.

For the first time a manufacturer was provided a way to communicate with large markets, widely dispersed geographically. By the 1920's the radio added another very important means of communicating with mass markets. And more recently, of course, television has become still another media for advertising.

### LARGE-SCALE

Thus the necessary conditions came about to make large-scale manufacturing possible, and with it grew the system of mass marketing. In harmony with the notion of standardisation in the factory was the movement toward pre-packaging and branding. This, in turn, made it possible to communicate about products through advertising in mass media. Likewise, as consumer goods were sold in package and by brand rather than in bulk, new forms of retail institutions became possible.

The typical American consumer has a great deal of product knowledge before entering a store, having been "pre-sold" on specific

brands by mass advertising via television, radio, newspapers, magazines and bill-boards. He may shop unattended in a self-service store and select products which have been pre-packaged in convenient sizes and assortments. His only contact with store personnel is likely to be with the cashier. Much of the cost savings accomplished through reducing personnel in this manner is passed along to the consumer in lower prices.

On the other hand, the affluency of the American consumer has also caused the emergence of another type of marketing institution. In recent years, there has been a growth of small specialty and boutique shops and a larger demand for specific products made-to-order to suit the individual consumer.

Perhaps most important, however, are the many acts of self-regulation imposed by numerous industries and business organisations. Industries commonly establish ethical codes of practice which are carefully followed by most business firms within the industry. Chambers of Commerce and similar organisations in every city strive to prevent unethical practices by business firms.

### RIISING REAL INCOME

In markets of most countries there are the poor people, the rich, and those in between. The group in the very low income brackets, eking out a bare subsistence, is sometimes referred to as the "bread and beans" or the "starch" market. These people are attempting to acquire the minimal essentials of food, shelter and clothing. As families in this situation improve their lots, first they fill the needs for essentials and then they acquire a few of the "extras" which add to their comfort and satisfaction. Their purchases increase in money value and also in physical weight, but the physical volume of consumption does not expand at the same rate as its value since more and more value tends to be built into each unit.

The system that evolved in the United States, in which marketing played a key part, led to progressively expanding output and improved quality of goods at reasonable prices. At the same time it made possible a rising level of real income as a result of productivity gains. Thus it was effective in improving the welfare of the poor, enabling them not only to satisfy basic needs but to enjoy more of the fruits of opulence.

## Overseas Sterling Balances

The way in which the debate on the overseas sterling balances is beginning to take shape is strongly reminiscent in some ways of the slow, almost imperceptible transition by which discussion of international liquidity progressed from academic debate to the stage of serious, if reluctant, official wrangling. The question of the overseas balances was first raised officially at the 1965 International Monetary Fund

meeting, when Italy suggested they be funded at the IMF (a proposal later rumoured to have been a British-inspired later rumour). This year, it was the French who raised the question: M. Debre remains on record with his opinion that the sterling balances are "a major problem," even though rumours of a French loan plan have been denied.

Now the pressure for some eventual solution is gathering from another quarter, the major holders of sterling balances themselves. Only Kuwait is known as yet to have converted any appreciable funds out of

sterling. But last month in Montreal the Common wealth's finance ministers were made aware of a debate now going on inside the Australian Government and Reserve Bank about the desirability of holding £320 million of Australia's £560 million reserves in sterling.

And now there is Tan Siew Sin, the Malaysian finance minister, who clarified and corrected in London last week a statement attributed to him in Washington the week before. For all that, he seemed to be saying essentially the same thing in both capitals. In Washington, he was quoted as saying that Malaysia plans to "diversify" its reserves (about some US \$900 million, mostly in sterling), but that it would not do so "so long as sterling is under pressure" and without consulting the British authorities.

Subsequently, in London, Tan emphasised still more strongly that Malaysia has no intention acting precipitately or unilaterally. But for all talk of sinking or swimming with sterling, he left the impression that he would still, at some future time and in some undisturbed way, like to transfer some of Malaysia's eggs out of the "one basket" he spoke of

in Washington.

Australia, with more than £300 million in London, and Malaysia, with close to £300 million are the owners of the largest overseas sterling balances in London: only Kuwait, Hongkong and Ireland have more than £200 million each and most of the other sterling area countries hold well under £100 million each in London.

So far, the noises have come from Italy, France, Australia and Malaysia. Are there any British proposals?

The Economist

### World Bank Team Begins Talks On Third Plan

KABUL, Oct. 18, (Bakhtar).—The World Bank delegation yesterday met Deputy Planning Minister Abdul Wahab Haider and held preliminary discussions with him on the country's Third Five Year Plan. Some of the heads of departments of the Ministry were also present.

The delegation is on a one-month visit to Afghanistan at the invitation of the government to evaluate the plan and discuss it with officials.

