

COLONIALISM AND SOCIAL CHANGE IN SRI LANKA:  
Implications of Socio-Economic Differentiation for  
Strategies of National Development

by  
Lal Premakumar Kuruppu,  
B.A. (Hons), M.Sc.

Submitted in fulfilment  
of the requirements for the degree of  
Doctor of Philosophy

University of Tasmania

June 1984

## TABLE OF CONTENTS

	Page
LIST OF TABLES . . . . .	iv
ACKNOWLEDGMENTS . . . . .	vi
ABSTRACT . . . . .	vii
 CHAPTER	
1. INTRODUCTION . . . . .	1
<div style="padding-left: 40px;"> The Research Problem  Previous Work  Characteristics of the Sri Lankan Course  of Development to be Explained  Perspectives to explain the Course and  Pattern of Development  <div style="padding-left: 40px;"> Modernization Theory  The 'Marxist' Perspective  The Dependency Perspective  The World Systems Perspective  Recent Developments  Characterizing Peripheral Capitalist  Social Formation  <div style="padding-left: 40px;"> Analyzing Rural Class Structure  Power Structure at National Level  Organization of the Thesis </div> </div> </div>	
2. CORE PERIPHERY RELATIONS AND PATTERNS OF DEVELOPMENT . . . . .	43
<div style="padding-left: 40px;"> The Development of World Capitalism and  Transformation of Third World Societies  Colonial Capitalism and the Sri Lankan  Pattern of Development </div>	
3. PRE-COLONIAL ECONOMY AND SOCIETY . . . . .	58
<div style="padding-left: 40px;"> Pre-Colonial Social Formations in Asia  The Dry Zone Civilisation  Kandyan Social Organization </div>	

4.	COLONIAL RULE AND SOCIO-ECONOMIC TRANSFORMATION	76
	The Advent of Plantations and the Peripheralization of the Economy The Impact of Colonial State Policies Changes in the Labour Process Colonial Rule and the Emergence of an Indigenous Elite	
5.	CONTEMPORARY RURAL SOCIAL STRUCTURE. . . .	109
	Agrarian Classes Livelihood Strategies of the Rural Social Groups Trends of Change	
6.	THE POWER STRUCTURE AT THE NATIONAL LEVEL . . . . .	128
	The Independence Movement and the Consolidation of the Politico-Administrative Elite Growth of the Indigenous Bourgeoisie Cohesion and Division Among the Dominant Groups The Dominant Groups and Their Alliances and Strategies	
7.	POST-INDEPENDENCE ECONOMIC AND POLITICAL STRATEGIES . . . . .	147
	Post-Independence National Regimes in Sri Lanka Import-Substituting Industrialization Export-Oriented Industrialization Tenure Reform The Land Reform Programme 'Green Revolution;	
8.	CONCLUSION . . . . .	196
	BIBLIOGRAPHY . . . . .	203

## LIST OF TABLES

TABLE	Page
4.1 Crown Land Sales Under British Colonial Rule in Sri Lanka Between 1833 and 1886 . .	85
4.2 Average Size of Asweddumized Paddy Holdings in Various Districts, Sri Lanka 1946 . . . .	89
4.3 Extent of Land Under Tea, Rubber, Coconut, Cocoa and Paddy in the Central and Uva Provinces, Sri Lanka 1946 . . . . .	90
7.1 Distribution of Tenants According to Land Rent Paid by Them in Selected Districts of Sri Lanka, 1975 . . . . .	175
7.2 Extent of Land Acquired Through the Land Reform Law No. 1 of 1972, Sri Lanka . . . . .	178
7.3 Recipients of Land Reform Lands by Mid 1976, Sri Lanka . . . . .	179
7.4 Extent of Land Under Principal Crops and Extent of Land Acquired Through The Land Reform Law No. 1 of 1972 . . . . .	181
7.5 Volume of Output and Yield of Paddy Sri Lanka 1951-1980 . . . . .	187
7.6 Volume and Value of Tea, Rubber and Coconut Exports from Sri Lanka, 1971-1980 . . . . .	193
7.7 Estimated Population by Poverty Level Sri Lanka, 1969-1970 and 1977-1978 . . . . .	195



This thesis contains no material which has been accepted for the award of any other higher degree or graduate diploma in any university and, to the best of my knowledge and belief, contains no material previously published or written by another person, except when due reference is made in the text of the thesis.

## ACKNOWLEDGMENTS

The Postgraduate Research Award offered by the University of Tasmania, and the study leave granted by the University of Peradeniya made my doctoral studies programme possible. I wish to express my gratitude to these two institutions.

I am particularly grateful to my supervisor, Dr. Peter Gunn, who gave of his time and guidance generously throughout the preparation of this thesis, patiently read and criticised numerous drafts and made valuable suggestions for improvement. I also wish to thank Dr. Malcolm Waters for his critical comments on several chapters and Professor Rodney Crook for mobilizing university resources on my behalf.

My gratitude is due to the Inter-Library Loans section of the University of Tasmania Library for their efficient assistance with my numerous requests for material. The efforts of Chandana Panditharatne and H.D. Dinadasa in obtaining research material in Colombo are appreciated. I also want to thank Mrs. Margaret Gunn who assisted with proof reading at a particularly busy time for her and Mrs. Rochana Waterworth for typing the thesis.

I owe much to my wife for help in collecting materials from various sources in Colombo, for help in preparing the bibliography, for proof reading and for sustained emotional support. To Indra and Numira, my special thanks.

## ABSTRACT

This thesis analyzes the Sri Lankan pattern of development and its impact on contemporary social structure.

It is argued that the Modernization, Marxist and Neo-Marxist, Dependency and World Systems approaches taken alone cannot explain the development experience of colonial societies in general, or of Sri Lanka in particular. A theoretical framework is devised which combines processes internal to third world societies with the external forces of world capitalism to explain the course of development.

The thesis being presented is that under the impact of colonial capital the pre-colonial 'feudal' order of Sri Lankan society was transformed into what may be characterized as a 'peripheral capitalist' socio-economic formation which may be distinguished from the 'metropolitan' capitalism of the core economies. Although some traditional forms of social relations persist their structural bases have assumed a peripheral capitalist character. Because of this, it is argued, that it is incorrect to characterize Sri Lankan society as 'feudal' or 'semi-feudal'.

This penetration of colonial capital brought about peripheralization and extraversion of the economy, commodification of land and labour, a re-ordering of the class structure, and the internal disarticulation and external dependence of the process of generalized commodity production.

Under colonialism the peasantry underwent further differentiation and wage labourers, landless tenants, landowners and merchant capitalists emerged as major groups in rural society. At the national level there has emerged a politico-administrative

elite and an indigenous bourgeoisie which includes 'national' and 'comprador' fractions. Colonialism also resulted in the presence in Sri Lankan society of a non-indigenous metropolitan bourgeoisie.

Post-independence national regimes are formed out of alliances between these dominant groups. It is argued that the nature of these alliances determines strategies of 'national development'. The strategies have swung between 'populist', 'national developmentalist' and 'neo-colonial'. None of these strategies has been able to bring about self-sustaining economic development or to reduce poverty and inequality. It is argued these strategies have deepened and reinforced the dependence of Sri Lanka on the metropolitan economies and perpetuated the uneven 'peripheral capitalist' pattern of development.

Internal social relations are consequent upon this peripheral capitalist pattern. Increasing social and economic inequality, the marginalization of a significant portion of the population, and the trend towards a closer alliance between the indigenous and metropolitan bourgeoisie can be observed. The programmes of post-independence regimes, such as the land reform and 'green revolution' programmes, have failed to reverse these trends. It is argued that a policy of autochthonous development is the most appropriate basis for moving beyond the undesirable features of the present pattern.

## CHAPTER 1

### INTRODUCTION

#### The Research Problem

The transformation of societies from 'agrarian' to 'modern industrial' is a central issue in sociology. The path and level of development being followed by the group of nation states called 'the third world' is recognizably different to that which was the experience of the group of nations described as 'modernized' or 'the advanced industrial societies'. The latter have emerged as societies with a greater generalized adaptive capacity and a high level of development of productive forces which has not been matched by the countries of the third world.

In the course of development, nation states in the world have become economically polarized. Meanwhile disparities within the third world countries persist, as indicated by the presence of poverty in a significant portion of their populations. Widespread poverty, unemployment and relatively low standards of living are some of the undesirable consequences of the peculiar third world pattern of development. These patterns of development have been described variously. Some believe that the third world is moving from 'traditional' to 'modern' while others argue, on the contrary, that it is caught in a process of 'underdevelopment'. Yet others see what is taking place as 'dependent development'. This variety of opinion is indicative of the lack of consensus about the characterization of, and explanation for, the diversity of development experienced by these societies. More broadly, it relates to the issue of societal transformation.

The present thesis is concerned with the course and pattern of development in Sri Lanka. By one conventional indicator, GNP per capita, Sri Lanka is placed among the poor

countries.<sup>1</sup> Its undiversified economic structure, composed of an export-oriented plantation sector and a low-productivity domestic agricultural sector, fits the third world model of an export-dependent economy. Although the indicators of health and educational standards of the population generally are not unimpressive in comparison to many third world countries<sup>2</sup>, sluggish economic growth, a low level of development of productive forces and the typical crises of an exporter of primary agricultural products have contributed to the persistence of poverty for a sizable proportion of its population. Further, policies aimed at national development and the alleviation of poverty have been largely ineffective.

The aim of the present thesis is to trace the origins of the particular pattern and course of development being followed by Sri Lanka. The primary question posed is not: 'Why hasn't Sri Lanka become like developed countries?' but: 'Why has it followed a particular pattern of development?' and 'What are the causes, characteristics and consequences of that pattern?'. In order to find answers to these questions selected aspects of Sri Lankan social and economic organization of the pre-colonial, colonial and post-colonial periods will be examined.

### **Previous work**

The issue of the pattern of development in Sri Lanka has not been systematically addressed in the existing literature. There are no major analyses of the modern social organization of Sri Lanka or of the processes which generate this peculiar type of development which is marked by economic retardation.

Most of the major sociological and anthropological works on Sri Lanka have concentrated exclusively on the study of the institutions of kinship and marriage and their relationship with the traditional system of land tenure. Leach (1961) and Yalman

---

1. \$US230 in 1979 (World Bank, 1981:134).

2. For a comparison of social indicators of Sri Lanka with selected Asian countries, see Central Bank of Ceylon (1980:80).

(1967) are each cases in point. Their studies are oriented largely to issues in academic and theoretical anthropology hence their analyses are not sensitive to the issues raised in this thesis.

A second theme in the analysis of Sri Lankan social organization has been associated with social scientists heavily influenced by American behaviourism. Attempts were made to test the validity of hypotheses derived from a neo-evolutionist tradition (Ryan, 1958), and to apply models developed by American psychologists to analyse aspects of human personality (Strauss, 1951, 1954; and Strauss and Strauss, 1956). Ryan's 'Sinhalese Village' (1958) is one such example. It is an account of the process of secularization of a village community under Western influence. The conceptual basis of the analysis was provided by Redfield's folk-urban typology. Ryan not only ignores the degenerative effects of colonial penetration in Sri Lanka but asserts that such effects were non-existent. He implies that the role of the colonial rulers was that of transmitters of secularizing forces, western ideologies, market and technical influences to the folk peoples in order to carry the latter or push them towards 'progress'. He concludes:

Western economic interests in Ceylon were at no period served by policies directly disruptive to local traditional economy... [and further] the colonial rule had immediate organizing effects upon Sinhalese institutions rather than degenerative or disorganizing effects (Ryan, 1958:191, 193).

As will be seen nothing could be further from the truth.

Research on the caste system and modern elites constitute a third theme. Until recently, as Gunasinghe rightly pointed out, stratification research in Sri Lanka shows 'a curious refusal to deal with class structure' (1975b : 117). Ryan's 'Caste in Modern Ceylon', (1953) which is one of the very few book-length studies on caste, gave scant consideration to the issues of the relationship between caste and class, and the economic aspects of caste. Significant research has been done on the Sri Lankan elites with Pieris (1964), Fernando (1973) Roberts (1974 and 1982) and Singer (1964) being the most important contributors. A limitation of these contributors regarding the problems raised in this thesis is that they do not satisfactorily

explain the structural position and the role of the elites in the Sri Lankan pattern of development.

Fourthly, the issues of persistent poverty and retarded development have attracted only oblique interest in political science circles. Within this tradition, explanations have been sought for the durability of the Westminster model of democracy despite severe economic crises, poverty and communal conflicts. Work by Jupp (1978), Kearney (1973), Wilson (1979) and Wriggins (1960) falls into this category. The peaceful transfer of parliamentary power among political parties and the absence of extra-constitutional efforts by the people to change state power (until the armed revolt of April 1971), have been the compelling features of Sri Lankan political life which political scientists have sought to explain rather than more fundamental economic conditions. Goonetilleke (1975a) attacks Kearney and Wilson for the ethnocentricity implied in their outlook, the conservatism reflected in their neglect of negative aspects of colonial incursion, their hostile view of the left, their explicit commitment to 'modernization ideology' and their neglect of important sources of information.

A fifth theme is canvassed in studies by both governmental and non-governmental agencies involved in development planning, implementation and research. Due to their applied nature they add little to the development of theoretical understanding. Goonetilleke (1975b) draws attention to the establishment of institutes to study and advise on the socio-economic problems of Sri Lanka. These institutes are directly sponsored by the western countries or draw heavily from those countries for finance and expertise. He argues:

because of the subservient role of the local institutes and personnel, no theoretical framework to fit local conditions develops and the conceptual output is often empiricism of the worst kind. (Goonetilleke, 1975b:4)<sup>1</sup>

Nonetheless, many of the works by the above mentioned agencies are valuable sources of data for secondary analyses and have

---

1. See the interesting comments on Goonetilleke's view on 'cultural neo-colonialism' and 'dependent intelligentsia' by Lipton (1975).



been used in the present thesis.

Finally, the tradition in the Sri Lankan social sciences which was marked by, as Goonetilleke stated, an absence of works which raise fundamental issues of a political nature beyond empirical level or attempts at significant analysis of contemporary problems appears to have been broken. A recent development in the sociological literature on Sri Lanka has been the attempt by several scholars to examine the impact of colonialism, the pattern of 'under-development' the contemporary class structure, and other related issues. In this regard Alexander (1982), Bandarage (1982), S.B.D. De Silva (1982) and Gunasinghe (1975) are examples of researchers who are sensitive to the issues of 'under-development' and it is in this tradition that the present research is being carried out.

### **Characteristics of the Sri Lankan Course of Development to be Explained**

In many ways the social and economic organization of contemporary Sri Lanka resembles that of many ex-colonial third world societies. The peculiar organization of productive activity is reflected in social and political organization. Colonization brought with it an export-oriented economy which has remained to date with many superficial but few fundamental changes. In an export-dependent economy, productive activity is heavily committed towards supplying a few primary commodities to the world market and a major share of local consumption is comprised of imported goods.<sup>1</sup> It is an economy:

with not merely a high ratio of imports and exports to national income, but one in which all the important macro economic quantities - government revenues and expenditures, private investments, imports and national income itself - possess a strong functional dependence upon the level of export receipts (Snodgrass, 1966:16).

---

1. The total value of exports in 1980 was \$US964 million while the value of imports was \$US1,909 million. In the same year exports per capita was \$US65.4 and imports per capita amounted to \$US129.5 (Central Bank of Ceylon, 1980:52).

The Sri Lankan economy has been heavily dependent upon export of three major crops.<sup>1</sup> Earnings from exports are utilized largely to import food and other consumer goods. Periodically world market forces operate unfavourably toward the export crops. This has created severe balance of trade problems in the Sri Lankan economy. These problems compound the relatively low standard of living of the majority of the population and low level of development of productive forces.

It has been customary to view Sri Lankan agriculture in terms of two sectors: plantation or cash crop agriculture and peasant or traditional agriculture. The plantation sector possesses characteristics which distinguish it from the other agricultural activities of the country. The cash crop plantations, particularly tea and rubber, were financed by British and other foreign capital. They were owned and managed largely by foreign interests and worked almost exclusively by foreign labour. Their produce was destined for foreign market outlets. For the most part the holdings were large, were managed and operated on capitalist lines, and used relatively advanced techniques of production and management.

In contrast, the peasant sector received no foreign capital investment, foreign management or foreign labour. The produce of this sector was exclusively for domestic consumption. Peasant agriculture is still organized largely around the cultivation of paddy but few other food crops. Most of the cultivated landholdings are very small, often to the point of being uneconomical. According to the Census of Agriculture, 1962, forty-one percent of all agricultural holdings reporting paddy cultivation were below the size of one acre (Hameed et al., 1977:13).

Methods of cultivation are still largely traditional,

---

1. The export of tea, rubber and coconut products constituted 88.5% of the total exports in 1970, and 75.8% and 54.7% in 1975 and 1980 respectively (Central Bank of Ceylon, 1978:49 and 1980:53). The decrease in the proportion, however for the large part, is due to falling prices and falling production of these commodities since the early 1970's.

hence productivity is low. Sri Lanka imports a portion of her rice requirements as the domestic supply cannot meet the demand. Ownership of land in the peasant sector, unlike joint stock companies in the plantation sector<sup>1</sup>, is almost wholly in the form of private individual ownership. Sharecropping and other ostensibly pre-capitalist forms of tenancy and labour arrangements persist in the peasant sector. Family labour and day-wage labour are other common forms of labour organization. Landlessness, fragmentation of land holdings, low production and low productivity are the prevailing features of that sector.

Currently the industrial sector contributes only a small proportion of the GDP. In 1980 manufacturing contributed only 13.7% of the GDP (Central Bank of Ceylon, 1980:7). Industrial output from this sector has largely been destined for the domestic market. The domestic market is small. The sector is heavily dependent on imported raw materials, and imported capital goods and suffers direct competition from imported products.

The existing economic structure is characterised by sluggish growth, an absence of strong linkages between the branches of the economy, and the inability to achieve self-sustaining economic development. The governments of post-independence Sri Lanka have been unable to transform this export-dependent economic structure.

Until 1972 the Westminster model of parliamentary democracy operated. Major constitutional amendments were introduced in 1972 and 1977. The present system of presidential government has similarities with the French executive system. Two major political parties, the United National Party (UNP) and the Sri Lanka Freedom Party (SLFP), have held the ruling power alternatively since 1948. The United National Party is committed to a

---

1. Cash crop plantations above 50 acres were nationalised by the Land Reform Laws of 1972 and 1975. Since the imposition of this ceiling on ownership of land and the nationalisation of large holdings, the lands organized under joint stock companies decreased drastically. See chapter seven for a detailed discussion on the land reform programme.

free enterprise economy while the Sri Lanka Freedom Party has favoured an economy directed toward increased state intervention backed by a populist ideology. The electorate is highly politicised as indicated by very high voter turnout at each general election. Political power has alternated between the two major parties. The major Marxist political parties - Lanka Samasamaja Party (LSSP) and the Communist Party (CP) have entered into coalitions with the Sri Lanka Freedom Party regularly since 1956.

The tradition of the exercise of legal and constitutional means of electing and displacing governments was broken in 1971 with the eruption of a revolt aimed at seizing state power by means of violent attacks on the security forces of the country. This revolt signalled widespread discontent with an elitist political system and with the persistence of widespread poverty and unemployment. However, following the successful suppression of the insurgency, the system of government and national economic policies have continued without any fundamental changes.

Attempts by various post-independence governments to diversify the economy and to bring about sustained economic development have not been successful. Growing poverty<sup>1</sup> and persistent economic and political crises suggest that the pattern and course of development may be viewed as retarded.

Given this setting, several things remain to be explained. The major task is theoretically to delineate the pattern of development in Sri Lanka and its proper characterization. The causes and origins of this pattern of development need also to be explained as does the perpetuation of aspects of 'colonial economic structure' in the post-independence period and the inability of governments to transform the socio-economic structure to bring about sustained economic development.

---

1. Proportion of the total population in poverty increased from 47% in 1969-70 to 69% in 1977-78 (Colombo Plan, 1978:221). A more recent study reported 19% of all households in the island or 13% of the total population to be in Absolute Poverty measured by serious dietary inadequacy (Marga Institute, 1981:48, 49).

## Perspectives to Explain the Course and Pattern of Development

Theories which attempt to explain societal development can be divided into two broad categories: liberal developmentalist and variations on Marxism. In the liberal developmentalist tradition, modernization theory, which was spawned by the evolutionist and the functionalist schools of sociology, became the dominant mode of analysis of social change by the 1960s. Apter (1965), Black (1966), Eisenstadt (1966), Lerner (1959), McClelland (1961), Levy (1969) and Smelser (1967) are among the leading proponents of modernization theory.

Classical Marxist social theory has been less influential than modernization theory in the analysis of the issues of development, particularly the development of the South Asian societies. According to Diamond (1979) the prominence given to what he called ideological Marxism during the Stalinist era is partly responsible for the demise of the 'critical Marxist tradition'.<sup>1</sup> Yet works by Marx and Lenin continue to be major influences on the study of societal development.

The current debate on development and underdevelopment is heavily weighted towards neo-Marxist contributions<sup>2</sup>. The intensity of debate and the disagreement among writers of the Marxist school is such that it is extremely difficult to find a common denominator of the 'underdevelopmentalist paradigm' (Leaver, 1973). Among the newer approaches the dependency perspective, and the world systems perspective pioneered by Wallerstein (1974) have become influential forces. Some of the leading variants of 'Marxist' development theory are Amin (1974), Alavi (1982), Mandel (1975) and Petras (1978). In the following section these perspectives are briefly reviewed in order to derive a theoretical framework appropriate for the analysis of the Sri Lankan pattern of development.

---

1. cf. Wallerstein (1974:387).

2. For details on the variety of neo-Marxist contributions and on their debate about underdevelopment, see Foster-Carter (1973 and 1978).

## Modernization Theory

Despite the variations among its advocates, some assumptions and core propositions common to modernization theory can be identified. Taking the 'nation states' as their unit of analysis, they define 'modernization' in terms of the bi-polar concepts of 'tradition' and 'modernity'. Accordingly, 'modernization' is a process of transition in which societies progress from 'traditional' to 'modern'. Societies are temporally located on a continuum of tradition and modernity in terms of the degree to which they possess the attributes of modernity that are derived from the observation of already modernized societies. The attributes of the modernization process are certain selected institutional, cultural, economic characteristics and behavioural patterns found in the modernized societies - especially Anglo-American societies. The Parsonian pattern variables have often been utilized to distinguish between traditional and modern societies. For instance the modernized societies are typically characterized by a predominance of achievement-oriented, universalistic behaviour patterns, a high degree of political universalism and a highly differentiated occupational structure. Conversely, modernizing societies are characterized by a predominance of ascriptively-oriented and particularistic behaviour patterns, a lower degree of political inclusiveness and a relatively less differentiated occupational structure.

Modernization theorists hold that as a result of a peculiar constellation of circumstances, the societies of western Europe modernized before most of the rest of the world. Nations outside western Europe are viewed as late starters in the modernization process. These theorists presume that traditional or modernizing societies will traverse the same stages of development which the already modernized have 'apparently traversed historically' (Hopkins, 1982a:10). This view of unilinear progression from tradition to modernity is implicit in Lerner (1958) and Eisenstadt (1966). Lerner wrote:

The model evolved in the West is an historical fact. That the same basic model reappears in virtually all modernizing societies of the world, regardless of variation in race, color, creed ... (Lerner, 1958:46).

As late as 1966 Eisenstadt perceived modernization as

(that) process of change towards those types of social, economic and political system that have developed in Western Europe and North America from the seventeenth century, to be nineteenth and then have spread to other European countries and in the nineteenth and twentieth centuries to the South American, Asian and African continents (Eisenstadt, 1966:1).

It is also believed that the already modernized North Atlantic societies and the United States of America will aid the late starters to become modernized by means of a process of 'diffusion'.

The absence of attributes of modernization is itself implied to be a barrier to the process. Further, cultural and institutional factors internal to, and inherent in, national societies are believed to be further obstacles to modernization. In order to progress along this path, a transfer or diffusion of the elements of modernization from the modernized societies to traditional societies is recommended.

At present it is presumed that the highly modernized, neo-capitalist countries of the west are involved in altruistic activities in aiding, through economic, political, social, educational and cultural assistance, the modernization of traditionally underdeveloped, backward societies, and that this aid will assist these underdeveloped countries to reach a take-off stage quickly and would launch them in the path of harmonious modernization (Desai, 1976:95).

Several problems which plague modernization theory reduce its utility as a mode of analysis in the study of development in the third world. Skocpol summarised the major methodological objections to it as:

the tendency to reify the nation state as the sole unit of analysis; the assumption that all countries follow a similar path of growth; the disregard of transnational structures; and the method of explanation based on ahistorical ideal types (Skocpol, 1977:1075).

The criticism that modernization theorists reify the nation state as the unit of analysis is advanced mainly by dependency and world-systems theorists who argue that nation states cannot be considered as 'autonomous units' as they are integrated into a global capitalist system which consists of 'hegemonic' and 'dependent' subsystems.

The assumption that all countries follow a universal path of development has been proven invalid by the empirically observable diversity of development experience of different nation states. Valenzuela and Valenzuela (1979:56) observe that 'it is inconceivable to think that the individual nations in the periphery would replicate the evolutionary experience of now developed nations'.

The modernization theorists have not given sufficient attention to external sources and influences of social change.

Even modernization theorists such as Lerner, for example, who emphasize the role of the 'Western impact' in modernization tend to look at the 'impact' only in terms of its consequences for the diffusion of particular cultural attributes, ignoring the structural mechanisms of the interaction between societies (Tipps, 1976:74).

To ignore historical and contemporary structural mechanisms governing the interaction between societies makes it difficult to comprehend and explain the processes of change, particularly in ex-colonial societies such as Sri Lanka. While emphasizing that aspects of 'cultural diffusion' contribute to modernization, the modernization theorists ignore the 'cultural domination' associated with this process of diffusion. As S.B.D. De Silva correctly pointed out:

In these models, underdevelopment is a primordial condition, like original sin - to be overcome by contact with the culture and organization of the already dominant economies, regardless of the terms on which such contact takes place (S.B.D. De Silva, 1982:9).

As Tipps concludes

Any theoretical framework which fails to incorporate such significant variables as the impact of war, conquest, colonial domination, international political and military relationships or of international trade and the cross-national flow of capital cannot hope to explain either the origins of these societies or the nature of their struggles for political and economic autonomy ... (Tipps, 1976:74).

In the case of Sri Lanka, which carries a history of colonial domination, and which has been profoundly influenced by the forces of the world economy, modernization theory appears inappropriate.



The bi-polar categorization of societies into 'traditional' and 'modernized' using concepts derived from the study of modernized societies is 'inaccurate', 'ahistorical' and 'methodologically invalid' (Frank, 1971). Much of Frank's work has sought to demonstrate that the pattern variables of modernity and tradition are not mutually exclusive. In his view behaviour patterns and institutional features associated with traditionalism can be found in the modernized societies. For example Hoselitz' identification of the Parsonian pattern variables achievement, universalism, and specificity as the defining attributes of modern society, and his attempt to evaluate all traits of modernizing societies by this yardstick, is open to question. It is pointed out that 'there are important elements of the qualities on both sides of each dichotomous choice in both the traditional and the modern society' (Varma, 1980:56). It is possible that elements of traditional behaviour have contributed towards the modernization of societies. Considerable diversity in social structures is apparent between the societies categorized as 'traditional'.

The absence of a causal analysis of change is yet another major limitation of modernization theory. Indeed a leading partisan of modernization theory, Smelser, has admitted that 'his systemic analysis does not account for the determinants of economic development nor can it show causal precedences in social change' (Varma, 1980:46). Its application is therefore limited to static descriptive and typological analyses.

Limits to the utility of modernization theory are best revealed in the ineffectiveness of development policies based on it. The growing disparity between the modernized and the modernizing nation states and increasing poverty within the latter despite decades of diffusionist policies are indicative of the limitations of policies based on faulty analysis.

Modernization theory not only could not adequately explain the extreme disparity in the distribution of wealth between the nations but also failed to guide policy decisions to

overcome economic and social problems of the third world. Even when policy prescriptions are given by the modernization theorists their effectiveness is doubted. As an illustration Eisenstadt's recommendations can be pointed out. His prescription is to remove structural duality in modernizing societies by 'absorbing the left-out groups in the consensual process'. Varma (1980:45) sees this as an idealistic prescription or simply to mean urbanizing the left-out groups. And 'the problems of over-urbanization of some developing countries are well known'. Further 'the frightful costs of massive urbanization and industrialization are ignored or perhaps considered necessary; also often the urban oriented industrializing society is projected as the utopia for all societies seeking change' (Varma, 1980:49).

The ethnocentricity or the Western-centricity of modernization theory raises doubts about the suitability of its application to the non-Western societies. Modernization theory evaluates modernity of nations by their proximity to the institutions and values particularly of Anglo-American societies. Eisenstadt (1973) equates modernity to Westernization. As modernity connotes progress the Western-centricity of this equation is less than subtle. Tipps pointed out that

By deriving the attributes of 'modernity' from a generalized image of Western society, and then positing the acquisition of these attributes as the criterion of modernization, modernization theorists have attempted to force the analysis of non-Western societies into what Bendix has termed 'the Procrustes bed of the European experience' (Tipps, 1976:69).

Finally, at the ideological level, modernization theory has been criticised for providing ideological support to suit the goals of American expansionism (Tipps:1976). Thinking of 'the destiny of nations in terms of the capitalist image of societies' (Varma, 1980:27) by the modernization theorists and the neglect of scientific analysis of the modernization process of the countries which have taken the non-capitalist path (Desai, 1976:99) are also pointed out as weaknesses.

In response to these mounting criticisms attempts have been made by some, such as Eisenstadt (1973), to reformulate and revise earlier models of modernization theory. He has questioned the validity of the tradition-modernity dichotomy and rejected the initial assumption of universality in the process of modernization, and in doing so has shifted the emphasis to the analysis of multilinearity, discontinuities and diversity in the process. His recent work recognizes the possibility of 'breakdowns', 'halts' and 'political decay' in the modernization process (Eisenstadt, 1973:18).

In contrast to older literature (e.g. Lerner, 1958) which condemned all traits associated with tradition, the newer literature from the mid 1960's (e.g. Eisenstadt, 1973) began to assess the role of the traditional traits in the modernization process. It was realized that the mere destruction of traditional forms does not necessarily result in modernity; that there can be possible negative effects in the process of modernization due to the destruction of the traditional; that there can be possible contradictions between the attributes of modernity; and that the extension of various sociodemographic and structural indices does not necessarily assure a continuation of the modernization process (Eisenstadt, 1973:99-100). Riggs for instance, in his study of Thailand showed how under the impact of external forces of modernization, a traditional system develops systemic characteristics and properties of its own thus developing in a direction different to that envisaged by early modernization theorists (Eisenstadt, 1973:102).

Eisenstadt's revisionist attempt has not been free from criticism. While questioning the validity of tradition-modernity dichotomy, Eisenstadt (1973:4-5) formulated three dichotomies: liberty vs. authority, stability and continuity vs. change and modern social rationality vs. cultural orientation. Durkheim's distinction between mechanical and organic solidarity is used by Eisenstadt as support for the relevance of such dichotomies. But according to Levy (1976:1262) Durkheim saw through his own distinction and it can be claimed that Eisenstadt is misreading

Durkheim. Further, although Eisenstadt promises a new paradigm in the section titled 'Modernization and Development - The New Paradigm' (1973:11-18) he gives no definition of modernization or any single clearcut paradigm (Levy, 1976:1264). Moreover newer concepts such as 'patrimonialism' (Eisenstadt, 1973:103) and 'transitional' societies do not effectively solve the difficulties of the modernization theory. Tipps' criticism of the concept of 'transitional' societies is of special relevance in the context of the present study. Accordingly the 'hybrid societies' produced by colonial conquests cannot be adequately explained by labelling them transitional. For the effects of colonial domination cannot be dismissed as 'transitional' since 'their scope and duration are often just as significant as is that of pre-colonial conditions, particularly in those instances where colonialism endured for a number of generations' (Tipps, 1976:76).

Despite these attempts at revision modernization theory remains Western-centric, ahistorical and acausal. Its neglect of the structural mechanisms of interaction between societies, its inability to provide a satisfactory conceptual framework to explain causes and consequences of 'patterns of variability and convergence in the formation and transformation of national societies' (to borrow Tipp's (1976:85) phrase), and finally the failure to explain the disparity in the distribution of wealth between the nations all continue to plague modernization theory and diminishes its utility as an explanatory tool in the study of the development experience of ex-colonial societies in particular such as Sri Lanka. Indeed following a critique of modernization theory, Tipps concluded that: 'constant revision will not lend substance to the illusion of modernization; it must be superseded' (Tipps, 1976:84).

## **The 'Marxist' Perspective**

The classical Marxist theory of societal evolution has been subjected to various interpretations. The accuracy of Marx's views on the capitalist development of the now underdeveloped countries, particularly in Asia, has been increasingly challenged.

Marx outlined four progressive historical stages in the process of the evolution of human societies: Asiatic, ancient, feudal and capitalist. Each of these epochs is characterized by a particular mode of production. In different stages of the evolution of human societies, the forces of production - land, labour and the means of production (including the manner of their technical combination) are combined in different forms. The concept of relations of production refers to the social organization of this combination. Particular forces of production and particular relations of production together form a particular mode of production according to Marx.

The dynamics of societal change are explained by reference to conflict. 'At a certain stage of their development the material forces of production come in conflict with the existing relations of production ...'(Bottomore and Rubel, 1963:67). Each historical stage is characterised by its class contradictions which are inherent in the organization of production. As Hoogvelt notes:

These contradictions become aggravated as a result of the development of the forces of production to a point where these can no longer be usefully contained within the existing relations of production. They then lead to class conflict, revolution and ultimately an historical transformation of the mode of production (Hoogvelt, 1982:157).

Marx's insight into the evolution of human societies, his method of inquiry and his theoretical constructs, (such as laws of motion of capitalism and class relations), have been extremely influential in shaping the modern social sciences. However,

inaccuracies in the characterization and prediction of the evolution of Asian societies seem to require revisions to his original views. The concept of the Asiatic mode of production has been a topic of controversy.<sup>1</sup> The expansion of European capitalism has failed to dissolve completely the pre-existing modes of production in many third world societies. Neither did it succeed in transforming them into societies having a capitalist mode of production of the European archetype. This is in contrast to Marx's forecasts. In contrast to Marx's prediction, British colonial penetration manifestly has not fulfilled the regenerating mission of laying the material foundation of Western society in Asia. Neither did the European expansion compel Sri Lanka, or for that matter India, to adopt the bourgeois mode of production such as the European mode. As Brenner (1977:25) argues, the capitalist expansion in the third world has not only failed to introduce capitalist economic development but has also served to erect barriers to that development.

The problems faced by Marxist theory in explaining the development experience of the third world, coupled with critiques of the 'simple evolutionary teleology' of the Stalinists, led researchers to reassess Marxist theory. Increased attention was directed to a re-examination of the course of capitalist development, the role of imperialism and its effect on the third world and the proper characterization of social formations in the third world. The dependency and world systems paradigms are among the more influential and important results of these exercises.

### **The Dependency Perspective**

The historical roots of the dependency perspective lie in the work on the theory of imperialism and capitalist development by such writers as Hobson (1948), Lenin (1973), Baran (1957) and

---

1. Marx's characterization of pre-colonial Asian society and his views about the role and impact of British Colonialism on that society have been rejected by some writers such as Chandra (1981) and Alavi (1980). See chapter three for a discussion.

Prebisch (1950). In almost all of these contributions the influence of classical Marxism is immense. The work of Hobson and Lenin has sought to explain sources of imperialist exploitation while the emphasis in dependency theory is directed toward explaining the effects and impact of imperialism on the third world. In large measure the focus is on the 'pathology of development', namely 'underdevelopment'.

In direct contrast to liberal theories of development, the dependency perspective conceives 'underdevelopment' in the third world as primarily a result of the 'contact' between the now developed nations in the west and third world nations. Therefore the modernizationist notion of 'modernization through culture contact' or 'cultural diffusion' is replaced by the notion of 'underdevelopment through cultural domination'. According to the dependency perspective, the historical process of European capitalist expansion through mercantalist and colonial periods has integrated third world countries into an international capitalist economic system. This system is made up of metropolitan or core economies in the centre, and satellite economies in the periphery. The more developed industrial capitalist countries are the metropolitan economies while the third world nations occupy satellite positions in the periphery.

The dependency perspective associates the underdevelopment of the third world with the very same processes that transformed the now developed metropolitan economies. The metropolitan economies developed by expropriating the economic surplus from the former and the former became underdeveloped 'aiding the ascendancy' of the latter. Therefore, for the dependency theorists, the development of the centre and the underdevelopment of the periphery are two sides of the same coin.

Primitive accumulation by the European capitalists during the mercantalist period, and unequal trade relationships forged and maintained in the colonial and neo-colonial periods between the centre and periphery, are the avenues of transfer of surplus from the periphery to the centre. The need for

European capitalism to expand geographically to envelop peripheral regions is explained by reference to the laws of motion of capitalist development as shown in the now famous Hobson-Lenin thesis.

The mechanisms of unequal trade are associated with historical distortions in the world market. The process of European capitalist expansion created an international division of labour where the third world specializes in the production of primary agricultural exports and the metropolitan centre specializes in manufactured products. As Prebisch (1950) and the Economic Commission of Latin America (ECLA) argued this division of labour essentially produces an increasing inequality in international trade to the disadvantage of the producer of primary exports. The primary export products suffer from a tendency to decline in price and demand in the world market, while the manufactured products from the metropolitan economies show a tendency to increase in price. In consequence, third world economies face a deterioration in the terms of trade in relation to manufactured products and experience a 'widening foreign exchange gap'. According to Prebisch (1950), this increasing inequality of trade is due largely to the demand inelasticity of primary agricultural products, the substitutability of primary products by synthetics, and the decreasing ratio of raw material inputs in manufacturing production which accompanies technological progress. The unequal distribution of the gains of technological progress in the centre and in the periphery further contributes to the problem. It is only in the centre, and not in the periphery, that wages rise as a result of technological progress and increases in productivity. The continuity of 'unequal exchange' between the periphery and the centre, which began during the merchant capitalist period and progressed through the colonial period and into the present neo-colonial period, can be explained by reference to the ability of metropolitan economies to manipulate production processes and markets to their advantage.



As part of the process of integration of peripheral regions into the centre-periphery relationship there emerges in the periphery a comprador class (which Frank called the 'lumpen bourgeoisie') whose economic interests become closely linked with those of the metropolitan bourgeoisie. This alliance between the dominant strata in the periphery and in the metropolis is perpetuated to the detriment of 'development' in the periphery.

For the dependency theorist, the social formation in the periphery is capitalist because economic production is geared to the capitalist world market. In order to bring about development, underdeveloped nation states in the periphery are recommended to break away radically from the world capitalist system.

Although the dependency perspective stresses important factors causing 'underdevelopment' which are ignored in liberal theories, it faces, theoretical and empirical problems itself.

First, the dependency perspective does not clearly delineate how the mechanisms of expropriation of surplus from the periphery to metropolitan societies lead to the exploitation of the former.

Secondly, the 'stagnationist' view of the dependency theory holds that capitalist industrial economic development is not possible in the peripheral economies while they remain in the world system. The impressive growth experienced by selected peripheral economies such as Hong Kong, Singapore, South Korea and Taiwan illustrates the limitations of this view (cf. Warren, 1973).

Thirdly, Brenner (1977) attacks the dependency theorists' belief that the transfer of surplus from the periphery to the centre is largely responsible for the development of the latter and the underdevelopment of the former. The criticism is that mere transfer of wealth from one region to another does not lead to capitalist development in the receiving region nor underdevelopment in the originating region. He argues that 'no amount of accumulated money or wealth can explain the accumulation of

capital for this requires certain historically developed social production relations' (1977:66).

Fourthly, dependency theory has been criticised for the omission of the social relations of production or class analysis from the model. Critics claim it is production relations that determine the type of exploitation and type of interaction under different historical conditions between centre and the periphery. The involvement of underdeveloped countries in the world economy was significant only because it 'locks into position certain classes that stood in the way of capitalist transformation' (S.B.D. De Silva, 1982:11). Thus it is argued that it is in the sphere of production that the exploitation must be located and not in the sphere of exchange as the dependency theorists would believe.

Fifthly, dependency theory has been attacked for characterizing third world social formations as capitalist. An essential property distinguishing the capitalist mode of production, according to Marx, is the presence of 'free wage labour'. Under the capitalist mode the labour is free both from the ownership of means of production and from feudal obligations - the direct producer is free to sell his labour (Alavi, 1982a). As Laclau (1971) argues, the presence of pre-capitalist and 'unfree' forms of labour relationships, such as service obligations in exchange for tenancy rights, makes it difficult to characterize certain Latin American economies as capitalist.

Finally, the dependency thesis does not enable the researcher to explain how and why the unequal exchange and exploitation of the periphery continues under different historical conditions. The questions 'How long can peripheral underdevelopment, due to transfer of surplus, continue?', and 'Would the peripheral surplus disappear at a certain point of time, if it continues to flow out?', remain unanswerable in the dependency model. Nevertheless it should be acknowledged that

the central contribution of the dependency theorists was the insight that it was of limited value to study the development of the societies of the third world in isolation from the development of the advanced societies' (Roxborough 1976:177).<sup>1</sup>

### The World Systems Perspective

The world systems perspective pioneered by Wallerstein (1974) has attempted to overcome the problems faced by the dependency paradigm. The world systems perspective may be considered as a refinement and reformulation of the dependency paradigm. Skocpol has summarized world systems theory as follows:

The capitalist world economy is based upon a geographically differentiated division of labor, featuring three main zones - core, semi-periphery and periphery - tied together by world market trade... Each major zone of the world economy has an economic structure based upon its particular mixture of economic activities and its characteristic form of 'labor control'... The different zones are differentially rewarded by the world economy, with surplus flowing disproportionately to the core areas. Moreover, the economic structure of each zone supports a given sort of dominant class oriented toward the world market, as well as states of a certain strength (strongest in the core and weakest in the periphery) that operate in the interests of that class... The differential strength of the multiple states within the world capitalist economy is crucial for maintaining the system as a whole, for the strong states reinforce and increase the differential flow of surplus to the core zone. This happens because strong states can provide 'extraeconomic' assistance to allow their capitalist classes to manipulate and enforce terms of trade in their favor on the world market (Skocpol, 1977:1076).

There are two modes of transfer of surplus from the periphery to core, namely economic and political. Different wage levels in different zones, determined largely by the international division of labour and specialization, results in unequal exchange between the zones in favour of core. At the political level,

---

1. Following a critical assessment of dependency theory, Palma (1978:912) concludes: 'We find in (dependency) analyses a *methodology* adequate for the study of concrete situations of dependency, from which concrete concepts and theories can be developed, and from which strategies of development can be set up in terms of specific situations of each society with economic analysis placed within clear social and political coordinates'.

the stronger states, which invariably develop in the core, utilize 'extra-economic means' to impose and maintain unequal exchange relationships which favours the core against the periphery. In periods of recession, according to the world systems perspective, peripheral states can seize the opportunity to move upwards and become semi-peripheral zones. The semi-peripheral zones, or 'sub-imperialist' states as Frank (1979) labelled them, are 'middle sector' or 'go-between' areas of the world capitalist system.

Thus the world systems perspective reaffirms that social formation in the periphery is in fact 'capitalist'. It insists on taking the world capitalist system as the unit of analysis and not the nation state as is the case in the liberal developmentalist perspective. Like dependency theory it locates underdevelopment in the sphere of international exchange. Wallerstein, by introducing the concept of semi-periphery, insists that the world systems perspective can explain the different 'levels' of growth in subsystems of the world system.

Several of the criticisms levelled at dependency theory have been extended to the world systems perspective. Smith (1980:495) attacks the 'unhistorical determinism of the world systems view in which internal structures are totally determined by external forces'. This echoes the Marxist objection to locating exploitation in exchange relationships rather than in the sphere of production relationships. According to Marx, production, not exchange, is the determinant of the mode of production of any given social formation (Navarro, 1981:81).

In world systems theory, 'stagnationist' tendencies apply similar to those which may be seen in the dependency theory. The view that the internal structures of the subsystems are determined by external forces, paints a pessimistic picture of the prospects for national development in the third world.

According to world systems theory a subsystem within the world capitalist system cannot become socialist unless the

entire world system changes. This belief poses problems to world systems theory, particularly in relation to the position of socialist economies and the presence of revolutionary class struggles in the subsystems (Navarro, 1981:83).<sup>1</sup>

The primacy of the external forces as determinants of whatever happens in a subsystem of the world system underestimates the conflict between classes within a subsystem arising from internal contradictions. Consequently, it should be noted that,

while international exchange reinforces existing class relations or shapes them in certain directions, communities of peasants and urban workers play an active role in shaping responses to the world system rather than simply being shaped by it (Evans, 1979:19).

It is this lack of emphasis on factors internal to a given society which represent a further weakness of world systems theory. According to Eisenstadt (1979:5), 'there is a discrepancy between their [world systems theorists'] analytical conceptual framework and the richness of historical material on social change'. This inability to explain the historical material by their conceptual scheme is largely due to 'the neglect of the analysis of internal cultural and social structures of both the hegemonic and dependent units'. The lack of specificity in the world systems approach creates a need for the study of internal patterns of social organization. Eisenstadt argues that this lack of emphasis on internal variables is a result of 'over-emphasis of the modern world system as the most important single determinant of dynamics of contemporary international system' (Eisenstadt, 1979:5). As Smith (1980:495) has noted many of the shortcomings of the world systems and dependency paradigms seem to emanate from 'their preoccupation with the search for 'grail'- the all encompassing theory of the world which will explain all important economic forces'. Nonetheless the emphasis in both these approaches on the role of trans-national structures and entire

---

1. See also Worsley's (1980) criticism of world systems perspective on the issue of viewing countries in terms of a one single world capitalist system.

mechanisms in shaping processes of change has indelibly affected the analysis of patterns of third world development.

### **Recent Developments**

Whilst the dependency and world systems theorists give primacy to exchange relations among the units in the world capitalist economy, the 'Marxists' emphasize the analysis of production relations. Hence the former are labelled as the 'circulationists' and the latter 'productionists'. Recent writers (Amin, 1976; Mandel, 1975) have attempted to synthesize common elements from these viewpoints. Yet others (Alavi, 1982; Laclau, 1971) have sharpened the mode of production analyses.

As shown in the discussion above the dependency and world systems paradigms located the roots of 'underdevelopment' in the exploitative capitalist world market arrangements. Writers such as Laclau (1971), in contrast, locate the roots of 'underdevelopment' in the third world in the exploitative actions of the advanced countries which find expression in imperialist dominated production relationships in the third world itself. According to this view the mode of production in the periphery is characterised by the articulation of elements of both capitalist and pre-capitalist modes of production though the dominant mode is capitalist. Accordingly, the European capitalist expansion did not supplant pre-capitalist formations in the periphery entirely; instead a 'peripheral' social formation emerged as an articulation of capitalist and non-capitalist modes of production. Thus, in the periphery we find capitalist commodity exchange side by side with pre-capitalist servile exactions, slave labour and other forms of feudal or semi-feudal relations of production. The peculiar pattern of third world development can be understood as a result of this peculiar articulation. As Hoogvelt puts it:

Capitalism overseas came to have the best of both worlds: it introduced commodity exchange all over the globe arranging for an international division of labour most suited for its own needs, and at the same time it could get overseas products at prices which were obtained through extraeconomic means (Hoogvelt, 1982:175).

The pre-capitalist extra-economic means of surplus extraction explain low wage levels, low ground rents and the low price level for the commodities of the periphery in relation to those with the core.

In my view, this understanding of the way that social relations of production leads to 'underdevelopment' is indispensable but of itself is not sufficient to fully explain the course or pattern of development.

Both views contain elements of truth. In some third world regions, as Laclau (1971) pointed out in the case of Latin America the 'articulation' of elements of pre-capitalist and capitalist modes of production have created and continue to reproduce conditions of exploitation. For example, it may be argued that low wage rates in the third world export sectors are obtained and maintained by relations such as servile labour obligations. It is also true that distortions in the world market arrangement created and maintained by the hegemonic advanced capitalist countries reproduce conditions of unequal exchange. The international division of specialization, where economic tasks involving high capital and high skills are concentrated in the core, leads to inequalities in exchange relations and hence in the economic rewards which flow to peripheral regions. These world market arrangements, which favour the advanced industrial capitalist countries, thus help explain unequal exchange between core and periphery. The view that emphasises the analysis of the modes of production supplements the understanding of 'underdevelopment' by explaining the nature of peripheral socio-economic structures.

In my view, Alavi's analysis (1980; 1982a) better captures the process of transformation of third world societies under the impact of colonial capitalism, and the structural characteristics of the ensuing social formation, which he calls 'peripheral capitalism'.<sup>1</sup> According to him, colonial capitalist activity in third world societies has transformed the pre-colonial social

---

1. Also see McEachern (1982), on this line of argument.

formation into a distinct form of capitalism - that is, peripheral capitalism. Pre-capitalist structures and relations, which at a superficial level appear unchanged, are imparted with new meanings and significance when the structural bases of social relations are profoundly transformed by the impact of 'colonial capital and the development of indigenous capital' (Alavi, 1982a:173). Thus the third world societies have ceased to be feudal.

Recent writers who adopt the world systems perspective, unlike those of an earlier day, appear more willing to accommodate the notion of the articulation of modes of production. Mandel observed:

A capitalist world economy is an articulated system of capitalist, semi-capitalist and pre-capitalist relations of production linked to each other by capitalist relations of exchange and dominated by the capitalist world market (Mandel, 1975:48).

In the capitalist world system, as Mandel points out, elements of more than one mode of production are combined in the periphery. This articulation, with the aid of associated distortions in the world market, results in unequal exchange. Extra-economic pressure by the states in the core further enhances the disproportionate flow of economic rewards.

This convergence can be seen reflected in the work of Amin, a 'third worldist', who attempted to synthesize both 'circulationist' and 'productionist' concepts. According to Amin (1976:73) capitalism in the centre is an autocentric system which is characterised by 'simultaneous production of production goods and consumer goods'. Colonialism imposes a specific structure in the periphery which Amin calls 'peripheral capitalism' which may be distinguished from the 'pure' capitalism of the centre.<sup>1</sup>

In peripheral capitalism, productivities, income and profitability between sectors in the peripheral economy are extremely uneven. By creating an export sector in the periphery during the colonial period, the centre capitalist countries

---

1. cf. Alavi (1982a:178-182).



obtained raw materials and food at production costs lower than those of the centre. Unlike the economies of the centre, wage levels in the periphery do not keep pace with increases in productivity.

The import-substituting industrialization strategy of the peripheral countries deepens the dependency of the peripheral economies on the centre for capital, technology and raw materials and perpetuates the integration of the periphery into the world economy. This reproduces conditions for continued unequal exchange.

In the neo-colonial period the inequality continues but in novel forms. The multinational corporations establish manufacturing plants in the periphery. Sub-imperialist countries emerge in the periphery and are characterised by a new division of labour. But such countries inherit 'industries that have limited scope for expansion and for growth potential (hardware), while the centre keeps back for itself those (industries) with highest potential for progress (software)' (Amin, 1976:382).

At the level of international politics, Amin considers the resistance movements to world capitalism such as OPEC and demands for a New International Economic Order (NIEO) by the third world as a 'break towards socialism'. This third worldist view however is rejected by some writers. For example, Petras (1978:39) argues: 'underdevelopment is the product of the capitalist mode of production, not of patterns of distribution. Therefore policies at the level of distribution are misleading'. In contrast to the view espoused by Amin, Petras reasserts the primacy of class analysis and emphasises social relations of production characterised by exploitation rather than underdevelopment. However, he too acknowledges the influence of world market forces on the internal organization of production in peripheral societies.

By now a diversity of opinions will be apparent in the literature. Some (Warren, 1973) argue that the third world is in an early stage of capitalism and industrialization; others (Frank, 1967; Wallerstein, 1974) that the third world is capitalist. Amin

(1974) claims that the third world is en route not to 'pure' but 'peripheral' capitalism while Alavi, (1975) argues it is a colonial mode of production. Laclau (1971) insists it encompasses more than one mode of production.

The position taken in this thesis is that the process of colonial transformation led to the emergence of a social formation and a pattern of development that can best be characterized as peripheral capitalist, as distinct from metropolitan capitalist, and that the course and pattern of development followed by Sri Lanka is best understood from this perspective. The theoretical and conceptual framework used in the thesis is spelt out more fully in Chapter Two which discusses the external factors influencing core-periphery relations. The remainder of this chapter meanwhile concentrates on the conceptual issues involved in the characterization of peripheral capitalist social formations, and in analyzing the rural class formation and the power structure at the national level with special reference to Sri Lanka.

### **Characterizing Peripheral Capitalist Social Formations**

The debate about the proper characterization of third world social formations is a heated one. It may be recalled that the third world societies are classified variously as feudal, semi-feudal, capitalist and semi-feudal-semi-capitalist. In the case of Sri Lanka, the capitalist nature of production relations in the urban industrial and service sectors of the economy are not much disputed. But this is not so in the case of the rural peasant agricultural sector. The presence of apparently non capitalist relations such as *ande* or sharecropping tenancy, has raised doubts about characterizing the peasant agriculture as capitalist. The position adopted in this thesis is to argue that Sri Lankan social formation is neither feudal nor semi-feudal but peripheral capitalist. This position runs counter to the view of

those who had been tempted, for instance in the case of Indian agriculture, to designate agricultural relations as non-capitalist, on the basis of the existence of sharecropping and debt bondage, the absence of a developed labour market and on the basis of features of the labour process, such as the minor role played by wage labour and the major importance of land rent.<sup>1</sup>

Similar arguments have been made in relation to Sri Lanka. The presence of two forms of rent relations, namely labour rent and produce rent, prompted Gunasinghe (1975b) to argue that pre-capitalist extractive relations continue to exist in Kandyan rural areas. However observing the widespread commodity production and monetary circulation (which are incompatible with the designation of the above as feudal relations), he designates them as not feudal but semi-feudal. For him:

the adjective 'semi' applied in front of the word 'feudal' clarifies the specific situation present in the Kandyan rural areas. Though some production relations are feudal in *form* they are located in a general structure which is bourgeoisie in *content*. This lacks the 'purity' of a feudal production relation located in a feudal general structure. Moreover, the presence of commodity exchange, monetary circulation, etc. has subjected the very basis of feudalism, land itself, to market forces. Hence, these relations taken in general context, are not feudal but semi-feudal (Gunasinghe, 1975b:122).

Although he asserts that the basis of feudalism had been changed, a clear analytical statement of how they are transformed is not provided.

As Patnaik (1983:80) correctly pointed out 'the form of rent appropriation itself tells us very little about the underlying production relation on the basis of which that rent is produced'. Therefore:

to establish whether a relation is 'semi-feudal' or not we have to look not at the form of rent but who is producing the rent: the petty producers, on the basis of family labour; or the capitalist entrepreneur, on the basis of wage labour. A share-of-crop rent in the first case is pre-capitalist rent; the same form of rent as share-of-crop represents, however, is capitalist rent in the second case (Patnaik, 1983:81).

---

1. See McEachern (1976) for a summary of the arguments raised in the famous debate on the mode of production in Indian agriculture.

Because *ande* tenancy in Sri Lanka is generally empirically associated with petty producers operating by utilizing family labour, the question arises whether it is a pre-capitalist form. According to Patnaik (1983:82) 'empirical association is a different matter altogether from an analytical definition' and 'sharecropping as a sub-form of kind-rent is not restricted to petty production, but can be compatible with transitional and capitalist production as well'. Sharecropping therefore is seen as an intermediate or transitional form of surplus extraction.

Failure to capture precisely the nature of the transformation of social structures under colonial capitalism and the new meanings imparted to old relations through that process, leads to characterizing social formations incorrectly in the third world as semi-feudal. It will be argued that the bases of surplus extraction in the pre-colonial society - the divided ownership of the means of production and extra-economic compulsion, had been replaced by separation of actual producers from the means of production (primarily land) and economic compulsion under the impact of colonial capitalism. Coupled with generalized commodity production, these changes have transformed pre-capitalist structures and Sri Lanka is no longer pre-capitalist or semi-feudal. Some old *forms* which are apparently surviving have been imparted with new meanings and significance because the structural bases underlying them has been transformed.

For instance, following the penetration of capitalist relations, the nature of sharecropping tenancy relations have undergone changes. Sharecropping in the contemporary third world is significantly different from that under feudal production. Firstly, under feudalism, rent is based on divided ownership of means of production and the economic and political role of the dominant class towards the production process 'whereas in the third world under the changed conditions, rent relations work on the basis of the separation of the direct producer from the basic means of production' (McEachern, 1982:13). Secondly, under generalized commodity production, use-value dominated production

has changed into exchange-value dominated production. Prior to the penetration of capitalist relations the kind rent 'was used to a considerable extent - and possibly to a greater extent - to meet landowners' personal needs and did not get into the sphere of exchange relations' (Rastiannikov, 1962:13). But with the spread of commodity and money relations, it has increasingly become exchange value for the landowner - it is now extracted mainly with the aim of marketing.

Following this line of thought, the relationship between rent and sharecropping in Sri Lanka can be interpreted as a transitional form of wage labour/capital relationship. These forms will decline with the advent of real subsumption of labour by capital with the introduction of new improved technology and greater investment in agriculture.

Failure to capture the precise nature of the transformation of pre-colonial structures under the impact of colonialism is further reflected in some of the models used in analysis of South Asian agrarian social structures. One such model, as observed by Herring (1981), attempts to analyse agrarian relations in terms of semi-feudal patron-client framework which depicts relations as complementary and harmonious. This view ignores the material basis of the patron-client relationship - the structural inequality in the access to the means of production. Also it does not grasp the new meanings imparted in the old forms through the process of colonial social transformation. According to Herring (1981:13) this view 'overlooks roots of deference and voluntary acceptance of ideologies that legitimate structural inequality'. Indeed, not only was the basis of traditional relationships transformed; they were being progressively replaced.

### **Analyzing Rural Class Structure**

Another pitfall which needs to be avoided is the attempt to analyze class formation in terms of arbitrary statistical categories. Classification of peasant population into statistical

categories using arbitrary criteria has led to the formulation of ambiguous schemes which do not approximate reality. Occupation, size of income, value of assets and ownership of land are criteria frequently utilized in studies of social stratification. Ohrling's (1977:209) scheme of classification is a sufficient example to illustrate pitfalls of the use of arbitrary criteria. He classifies the population in his study area into four groups on the basis of differentials in ownership of land. These groups are: 'big landowners' (owning more than 10 acres); 'middle-class farmers' (owning 3.1 - 10 acres; 'small farmers' (owning 0.1 - 3 acres) and the 'landless'. In terms of the differences in ownership of land alone there hardly exists a sociologically meaningful difference between a person owning 3 acres and a person owning 3.3 acres although the former is classified as a 'small farmer' and the latter a 'middle-class farmer'. This is not to argue that differentials in ownership and control of land - the primary means of production in agriculture - are of no importance in determining one's socio-economic position in villages. But arbitrary classification schemes, as demonstrated above, do not reflect the structurally determined social inequalities, and the issue of class formation and inequality cannot be reduced simply to differences in the size of holdings or landownership. Similarly, the categories used in government legislations, such as the Paddy Lands Act of Sri Lanka 1958, are based on abstract legal-administrative definitional criteria and as such are of limited use in the analysis of rural class formation.

Identification of sociologically meaningful groups going beyond classification of populations into statistical categories utilizing arbitrary criteria, is an initial requisite in analyzing social relations. For a proper understanding of the rural social structure, structural and relational criteria need to be utilized in distinguishing between social groups. This task is particularly difficult in Asian societies such as Sri Lanka where agrarian transition has not polarized the rural population into neat categories of wage labourers and a class of landowners, and where the rural population is far more differentiated and complex than simply to be denoted by the blanket term 'peasantry'. The

boundaries between the groups are blurred and they often overlap. For example, there are independent peasants who cultivate holdings owned by them, using their family labour and at the same time they work for others as wage labourers or engage in production as tenant cultivators. Thus the classification of rural populations is a delicate task, particularly in the South Asian context (Mitter, 1977:21: Beteille, 1974:15-33).

For the task of classification, one must fall back on analytical, not statistical categories. In situations where a person enters into more than one relation of production, for instance, the difficulty of classification can be met, as discussed by Alavi, by determining the *principal* relation of production from which the person draws his livelihood. Accordingly:

a peasant who owns a tiny patch of land, but depends for his livelihood *mainly* on sharecropping for a landlord or on working as a labourer, is classed as a poor peasant; he is not classed as a middle peasant even though he owns some land. Again, a middle peasant who employs casual labour occasionally to cope with peak operations is classified as a middle peasant, for his livelihood does not depend primarily on the exploitation of the labour of the others (Alavi, 1973:295).

### **Power Structure at National Level**

At the other end of the hierarchy, in the analysis of the power structure at the national level, two models have been dominant, namely the class model and the elite model. The discussion first turns to the utilization of the concept of elite. The term 'elite' was used by classical theorists, Pareto and Mosca, to describe the group of individuals in society who actually wield supreme power. The governing elite is distinguished from the masses by their 'superior qualities'. In opposition to Marxist theory of classes, the classical elite theorists viewed the governing elite as an inescapable necessity of every human society. As Putnam (1976:4) summarized, they portrayed the governing minority of elite as 'a socially isolated, self-seeking leadership caste that

cleverly dominates the abject masses'.<sup>1</sup>

Little consensus exists among the social scientists about the definition of elite and the term is now commonly used, free from the shackles of the classical theories of elites, to refer to economically, politically and socially dominant groups in the society. Some elements of class theory have blended with, and been introduced to supplement, the analysis of elites.

Despite its several drawbacks, the elite concept is recurrently applied to the study of the underdeveloped societies. This is particularly so by those social scientists favouring the modernization perspective from which to study political stratification and socio-political structure in the third world. Apart from the alleged absence of classes in the Marxian sense in the third world, the divergences from the ruling class model are factors favouring the application of the idea of elite in these societies.

The absence of classes in colonial societies corresponding to the classical western European archetypes is only to be expected as capitalism in these societies took a different form to that it took in the west, largely as a result of colonial penetration and integration of these societies into the world capitalist economy. However, this does not preclude the use of the concept of class as an analytical tool, and the class model may be supplemented but not necessarily be supplanted.

---

1. The classical elite theories have been criticized for their failure to adequately explain the bases and sources of power of the elites, the cohesiveness of the elite, elite transformation and also for their failure to satisfactorily explain social change (see Bottomore 1964). Further, these theories do not suggest a way out of minority elite rule and the masses are viewed as passive spectators, and therefore are 'anti-masses'. According to Shivji (1976:25) successful revolutions in China and elsewhere, where masses have played an active role in the making of history, present evidence against this view of the non-elite as passive.



There is general agreement on patterns of the elite structure in ex-colonial societies. The following features are common to the elite model of most of the modernization and liberal theorists: Many of the ex-colonial Asian societies are ruled by a political elite which emerged during the colonial rule and entered into national politics through the independence movements. The elite is composed largely of professionals, top bureaucrats, intelligentsia and also businessmen. The third world elite is a cosmopolitan one and its life-style and values are western. The influence of the exposure to western education, values, material culture and liberal democratic ideologies is reported to have inspired them to cry out in their own societies. Thus they are designated 'modernizing' or 'Westernizing elites'. The implication is that the elite is equipped with the skills and outlook and experience derived from the modernized societies to take up the task of steering their own societies along the path of modernization. The major tasks facing the third world elites are economic development, national integration and the breaking down of feudal autocratic systems (Bottomore, 1964:89).

This modernizationist view of the third world elites is not shared in this thesis. This conception is inadequate to understand political economy of peripheral capitalist societies because it does not place the dominant groups in ex-colonial societies in their proper socio-economic context - as part of a peripheral capitalist structure dominated by the centers of the capitalist world economy. Such groups must be viewed in relation to the specific socio-economic formation that evolved as a result of colonial penetration. Their class position and commitments, and the constraints within which they operate, are derived from this specific structure, and are influenced largely by the given society's position in the world capitalist economy at a given time. Among third world societies, variation in the pattern of class formation exists. These variants depend on the nature of pre-colonial social formation in a given peripheral society, the

role and position of a given peripheral society in the modern world economy and the nature of specific responses by the social groups in these societies to the structural position. In some cases the local entrepreneurs join the metropolitan capitalists as junior partners and begin to play a comprador role. Bureaucratic and professional groups in this situation play an ancillary role of organizing and managing the state apparatus. For instance Andre Gunder Frank argued 'that there is no national bourgeoisie in Latin America but only the local agents and accomplices of U.S. imperialism' (Barratt Brown, 1982:168). Yet in other places, such as in India, it is argued that a small national bourgeoisie emerged which, together with the radicalized sections of the educated elite, formed the Congress Party.

The classical distinction of two upper classes - landed oligarchy and industrial bourgeoisie - may not be present in some third world countries. Instead, as shown in the case of Brazil and Chile for example, 'family groups of industrialists and agriculturalists overlap considerably so that members of the same family have interests both in industry and in agriculture' (Roxborough, 1979:76), thus indicating the unitary nature of the dominant groups. This is true also of Sri Lanka where the fractions of the dominant social groups are considerably interlocked and interwoven by kin relations.

Further, as Alavi argues, in some peripheral societies (such as India) the indigenous bourgeoisie, the metropolitan bourgeoisie, and the landowning classes do not stand in 'irreconcilable contradiction vis-a-vis each other', rather they are 'located in the single structure of peripheral capitalism which admit their competing interests without a structural contradiction between them' (Alavi, 1982b:298).

Although their roles are mutually exclusive rather than complementary, their common ground provides them with a basis of mutual class alliance. Whereas Baran (1982: 202) emphasised

the parallel nature of the interests of 'merchant capitalists', 'industrial monopolists' and 'feudal landowners' leading to political and social coalitions, Wallerstein (1974) points out the opposition of interests of the capitalist landowners and the local commercial bourgeoisie in the peripheral countries, leading to a reduction in the strength of the state machinery.

The national regimes in the peripheral capitalist society may forge a variety of class alliances - the nature of such alliances being determined by a specific historical, cultural and economic situation in a given peripheral country. They may take the form of a populist alliance of landed upper class, national bourgeoisie, and labouring population. On the other hand, the national bourgeoisie may join with the peasantry, the proletariat and intellectuals against landed oligarchy. Petras (1978) classifies class alliance or strategies open to post-independence national regimes in the peripheral societies. The first is called the 'neo-colonial strategy' under which the national regime joins the imperial firms to extract economic surplus from the labouring population. Where a relatively strong national capitalist stratum is present a second strategy may be followed. Called the 'national bourgeois strategy', it limits the share going to the imperial firms while extracting surplus from the labouring population and retaining it in the national capitalists' hands. The third, the 'national popular strategy', is characterised by its extension of areas of national control through nationalization and redistribution of income within the national class structure.

In this thesis the terms politico-administrative elite (or politico-bureaucratic elite), indigenous bourgeoisie, and the metropolitan bourgeoisie are used to identify the dominant groups at the national level in the Sri Lankan peripheral capitalist formation.

The politico-administrative elite is the group which led the independence movement (as will be shown in Chapter Six) and eventually came to control the state apparatus. The basis of their power is their possession of the instruments of state power and they can thus be seen as the 'ruling clique'. This category is drawn from the upper ranks of the political parties, political heads of government ministries, top levels of civil service, bureaucracy, judiciary, military and police, public corporations and other state apparatuses. Control and access to political power are viewed as the initial determinants and primary attributes of this group to which wealth was subsequently added. As the post-independence state became increasingly a source of economic power, in addition to an instrument of political control, the economic interests of this group became closely linked with that of their political power. This process has led some third world writers (Shivji, 1976; Roxborough, 1979) to refer to this category as a 'state bourgeoisie'. For example in Tanzania as the state and state institutions became the dominant factor in the economy following the Arusha Declaration, and the dominant group is said to have changed from a politico-administrative elite to a state bourgeoisie. According to Shivji (1976:85) 'political power and control over property had now come to rest in the same class'.

Two fractions or groups within the indigenous bourgeoisie in Sri Lanka can be distinguished. They are the 'national' fraction and the 'comprador' fraction. Indigenous bourgeoisie refers to the group who owns and controls big commercial, and industrial enterprises. The comprador fraction is tied to the import-export business and has strong links with metropolitan firms. Its members are commonly part-owners, managers and executives of foreign companies. This fraction is formed in response to the opportunities provided by foreign industry and commerce and hence plays a role ancillary to the metropolitan capital.

The national fraction of the indigenous bourgeoisie, on the other hand, has no direct ties with the metropolitan capital and plays a 'nationalistic' role and commonly takes an anti-imperialist economic and political stance.

The metropolitan bourgeoisie retains its influence in the peripheral capitalist society by their direct presence through multinational corporations and joint ventures.

The politico-administrative elite, the indigenous bourgeoisie (including the national and comprador fractions) and the metropolitan bourgeoisie make up the dominant group coalition in the peripheral capitalist society and their alliances, internal struggles and conflicts with other social classes in the society determine the course of national development.

### **Organization of the Thesis**

Chapter One outlines the problem, reviews previous literature on Sri Lanka and describes the characteristics of Sri Lanka's course of development which are to be explained. The major theoretical perspectives used in the analysis of 'development' and 'underdevelopment' are also examined. The theoretical stance adopted in the thesis is stated and conceptual issues in the analysis of the internal structures of the peripheral capitalist societies are clarified. Major focus is on the issues involved in characterizing peripheral capitalist social formations, analyzing rural class formation and the power structures at the national level. In Chapter Two the broader theoretical framework adopted is spelt out more fully emphasizing mainly on the external factors that are shaping core-periphery relations.

Chapter Three describes the main features of the pre-colonial social and economic organization of Sri Lanka. Beginning with a review of the debate over the pre-capitalist formations in

Asia, the focus then shifts to a discussion of the features of the ancient Dry Zone civilization in Sri Lanka and then to Kandyan social organization as that social formation which came into contact with colonial capitalism. The process of socio-economic transformation under colonialism is analyzed in Chapter Four. The advent of plantations and the peripheralization of the economy, the impact of the colonial state policies, and changes to the labour process and to the socio-economic hierarchy are discussed as processes integral to the emergence of a 'peripheral capitalist' society.

Chapter Five is devoted to an analysis of rural class structure and the livelihood strategies of rural social groups. Chapter Six focusses on the social and economic power structure at the national level. The composition of the dominant groups and the pattern of their political alliances are topics dealt with in this chapter. Chapter Seven critically examines the economic and political strategies of the post-independence national regimes. These strategies are viewed in relation to the class composition and alliances of the various regimes which have held power since independence. This chapter evaluates some selected policy programmes of the post-independence period.

In the concluding chapter the argument is briefly reiterated, and the utility of the chosen perspective in explaining the pattern of development in Sri Lanka in particular and in colonized societies in general, is highlighted. Implications for future strategies and programmes intended to alter the pattern of uneven development and alleviate major social inequalities are also discussed.

## **C H A P T E R 2**

### **CORE PERIPHERY RELATIONS AND PATTERNS OF DEVELOPMENT**

This chapter deals with the process of development of world capitalism. It examines the origin of European-centered world capitalism, and the transformation of third world societies under the impact of the penetration of capitalism in general and the transformation of Sri Lankan society in particular.

#### **The Development of World Capitalism and Transformation of Third World Societies**

The development of a European-centered world economy from around the sixteenth century is a major force in modern societal development. It has since grown 'in its geographical scope, in its productive capacity, in its integration as a whole and its penetration and organization of social relations' (Hopkins and Wallerstein, 1982a:42).

The origins of this world economy date back to the socio-economic transformation of Europe during the period from the eleventh to the sixteenth century. The crisis of feudalism coupled with technological advances in Europe during this time, are key variables explaining the massive transformation. Symptoms of the end of feudalism were many. The feudal system began to disintegrate under pressure from falling real income and internecine warfare in the ruling strata, due to rising real wages, demographic disasters, and a rebellious peasantry. Economic advantage began to accrue to those who adopted alternative modes of surplus appropriation, notably those based on market mechanisms. Simultaneously Europe experienced technological advances, especially in navigation and shipping, metallurgy and the manufacture of weapons, which conferred an advantage in mercantilist activities overseas and gave an edge in industrial production at home. 'The changes in socio-political structure provided an appropriate framework for technical progress and

were themselves influenced by the latter' (S.B.D. De Silva, 1982:19). Eventually the feudal mode of production became overshadowed by the capitalist mode.

The adoption of alternative modes of surplus appropriation involved geographic expansion, regional economic specialization and the rise of the absolutist state; in short, the creation of a capitalist world economy (Wallerstein, 1976:351). Primitive accumulation of wealth through mercantilist activities overseas fuelled the process of industrial revolution in England such that by the eighteenth century, England overtook the Netherlands and France in the competition for commercial and industrial supremacy. By the nineteenth century European-centered capitalism had expanded to envelop the whole globe.

Capitalist development is subject to its inherent cyclical crises. The basis of these crises in capitalist accumulation are the periodic discrepancies between production and consumption. These are described generally as crises of over-production and under-consumption. These crises make imperative the geographic expansion into new markets, raw material supplying areas and areas for capital investment.

Commodification and expansion are two of the major ways of resolving the crises of capitalism. 'Commodification' means:

the transfer of land, labor and natural resources from phenomena utilized and distributed in terms of social conventions of limited flexibility into commodities available for 'purchase' on a 'market' (Hopkins and Wallerstein, 1982a:56).

'By expansion' is meant: 'the peripheralization of external areas through their incorporation into the world economy'. However, capitalism today has expanded its boundaries to encompass the whole globe and there is hardly any room left for further geographical expansion.

The only real solution to the crisis of supply outstripping demand is to expand demand by redistributing the surplus. But this leads to a contradiction: 'Since the object of the econo-



mic exercise is ceaseless accumulation, redistribution of the surplus involves a diminution in global accumulation because it diminishes profits' (Wallerstein, 1982:18). Proletarianization involves an effective real increase in workers' income but it eats into the capitalists' profits.

The dynamics of the contradictions of the capitalist world economy are that the crises of over-production and under-consumption call into play recuperative mechanisms such as commodification, proletarianization and expansion which in the long run are asymptotic and make the system unfunctional (Wallerstein, 1978:233).

In the process of expansion, hitherto external areas are incorporated into the capitalist world economy and a global core-periphery division of labour is established. The global division of labour, and the formation of polities or nation states, are two of the fundamental yet contradictory features of the world economy. The division of labour both divides and at the same time integrates the world economy. The integration of core and peripheral economies may be effected, among other means,

by colonial trade monopolies, by transactions internal to contemporary multinational corporations, by a world scale market mediated through one or more commodity-exchanges, by bi- or multilateral barter-like arrangements among states (Hopkins, 1982a:20).

In the process of incorporation of these areas, colonial capitalism transformed pre-colonial socio-economic structures into peripheral capitalist social formations. Peripheral capitalist social formations have properties distinct from those of metropolitan capitalism (Alavi, 1982a). While production relations assume a capitalist character under the peripheral capitalism, the structural specificity of peripheral capitalism lies in the nature of the generalized commodity production and the extended reproduction of capital.

The circuit of commodity production in peripheral capitalist societies is not internally complete as in the case of metropolitan capitalism. For them that circuit is completed only by virtue of their links with the metropolitan economy, by production for exports, and as markets for colonial imports.

... In the case of peripheral capitalist societies, insofar as the surplus value generated in them is appropriated by metropolitan capitalism, this leads to a growth of productive powers not in the peripheral capitalist society but in the metropolis (Alavi, 1982a:181).

Under the division of labour of the world economy, various geographical areas specialize in different productive tasks which carry differential economic rewards. The advanced industrial economies occupy core positions while the third world, or newly incorporated areas, have been assigned the role of the periphery. The core has always specialized in 'comparatively highly mechanized, high profit, high wage, highly skilled labor activities against the comparative opposites' of the periphery (Hopkins and Wallerstein, 1982a:59). Typically, the periphery specializes in the production of primary agricultural and mining commodities in exchange for the manufactures of the core.

This division of labour creates and reproduces mechanisms of unequal exchange and consequently, uneven development in the world economy, as reflected in the growing productive capacity of the core and 'underdevelopment' in the periphery. The mechanisms of unequal exchange, in the form of relative differentials in elasticities of demand for primary agricultural exports from the periphery and manufactured exports from the core, is reproduced throughout the development of the world capitalist economy. The fact of unequal exchange continually reproduces core-periphery division of labour and this division is further maintained by a structure of power-dependence relations in which, as Chase-Dunn (1978:163) notes, 'the transfer of surplus product from periphery to the core, the class alliance, infrastructure and political regimes created by this division of labour act to reproduce it'.

Parallelling the creation of inequalities in the exchange relations in the world market is the formation of class structures and alliances in the periphery, which are conducive to the reproduction of peripheral capitalist patterns of development. The process of class formation and types of class alliances that

incorporation brings about in the peripheral societies are central to the understanding of the pattern of development.

The internal variations in class development are largely a product of the interface of the original organization of production and the particular moment of imperial domination (Petras, 1978:35).

The significance of the incorporation of the periphery in the world capitalist system lies in 'the impact it had on the internal class structures of these countries...' (S.B.D. De Silva, 1982:11). In the periphery there emerged a comprador or collaborative groups, merchant capitalists and politico-administrative elites dominating and steering the state. Present in peripheral societies, such as Sri Lanka, are three major dominant strata: indigenous bourgeoisie (including 'national' and 'comprador' fractions, the administrative-bureaucratic elite and, the metropolitan capitalists. The 'confrontation and compromise' within a 'triple alliance' of these strata are important determinants of the peripheral capitalist pattern of development (Shanin, 1982:317).

The history of the development of the world economy has passed through mercantilist and industrial-capitalist phases.<sup>1</sup> The recession of 1650-1730 resulted in vigorous mercantilist activities by leading European powers. These powers accumulated wealth by means of trading activity in the periphery and this wealth was instrumental in fuelling the process of industrial development in Europe. Following the industrial revolution in the mid-eighteenth century, European-centered world capitalism entered a new phase where peripheral areas began progressively to be

---

1. Amin (1982:168) identifies three main stages of the history of the development of capitalism: 'mercantilism (16th and 17th centuries), competitive capitalism (19th century), and imperialism or industrial oligopoly (from 1880). In all these stages, 'A' phases of systemic growth and 'B' phases of crisis or transition from one A phase to another can be distinguished. Accordingly, during the imperial phase for instance, there was 'an A phase (1880-1914) characterized by an equilibrium among several intensely competing cores some of which are aiming at a hegemonic position; a B phase (1814-1945) characterized by conflict between the cores; and an A phase (1945-1970) characterized by a new hegemony, that of the United States'.

incorporated as satellites, specializing in peripheral types of economic activity. In the period after World War One, a new phase is apparent in the world economy, generally known as the neo-colonial phase. The term neo-colonialism denotes 'the continuing ability of core states to interfere politically in the economic activities of the peripheral states with the intention of altering allocation in the world market' (Hopkins and Wallerstein, 1982a:51). This was a phase of consolidation for the core powers. De-colonization movements in the periphery and the internationalization of capital are two processes apparent in this phase. As Wallerstein explained, the internationalization of capital is a 'new political demand by certain sections of the capitalist class to ensure maximization of profits in the world economy' (Wallerstein, 1974:401). The classes which pressured their states to impose restrictions now find these restrictions constraining. Also the shift of hegemonic position of the world economy from the United Kingdom to the United States of America has taken place in this phase.

Incorporation of an external area into the world economy involves a break in that area's history, the dislocation of social processes and the generation of profound structural changes. The changes brought about in the area's processes of production and in the processes of governance and rule are pivotal.

In the sphere of production, the role of specialization in the peripheral type of economic activity is assigned to the newly incorporated area. Typically the roles assigned involve specialization in primary agricultural and mining products. Further, the development of activities other than those assigned is deliberately blocked. The economic roles assigned to the periphery often involve the introduction of processes of production which are partly or totally new to the incorporated area. The introduction of exotic crops under exotic systems of production, such as the plantation system, is a case in point and common to many peripheral societies. Incorporation also can involve a redirection of the flow of products already produced in that region.

As a consequence of the core-periphery division of labour, a mechanism of differential flow of economic surplus is set in motion. The concept of 'unequal exchange' denotes this feature. As Prebisch (1950) showed, unequal exchange, resulting in deteriorating terms of trade of peripheral exports, is a structural feature of the pattern of export specialization established by the core-periphery division of labour. The inclusion of regions as peripheries also leads to lop-sided economic structures in these areas as opposed to auto-centric or integrated economic development in the core areas. The absence of self-sustaining economic development is a feature of this peripheral pattern of development. Marked differences in the productive capacities of the core and the periphery can be seen. In the course of the development of the world economy a competitive advantage in production and exchange is concentrated in the core countries. This is partly a result of the structure of the core-periphery division of labour. As a result, a growing productive capacity in the core economies and 'underdevelopment' in the peripheries can be observed.

Also characteristic of the pattern of development in the periphery is the lower technical composition of capital in the peripheral mode of production. Technical improvements in the tools and in the organization of production are minimal. As a result the periphery is at a competitive economic disadvantage.

The reconstitution of the processes of production in the peripheralized areas also involved changes in the labour process. It entailed the transformation of the areas population into

labour-in-relation to capital...; the forceful conversion of workers into labour in this sense, and so an increasing and increasingly extensive coercion of labour; and a more or less rapid, more or less extensive decline in the material well being of the population in the area from what it had been (Hopkins and Wallerstein, 1982b:129).

The introduction of new forms of labour and an intensification of existing forms of labour is common. Following the incorporation of external areas into the world economy subsistence households in the periphery are transformed from 'subsistence' into 'part-life-

time proletarian households'.<sup>1</sup> They are moved but only under duress.

Everywhere, expropriation of production of subsistence..., physical coercion, [and] compulsory production... have been the processes of expansion and of the movement of workers from external areas into the world-economy. Consequently, the movement towards part-life-time proletarian household status has entailed, overall, a broadly lower level of living (Hopkins and Wallerstein, 1982a: 69)

Further, the duress of the movement of workers often leads to emergence of exploitative forms of production relationships. The loss of peasant land and compulsory production fuels the emergence of exploitative forms of production relationships. The bases of extraction of surplus from the direct producers undergo changes and consequently production relations are transformed into capitalist ones.

The life-time proletarians receive relatively higher wages because the full cost of reproducing their labour is borne by the employer and also because 'full proletarianization carries in itself political conditions conducive to the growth of workers' organizations, with their upward pressure on wage levels'

---

1. The world systems theorists classify 'workers' households, in terms of their source of life-time income, into three categories: subsistence-redoubt households (those who receive their life-time income from production unrelated to capitalist world economy's division of labour); part-life-time proletarian households (those who receive part of their life-time income from employers in return for work (wages) and a part of their income from direct production either by themselves or by kin or from gift income); and life-time proletarian households (those who receive their entire life-time income from employers in return for their work - wages). The life-time proletarian household receives a higher wage than that of the part-life-time proletarian household. In the former's case, the full cost of production is borne by the employer and the entire amount of wage is paid over a life-time by the employer, while in the latter's case the full cost of production is not borne by the employer and a part of the life-time income is generated from direct production by that household. For instance, in the case of 'part-life-time proletarian households,... if the household itself can sustain itself for a part of a life-time, it is possible for the employer to pay for that portion of the life-time in which this household works for the employer, less the proportionate amount of a life-time minimum wage'. (Wallerstein:1978:227).

(Hopkins and Wallerstein, 1928a:69). In contrast, the wage levels for the part-life-time proletarians are relatively lower because they can be given wages below the physiological minimum wage as the full cost of reproducing the labour is not borne by the employer. Thus the same kind and amount of labour in the periphery attracts a lower wage than it would if it occurred in the core.<sup>1</sup> This is another dimension of unequal exchange between the core and the periphery. Reference has been made to arguments which attempt to explain this unequal exchange in terms of the persistence of features of non-capitalist or feudal modes of production in the periphery, thereby maintaining the low wage levels to the advantage of the core economies which exchange with the peripheries.

Besides the comparatively lower levels of living standards of the periphery's working population, the low wage base hinders effective development of indigenous industries because the domestic market is unable to accomodate such development. However, the core economies find the low wage base in the periphery an attractive reason for the re-location of production and for the continuation of economic exchange with the periphery.

Adjustments to the periodic crises of capitalist accumulation often take the form of a re-location of the production sites to areas where the cost of production is lower and this means re-location to the periphery. This is generally known as 'internationalization of production' and has taken place increasingly in the latest phase of the capitalist development under the aegis of multinational corporations. The industrial growth recently experienced by certain third world countries is corollary to this fact. With the centralization of capital, the multinational corporations have re-located their production sites to the periphery where the cost of production is significantly lower largely due to the low level of wages. Parallelling the transfer of sites of production is the transfer of 'formerly leading but now second level industries

---

1. Frank (1981:157-187) presents evidence from several countries to show the wage differentials between the core and the peripheries and consequent 'super-exploitation' of labour in the third world.

to semi-peripheries' (Wallerstein, 1982:19). This re-location results in the enlargement of intermediary strata employees such as middle level technicians and professionals, increases in their income, and also the transformation of a section of the work force to life-time proletarians or at least to part-life-time proletarians.

With regard to changes in the processes of governance and rule, the incorporation of external areas involves the formation of more or less rationalized and centralized structures in the new area. The newly formed state apparatus

is or becomes strong enough in relation to local (internal) forces to assure flows of goods, people and value in money forms across the borders of its geo-political jurisdiction, but (it) is or becomes weak enough in relation to other jurisdictions (mainly core) to be incapable of blocking such flows [when and if necessary] (Hopkins and Wallerstein, 1982b:132).

This formation of weak states contributes to the reproduction of the core-periphery division of labour and to unequal exchange. Another dimension of the state formation in the periphery is the emergence of an 'overdeveloped state':<sup>1</sup>

overdeveloped, that is with respect to its imported characteristics, [e.g. administration, legal structure] as against the relative underdevelopment of its indigenous class structure (Shanin, 1982:315).

A key factor contributing to the formation of a strong state is the convergence of interests of the dominant groups to form a strong ruling class and its willingness to pursue international political and economic objectives. These conditions were realized in the process of the core states (cf. Robinson, 1978 and Barrington Moore, 1967). However, in the periphery, specialization in the peripheral type of economic activity created a liaison elite, whose economic and political interests were closely tied and dependent on those of the core capitalists. The roles of the indigenous and metropolitan bourgeoisie and the land-owning classes in the periphery are 'mutually exclusive rather than

---

1. For details on this point, see Alavi (1972) and Saul (1974).



complementary... We cannot therefore think of them, together, as constituting a single (ruling) class' (Alavi, 1982a:298).

Following the subjugation of the peripheral nation state, subsequent relations between the imperial power and the colony, in diplomacy or in trade, are characterized by persistent domination and submission. In the periphery, group interests were often fragmented under the colonial policy of divide and rule. All these factors weaken the peripheral state. Conversely, the strength of the state machinery in the core is a function of the weakness of the states in the periphery (Wallerstein, 1974: 403). Hence intervention occurs via diplomacy, subversion and war.

Once differentials emerge in the strength of states, system of unequal exchange favouring the stronger states is inevitable. It should be noted that the state is an instrument used by those classes controlling it to interfere and manipulate the world market to ensure the maximization of profits. Throughout the history of the development of the world economy, core states have used economic and extra-economic power to interfere with the world market. The establishment of the core-periphery division of labour was enforced by means of the power available to the core states. Unequal exchange, which is an integral feature of the global specialization structure therefore is enforced by the strong states on the weak states.

If we use the term 'imperialism' to refer to any use of political power by a strong state (usually a core state) against a weaker state (usually a peripheral or semi-peripheral state) intended to alter allocation in the world market either directly or indirectly, then it is easy to maintain that this is a constant of the inter-state system as it has operated within the capitalist world economy (Hopkins and Wallerstein, 1982a:52).

The peculiar class alliances forged between the core and the periphery are important factors shaping the resistance or collaboration of a given peripheral nation. Changes in the class configuration of the traditional social order in the periphery, as a result of incorporation, warrant special emphasis, due in particular to the emergence of a liaison strata whose economic interests are identified with the core capitalists. As Petras

has observed,

the pivotal unit which facilitates core subordination of peripheral society is the existence within the latter of collaborator classes whose function is to organize the state and economy in accordance with the core definitions of the international division of labour (Petras, 1978:36).

The significance of this for the course of development in the periphery is that the conflicts between comprador and the national fractions of the indigenous bourgeoisie may result in fragmentation of the ruling group and consequently to a weakening of the state machinery and a lessening of its ability to pursue aggressive economic objectives with regard to its location in the world market. In times when comprador fraction controls or dominates the peripheral state core periphery relations are characterized by collaboration. A convergence of interests among the dominant fraction may lead to resistance movements and aggressive economic and political strategies. However, the room for manoeuvre for the peripheral state is limited and restricted by the economic and extra-economic influence of the core economies and their agents (Seers, 1981). As Wallerstein observed, two of the major mechanisms that

have enabled the world system, to retain political stability, in terms of systemic survival itself are ... concentration of military strength in the hands of the dominant forces and the pervasiveness of an ideological commitment to the system as a whole (Wallerstein, 1974:403).

The incorporation of external areas into the capitalist world economy is followed by a diffusion of values and institutions from the core and the creation of an infrastructure to suit the core-periphery division of labour. Included in this array are administrative, legal, political, religious and educational systems. The erection of these institutions furthered the integration of the area into the world economy, but also had a profound impact on the course of development which occurred in the peripheral state.

National development strategies of the post-independence political regimes of the nation states in the periphery have ranged from state interventionist to liberal free enterprise strategies. Petras (1978:43) classifies them into three types: intensification of surplus extraction from the labour force in collaboration with imperial firms and regimes (neo-colonial strategy);

extracting the surplus from the work force by the national regime and limiting the share going to imperial capital (national developmentalism without redistribution); and extending the areas of national control through nationalization, in alliance with the labouring population, re-investing the surplus of the national economy or promoting redistribution of income within the national class structure ('national popular strategy').

Peripheral political regimes, depending on the class composition of their states, launch resistance to the core hegemony. De-colonization movements, cartels such as OPEC and demands for equality and justice in international trade as reflected in the movement for the 'new international economic order' (NIEO) are instances of such action. Within the nation state they may take the form of nationalism and class struggles.

### **Colonial Capitalism and the Sri Lankan Pattern of Development**

It is the contention of this thesis that Sri Lanka is characterized by a peripheral capitalist socio-economic structure established during the colonial period and that the emergence of this structure is the key to an understanding of the present course and pattern of development in Sri Lanka.

The process of incorporation of the island into the capitalist world economy, beginning with the arrival of the Portuguese, was completed by the British and by the dawn of the present century, Sri Lanka was well integrated into the capitalist world economy as a peripheral society. The pattern of development in Sri Lanka since then is peripheral capitalist, resulting in uneven and dependent development, poverty and increasing social and economic inequality. The specificity of the ensuing social formation rests on its 'dependent' links with the metropolitan economies. This fact gives rise to the perpetuation of a 'dependent' as opposed to an 'autonomous' pattern of development.

The making of Sri Lanka as a peripheral society meant

a profound transformation of the pre-colonial social formation. The pre-colonial social formation, described in chapter three, came into contact with the colonial capitalism and underwent massive changes.

Firstly, the colonial transformation entailed a restructuring of the physical as well as social organization of production. It meant the restructuring of the traditional economy to institute the specialization in 'peripheral' types of economic activity as part of the international division of labour imposed by the core economies. The process of establishing a new form of production, the plantation system, is detailed in chapter four. The establishment of the export-oriented plantation system as the dominant economic activity, coupled with the neglect of other economic sectors, resulted in barriers to diversification, and in the extraversion of the economy.

Secondly, the restructuring of the economy entailed the transformation of production relations from pre-colonial to capitalist. The increasing penetration of capitalism intensified the process of commodification of the means of production, especially land and labour. Following the breakdown of the traditional economy and the imposition of the new economic structures, the direct producers were transformed into wage labour and wage labour equivalents. In this process the colonial state policies played a major role, as also shown in chapter four.

Thirdly it entailed the erection of a bourgeois state and state apparatus including legal institutions, administrative structures and mechanisms of government capable of maintaining and controlling national social and economic organization to the benefit of the core-periphery relationship. These structures are integral to, and compliment, peripheral capitalism.

Fourthly, parallelling these developments was the transformation of the class structure. The rural population became more differentiated. Intensified commodity production in rural areas saw the emergence and growth of categories such as petty traders, usurers, and capitalist landowners to form dominant

groups.. The process of rural class formation is spelt out more fully in chapter five where the process of subsumption of rural producers under capital and the consequent marginalization of sections of the contemporary peasant population is illustrated.

At the top of the socio-economic hierarchy, the impact of colonization on the development of an indigenous bourgeoisie and a politico-administrative elite is no less pervasive. As shown in Chapter Six the indigenous elite succeeded the colonial rulers at the time of independence and consolidated their power and position. Besides the liaison or comprador fraction of the indigenous bourgeoisie a 'national' fraction with no direct links with metropolitan capital has grown since independence. This section, having 'national' bourgeoisie interests and objectives, has entered into popular alliances from time to time with various strata to pursue popular national development strategies. The power-structure at national level is analyzed more fully in Chapter Six.

Finally, these alliances - the confrontation and compromise between the 'national' and 'comprador' fractions of the indigenous bourgeoisie, politico-administrative elite and the metropolitan bourgeoisie - bring about different strategies of capital accumulation or 'development'. These alliances, it is argued, are in turn influenced by external forces. Changing trends in the world economy, and reactions and adjustments by metropolitan economies to their periodic crises, have witnessed shifts in alliances between the indigenous and metropolitan bourgeoisie, with consequent shifts in 'development' strategies and in the international division of labour. These processes are spelt out in detail in Chapter Seven where the change in Sri Lanka from an import-substituting to export-oriented industrialization strategy is analyzed. By means of these 'development' strategies and associated policy programmes, the persistence of poverty, uneven patterns of development and the failure of reform measures can be adequately explained.

## CHAPTER 3

### PRE-COLONIAL ECONOMY AND SOCIETY

The major features of pre-colonial socio-economic formation in Sri Lanka are described in this chapter to provide a background for an analysis of the societal changes which followed colonial penetration. The chapter begins with a brief note on the debate about the nature of pre-capitalist Asian social formation. It discusses features of Sri Lankan society during the Dry Zone civilization and during the Kandyan period in detail.

#### **Pre-capitalist Social Formations in Asia**

The exact nature of pre-capitalist social formations in Asia is a topic of much controversy.<sup>1</sup> One view widely held by nineteenth century writers was that there is no private property in the Orient. Of recent times this view has come to be associated with the writing of Karl Marx on the Asiatic mode of production. Among Marxists, this viewpoint has not always been accepted. Nonetheless, the view has been influential. Not the least among those influenced by Marx's writing on the Asiatic mode of production was Karl Wittfogel. Wittfogel held that social formation in pre-capitalist Asia took a distinctive form whereby hydraulic agriculture gave rise to what he called 'oriental despotism'. This social formation was characterized by a despot who ruled by means of an agro-managerial bureaucracy and whose power was based on the control, construction and maintenance of a large scale system of irrigation. The debate surrounds the questions whether the pre-capitalist Asia was feudal or a formation distinct from feudalism, as Marx and Wittfogel believed.

Influenced by the works of pre-nineteenth century writers such as Bernier, Marx formulated the concept of the

---

1. Among the important contributions to this debate are Chandra (1981), Gunawardana (1976), Hindess and Hirst (1975) and Lichtheim (1973).

Asiatic mode of production to capture the essential elements of pre-capitalist Asian society. According to this viewpoint, the major elements of Asian society distinguishing it from other societies were:

a despotic hypertrophied state based on artificial irrigation; absence of private property in land and presence of communal and state property in land; existence of self-sufficient, isolated village communities; virtual absence of internal commerce, independent merchant capital and exchange, and stagnant, stationary and changeless character (Chandra, 1981:36).

Writing on India, Marx asserted that British colonial rule fulfilled both positive and negative roles at one and the same time. On the one hand, it undermined the traditional social and economic structure, while on the other he considered it would create possibilities for the establishment of the progressive capitalist mode of production by breaking the 'stasis' of traditional social formation. This type of view gives support to the 'developmentalist' belief that 'underdevelopment' is an original or primordial state rather than a process.

There are several problems with Marx's conception of the Asiatic mode of production. Typically, objections fall into either of two categories, - one historical, the other theoretical.

Alavi (1980), Chandra (1981) and Gunawardana (1976) have pointed to historical evidence which does not correspond to Marx's conception of ancient Asiatic society. Alavi (1980:391) identified five 'properties' of feudalism: unfree labour; extra-economic coercion in the extraction of surplus; fusion of economic power at the point of production; self-sufficient (subsistence) economy of the village (or the manor) and simple reproduction. He presents evidence from the North Indian society to show the correspondence between that society and the above elements of the Marxist concept of the feudal mode of production. He not only argues that North Indian society was 'structurally feudal' but suggests that perhaps there were tendencies (though in their infancy) towards the transition to a capitalist mode of produc-

tion. Chandra (1981) also presents evidence to prove that 'Marx's basic notions regarding Indian society were essentially incorrect'. He points to historical evidence from Indian society, for instance, to show the emergence of private property in land and to show the absence of irrigation-based despotism. In addition to presenting historical data both from India and Sri Lanka, to confront Marx's conceptions, Gunawardana (1976) points to the insufficiency of Marx's knowledge of Asia, his reliance on faulty sources of information, and the incompleteness of his analysis of Asian society.

This evidence may be utilized to support the view that 'underdevelopment' in Asia was not an original state but a result of disruption and interference by the colonial rulers in the process of societal evolution.

For Hindess and Hirst (1975:180) the question of the existence or non-existence of the Asiatic Mode of production is a 'strictly theoretical question', hence it cannot be settled 'by reference to concrete social formation'. The concept of the Asiatic mode of production can be constructed only if it fits into Marx's general theory of modes of production. The mode of appropriation of surplus-product, according to them, is an index of the existence or non-existence of a mode of production. As Marx believed, the absence, in Asia, of private property in land and of 'any ruling class which is not subsumed within the state', meant the state extracted the surplus-produce. The state stood over direct producers as their 'landlord and simultaneously as sovereign'. 'The state extracts the surplus-produce in the form of taxes which simultaneously are payments for the right of possession and use of land, that is, rents' (Hindess and Hirst, 1975:192). Thus in this case the tax and rent coincides. This mode of extraction Hindess and Hirst called 'the tax/rent couple' and they sought a corresponding mode of production. They concluded: 'Elements of social relations that are deducible from the tax/rent couple do not correspond to features of Asiatic mode of production' Hindess and Hirst (1975:200). There is no Asiatic mode of production because no mode of production can be formed corresponding to tax/rent couple.



Finally, Marx's assertion that colonialism would break the stasis of traditional social formation and create the conditions which would result in capitalist development, basically similar to that which occurred in the West, appear not to have been borne out. It is clear that European colonial rule has not transformed India or Sri Lanka into capitalist mode of production similar to the European archetype.

Wittfogel's (1957) concept of 'oriental despotism' is a second attempt to capture the essential character of pre-capitalist Asiatic social formation. According to him, in arid zones where permanent agriculture is possible only with artificial irrigation, a pre-modern, distinctive form of state emerged. Based largely on evidence generated from China, Wittfogel argues that in order to construct, maintain and manage elaborate irrigation structures, there evolved an agro-managerial bureaucracy supporting despots with total concentration of power. This interlocking set of institutions he named 'oriental despotism'.

The accuracy of Wittfogel's characterization has been questioned, among others, by Gunawardana (1971), Hindess and Hirst (1975) and Leach (1959). Criticism of his work has largely been on empirical grounds. His formulations, based largely on his knowledge of China, overlook the case of Dry Zone civilization in Sri Lanka.<sup>1</sup> This civilization was among the most important of the 'hydraulic civilizations' in Asia, yet Gunawardana and Leach present historical evidence to show that there were many irrigation works which were not backed by the state in this Dry Zone civilization. As Leach (1959) points out, it is possible for irrigated agriculture to exist and produce social formations other than those which take the form of Wittfogel's 'oriental despotism'. For his part Gunawardana argues that

a multi-centered society with power devolving on the gentry and the monastic institutions in particular, appears to be more true of the social structure of Ceylon than the concept

---

1. This civilization which was located in the region generally known as the dry zone, existed from about 6th century B.C. until 1293 A.D.

of a centralized bureaucratic system of despotic rule (Gunawardana, (1971:26).

The question of whether or not there was private property in land in ancient Asiatic formation was at the centre of the debate for both Marx and Wittfogel. For Marx the absence of private property in land was to be explained by reference to communal and state property, while for Wittfogel there was private property but it was 'weak' and 'consistently eroded by fragmentation...' (Gunawardana, 1971:18). Neither of these views is entirely satisfactory.

Individual as well as communal property in land and in irrigation works were reported to have existed during the Dry Zone civilization (Gunawardana, 1971 and 1976; Paranavitana, 1959). There is evidence to confirm the presence, during this civilization, of both 'weak' types of private property ownership, such as property granted to state functionaries and monasteries, and 'stronger' types such as ownership derived from purchase of land and irrigation property by private individuals and monasteries. However, it should be noted the 'stronger' types do not necessarily imply absolute ownership. This evidence suggests that it is inaccurate to assert 'no private property exists in the Orient'.

Moreover, historical sources refer to the use of hired labour, slave labour and the labour of tenants in addition to communal labour in the construction of irrigation works (Gunawardana, 1971:16). Again, this is an indication of beginnings of a process of social differentiation based upon a system where property rights are a major consideration. This study does not attempt to contribute to the debate on the Asiatic mode of production. Further research is needed before the exact nature of pre-colonial Asiatic social formation is determined. On the basis of evidence presented in the above discussion, it can be concluded both Marx and Wittfogel's characterizations are inaccurate. As will be shown in the remainder of this chapter, pre-colonial Sri Lankan society appears to have had some features associated

with feudalism. They were in an embryonic stage during the Dry Zone civilization and appear in a more mature form by the Kandyan period. Although similarities between classical feudalism and the pre-colonial Sri Lankan social formation can be observed, these two are not identical because there were distinct features (such as caste) which were associated with the latter. Indeed it is dangerous to mechanically equate Sri Lankan, or other Asian social formations, to European feudalism. What is attempted here is to capture major elements of the pre-colonial Sri Lankan society. This social formation appears to be a form of 'feudalism'.

### **The Dry Zone Civilization**

The recorded history of Sri Lanka begins with the arrival of a North Indian prince named Vijaya with his followers in the fifth century B.C. They first established settlements in the north-western region of the island. This civilization known as the Dry Zone civilization lasted until the thirteenth century A.D., and was based on an agricultural economy devoted to paddy cultivation under artificial irrigation. Unreliable seasonal rains in the dry zone made it imperative to build artificial irrigation structures in order to grow paddy. In response, a highly sophisticated man-made irrigation network was erected demonstrating a capacity for advanced hydraulic engineering and construction. The most sophisticated of the irrigation structures occurred in the 'nuclear areas' around Anuradhapura and Polonnaruwa. Here the irrigation complex was backed by the state. In the rest of the island, particularly in the North and in Ruhuna region, a vast number of village tanks were built using less sophisticated technology. These were commonly sponsored both by monasteries and individuals, contrary to Wittfogel.

The Dry Zone civilization and its social structure represent the oldest of what is known about Sri Lankan society. In this society, right to land and labour was vested in the ruler. However, the monasteries and the gentry were groups upon which power devolved. The Dry Zone social organization may be considered as the precursor to the Kandyan 'feudal' system.

Unlike the village level irrigation works which supported little more than a subsistence economy, the vast irrigation structures of the 'nuclear areas' would have created a large agricultural surplus both by extending the area under cultivation and by facilitating intensive crop cultivation (Gunawardana, 1971:17). There is evidence of rice exports to India during the Dry Zone civilization (Paranavitana, 1959). These exports indicate a significant surplus production during the period.

The wealth created by this increased surplus made possible the maintenance of a large section of population not engaged in food production and in the building of elaborate religious structures, notably *stupas*, and other religious architecture and sculpture in Anuradhapura and Polonnaruwa. Most notable among the non-food producing segment of the population were nobles and clergy. Central to the ancient social formation was the existence of the *sangha* or Buddhist religious order and the gentry, comprised largely of high caste state bureaucrats. Paranavitana refers to a class of chieftains associated with the management of irrigation works in the Dry Zone civilization (Paranavitana, 1959:23). The *sangha* and the gentry were economically and politically powerful groups and their power has persisted into the modern period. Gunawardana reveals that by the ninth century A.D., monasteries had come to own, apart from movable possessions, vast estates, irrigation works and even salterns (1971:19). The monastic estates in some ways resembled the social and economic organization of the classical feudal manors. The lands were cultivated by tenants and various types of artisans such as potters, weavers and washermen were assigned to the monastic estate.

The power of the monasteries was considerable. For instance, withholding irrigation water and the threat of depriving tenants of their lands upon failure to pay their dues, were among the coercive means employed by the monasteries in the ancient period to enforce its property rights and to extract a surplus (Gunawardana, 1971:20). Further, the monastery was

able to exercise control over the direct producers insofar as it owned the implements used by tillers, as well as those used by artisans. This indicates a well-developed tendency towards the separation of the means of production from those who laboured. It should be recalled that partial separation of the direct producer from the means of production is a characteristic of the feudal mode.

The resemblance with European feudalism goes further, insofar as the monarch had instituted the rudiments of a system in which land was sometimes granted to the state functionaries and nobles for services rendered in lieu of a state salary. In their turn, the gentry assigned arable land to tenants and servicemen in exchange for services and rent.

From the earliest times, two broad divisions were present in the Dry Zone civilization: namely the majority who were tillers of land, and a class of nobles. The nobles manned the high positions in the state departments and received a share of the surplus produce appropriated by the king. For the most part the high dignitaries such as military chiefs, treasurers and courtiers were drawn from high caste families (Paranavitana 1959:231). At the village level, village headmen performed the function of collecting the dues owed to king. From the earliest times, the courtiers who were sent to the villages by the king to collect dues were reported to have had 'ample opportunities to add to their personal gain' by oppressing villagers (Paranavitana, 1959:232). This evidence suggests a degree of differentiation in the social system.

Although the monarch was theoretically the 'absolute ruler', the devolution of power on groups such as monasteries and the gentry set effective limits to his power. Gunawardana (1971) has noted it is the presence of these power groups which analytically allows the society to be described as having elements of feudalism. However, Roberts (1982:6) doubts whether the Dry Zone civilization can be described as a feudal order. He asserts that the aristocracy of the Dry Zone civilization received legitimacy from its connection with the king. Unlike feudal Europe it 'did not bestow authority on the king'.

The 'feudal' forms which were at embryonic stage in the Dry Zone civilization can be observed in a mature form in the later Kandyan period.

The utility of the 'feudal' model, however, has other limits. At best it applies only to the 'nuclear areas'. Elsewhere the lack of developed transport and communication facilities resulted in the emergence of village communities with a high degree of autonomy. Communities at Nuwarakalawiya, described by Pieris (1956) are examples of villages distant from the capital which enjoyed a high degree of autonomy due to weaker central authority. Collective construction and management of irrigation structures and village level self-administration through village councils (*Gamsabava*) are characteristics of these villages. The feudal model is inappropriate to the analysis of the social organization of these villages. They seem to fit somewhat closely to the description by Marx, because isolation, self-sufficiency, self-administration and possibly communal 'ownership' of village lands and irrigation works were features of these communities.

From about the eleventh century, the Dry Zone civilization declined until it was abandoned in the thirteenth century. The population centres shifted to the wet zone of the island, notably in the central and south-western parts of the island. There is little consensus as to the causes of the decline and the collapse of the Dry Zone civilization. Important among the multitude of factors that seem to have contributed to the decline and the abandonment are: the destructive effects of frequent wars with foreign armies; internal strife; climatic changes and exhaustion of soil fertility; famine and pestilence caused by crop failures; epidemics of malaria making the region uninhabitable, and damage to irrigation structures.<sup>1</sup>

Two fundamental changes that accompanied the shift of population from the dry zone to the wet zone were the change

---

1. See Murphy (1957) for details.

from irrigation-based paddy cultivation to rain-fed paddy cultivation and the increased emphasis which began to be placed upon trade. As K.M. De Silva notes, it is during this period of transition that 'cinnamon emerged as the main export with the increased demand for spices in Europe after the Crusades as a basic element in the ruler's revenue' (1977:46).

The shift of population from the dry zone to the wet zone had profound economic and social consequences. The absence of evidence of rice exports from Sri Lanka after the collapse of the irrigation-based dry zone economy suggests a decline in the levels of agricultural production and a reduction in state revenue from this traditional source. The growing export trade in cinnamon assumes the dominant role in state revenue. The significance of the shift in the source of state revenue from agricultural to trading activity lies not so much in the changes directly brought about to traditional social organization, because the beneficiary under both systems was the state, but more in the fact that the growth of trading activity provided the incentive for penetration by European powers. For instance, as in western feudalisms, a significant social group based on mercantile activities did not emerge in Sri Lanka following the increased trading activities. It was colonialism, rather than the shift from dry to wet zone agriculture and the consequent method of surplus generation, that was to have a more profound impact on society.

### **Kandyan Social Organization**

Following the abandonment of the dry zone, the site of power of the Sinhalese kings moved from the dry zone centre of Polonnaruwa to Dambadeniya in the late thirteenth century and later to Yapahuwa, Kurunegala and Gampola throughout the fourteenth century. At the time of the arrival of the Portuguese in 1505, there were three separate seats of power. The Tamil seat of power was located in the North at Jaffna. There were two Sinhalese sites at Kotte in the west and Kandy in the central hill-country. Of the two Sinhalese kingdoms, Kotte was eclipsed as the result of the arrival of the Portuguese. Jaffna held, but

eventually succumbed to Portuguese influence by the end of the sixteenth century. Kandy held until 1815, despite repeated attempts at subjugation by European powers.

Two centuries elapsed between the collapse of the Dry Zone civilization and the arrival of the Portuguese. In this period a form of social organization evolved which can be seen as a direct successor to the ancient civilization. The distinctive elements of 'Sri Lankan feudalism', into which the colonizing powers intruded, are best exemplified in Kandyan social organization at its height in the sixteenth and seventeenth centuries. Modern Sri Lanka owes much to the interplay between the social organization of Sri Lankan 'feudalism' and the social and economic diffusion wrought by the colonizing powers. The nature of Sri Lankan 'feudalism' is best revealed by an examination of the Kandyan economic and social organization.

As in the earlier Dry Zone civilization, Kandyan social organization derived from paddy cultivation. Features of the classical 'feudal' mode of production were present in a stronger form than in the ancient Dry Zone civilization. In fact, the features of the social organization of this period have been compared by Reimers (1928) with European feudalism. A general caution for equating Asian pre-modern social formations with the European feudalism must be issued.

The tendency on the part of some historians and social anthropologists to see the western European model of feudalism replicated in all pre-capitalist settings... had led to the extreme reaction of rejecting 'feudalism' as a useful category for comparative study (Bagchi, 1982:7).

Thorner for instance, claimed there was no feudalism in India because India lacked basic elements of feudalism<sup>1</sup> (Clarkson, 1978:214). Against Thorner, Bagchi argues that

some at least of the divergences between the archetype of western feudalism and the political organization of Rajput states and of Mughal India can be accommodated in the varying patterns of western European feudalism in its different phases of evolution and in the different areas under its sway (Bagchi, 1982:7).

---

1. cf. Alavi (1980) who argued that North Indian society was structurally feudal.



With these cautions in mind, the 'feudal' character of the Kandyan society can be outlined. Like the Dry Zone, Kandyan society was founded on an agricultural economy devoted largely to paddy cultivation. An important difference between the two was that, unlike in the dry zone, the Kandyan cultivator did not require elaborate artificial irrigation structures because rain-fed cultivation was possible in the region.

The layout of the Kandyan village differed from the villages of the dry zone. In the Kandyan region paddy fields were located in the valley floor. The village itself perched on the valley walls above the paddy fields. Above the village the upper slopes of the hillside formed a 'reserve' which was used for *chena* or slash and burn cultivation as well as for pasture, timber and firewood. The paddy fields, the home garden and the forest reserve were the essential components in the economy of the Kandyan village. As Pieris noted:

The paddy land and its appurtenance provided the basic domestic requirements of a family: rice, coconuts, vegetables, betel and arecanuts, firewood, pasture, honey and game... lowland and highland were therefore considered as complementary and inseparable elements of village holding, since they made a village household self-sufficing in all but few items such as salt and clothing (Pieris, 1956:41).

This settlement pattern of the Kandyan region needs special mention. As will be discussed in the next chapter, the claim that opening up of cash crop plantations deprived the peasants of the use of the forest reserve and consequently led to landlessness, aroused considerable controversy in the modern history of Sri Lanka.

Theoretically the king was the 'lord of the soil'. He 'farmed out' or distributed lands to his subjects and in return was entitled to a share of the produce. Every holder of land was liable to *rajakariya* or obligatory service to the king. This Kandyan system of land tenure is the key to an understanding of the social formation which was legitimised by caste and religious ideology for the effective appropriation of surplus by the aristocracy.

Yalman summarizes the elaborate Kandyan system of land tenure:

All the land was considered to belong ultimately to the king. On this principle, the king allowed aristocrats of the Radala subcaste to hold large estates, but the lords were expected to supply feudal services and payments as token of their vassalage. The estates of the aristocrats were in turn held under fief by persons of other castes, again in return for hereditary services and payments. The tenants in return could have sub-tenants of their own. The same hereditary lords were also appointed by the king as provincial governors, and in their capacity as civil servants the lords appointed officials of lower ranks from various castes. In lieu of salary, all officials received the right to the dues of various lands belonging to the king. In this fashion the pattern of feudal services (*rajakariya*), which were attached especially to the tenure of paddy lands, formed both the basis for the organization of the kingdom and the mainstay of the caste hierarchy (Yalman, 1967:16).

The *rajakariya* obligation was determined by each person's caste position. The *rajakariya* services were of two types, namely the labour provided by subjects for construction and maintenance of public works and the services customarily attached to one's caste.

On the basis of differences in land tenure arrangements, four major types of villages may be identified. *Gabadagam* were those villages whose produce was assigned for the royal use. *Nindagam* villages were those villages granted to political overlords and which were worked by tenants as well as free holders. The villages granted to religious institutions were known as *viharagam* and *devalagam* and were worked by tenants under somewhat similar arrangements to *nindagam*.

The receiver of a *nindagama* was called *gamladda*. The *gamladda* was entitled to receive the services and the dues which were owed to the crown by the individual tillers in return for the granted lands. A *nindagama* sometimes comprised a whole village. The *gamladda* performed his official duties and paid annual homages to the crown in return for the *nindagam*. *Nindagams*, Knox wrote, 'are composed of all sorts of Trades and people that are necessary for his [*gamladda*] service to whom

the king hath given them a potter, a smith, a washer' (1681:80). In *nindagama* a plot of land, often not exceeding one fifth of the estate, was set aside, the produce of which was reserved for the *gamladda*'s personal use. This portion of the estate was called *muttetuwa*. The *muttetuwa* was worked by 'tenants' known as *nilakaraya* as part of their service obligations.

For the most part the *gamladdas* belonged to an aristocratic group who were drawn from the *radala* 'subcaste' of the *goyigama*<sup>1</sup> caste. The members of this group peopled the top ranks of the social hierarchy. They became officials of the royal palace, provincial governors, and occupied positions of importance in the bureaucracy.

It is evident that tributary forms of surplus extraction were central to pre-colonial Sri Lankan society, insofar as the tillers' surplus was always extracted in the form of 'rent' by the non-producing classes. Some have made the point that for the most part, the relationship was benign. According to Pieris,

the odium attached to 'one tied to soil' was unknown among the Sinhalese. Therefore it is necessary to disabuse our minds of the modern notion that the servile position of the *nilakaryas* hinged on the fact that he was 'tied to soil' (Pieris, 1956:63).

Pieris further points out that *nilakaryas*, having served the grantee of an estate for a lengthy period of time, probably generations, often developed a friendly relationship with the *gamladda*. The *nilakaryas* could not be ejected as long as they abided by the stipulations attached to service relationship and customary practices. However, none of these observations deny the fact that tillers' surplus was extracted by the grantee.

---

1. *Goyigama* is considered to be the highest ranking caste in the Sinhalese caste hierarchy. *Radala* is the aristocratic subgroup which formed top layers of the *goyigama* caste. As Roberts states, '*goyigama*... not only commanded the highest ritual status among the Sinhalese, but also enjoyed a numerical superiority and a monopoly of access to the highly influential Buddhist monastic order, the *Sangha*' (1982:1). See Pieris (1956) for caste in Kandyan society; Roberts (1982) caste during colonial rule and Ryan (1953) caste in modern Sri Lanka.

This land tenure system was supported by caste and religious ideology. It was pointed out above that from ancient times, the monastic institutions held considerable wealth and power. As in 'model' feudal societies, the prevailing religious ideology contributed to the acquiescence of the population in the 'feudal' order. Ironically the support, or sanction for the feudal order came from an 'egalitarian' Sri Lankan Buddhism and hierarchical caste system. As a result of this strange association between Buddhism and the 'feudal' system based on caste, the monasteries were able to reap immense economic benefits, privileges and power. In a social formation where a surplus was extracted by means of non-economic coercion, the ideological support of the religious system was invaluable.

The Kandyan administrative system, manned by high caste functionaries, was directly linked with the service tenure system. The administrative system consisted of officials of the royal palace or the king's retinue and officials of the administrative service. In return for their services these officials were granted lands. The administrative service was headed by officials called *adhikarams*. In terms of authority and prestige they were second only to royalty and they were reported to have enjoyed enormous privileges and public respect.

The kingdom was, for administrative purposes, divided into provinces or *dissavanis* and they were headed by provincial governors called *dissave*. The provinces in turn were divided into divisions known as *rata* and to each was appointed a divisional head or *rata rala*. Below the divisions were administrative levels known as *korale*, then *pattu* and at the bottom, the *gama* or the village. The principal duties of the heads of the territorial levels was the collection of revenue and regulation of *rajakariya* labour. Administrative officials exercised judicial powers relative to their rank or official status in the administrative hierarchy.

At the village level, alongside the king's administrative officials, existed a local government body called *gamsabhava* or

village council. The village council was composed of the 'principal and experienced men of the village'. It was mainly an institution of arbitration and conciliation rather than of punishment. The villagers could appeal to higher state officials if they were dissatisfied with the decisions of the village council.

It is evident from the above account that pre-colonial Sri Lankan society shared many attributes associated with 'feudalism'. Again, it should be stressed that it was not identical to European archetypes. Any attempt to equate it mechanically with the European context is a fruitless task. Pre-colonial Sri Lanka was characterized by a non-capitalist mode of production. The reality of non-capitalist Sri Lankan mode of production fits neither Marx's concept of Asiatic mode of production nor Wittfogel's construct of oriental despotism.

The shape of pre-colonial Sri Lankan society closely approximates the 'feudal mode of production' which McEachern schematised as follows:

Under feudalism, the ownership of the means of production is divided between the direct producers and a landed ruling class. The direct producers enter into a relationship with the means of production, take part in the production process on the basis of rent relations with the landed class. Surplus production is taken by the landed class in the form of rent either labour time, produce or money. Such rent relations may be enshrined in custom and law and backed by religious argument or legitimation, though the basis for extraction lies in the situation of divided possession and control of the means of production (McEachern, 1982:8).

Important additions to this scheme are that under feudalism surplus extraction was perfected by means of extra-economic coercion; the labour was 'unfree' from feudal obligations to service; the labour was not completely separated from the possession of major means of production and the economy was at the level of simple reproduction. In fact, unfree labour and the absence of wage-labor are often taken as major defining characteristics of 'feudal mode of production'.

The peasant in Kandyan society enjoyed or possessed

the hereditary right of 'occupancy' or the right to till the land. Hence the degree of separation of the peasant from the land cannot be said to be complete. However the concept of 'absolute ownership' of property, in the sense that the concept was being used in Europe, did not exist in Sri Lanka. As Pieris noted, 'the Sinhalese conception of property in land always assumed that title was contingent on the performance of service' (1956:44). The basis of access to land was payment of the 'rent'. Thus, the direct producer possessed the land but custom and ideology and law ensured the transfer of surplus to the aristocracy.

The aristocracy consisted of the high caste nobility who manned the bureaucracy. Both caste and religious ideology supported or legitimised the functioning of the 'feudal' system. The surplus was extracted commonly in the forms of labour rent under *rajakariya* and also in the form of produce, and to a lesser extent in cash. Means employed to appropriate the surplus were political, legal and ideological. It should be recalled that the aristocracy manned the state bureaucracy and even enjoyed judicial powers. Thus the state and the aristocracy were closely interconnected.

In pre-colonial Sri Lanka, as in traditional, non-market economies elsewhere, the surplus extracted by 'force or custom, through taxes or tribute, was used for infrastructure projects such as irrigation works, religious buildings and for the consumption by the non-producing classes' (S.B.D. De Silva, 1982:451). The economy was based on simple reproduction where the surplus was largely consumed and not accumulated in the form of expanded production. This appears to be especially true of the post-Dry Zone period, which was marked by political instability and repeated foreign invasions. After the fall of the Dry Zone civilization, it is plausible to assert that Sri Lankan civilization was not able to restore a level of economic prosperity to match that of the earlier period. Significant developments in the forces of production are not evidenced in the post-Dry Zone period.

The colonial penetration disrupted the societal evolution and brought about profound changes in this traditional socio-economic formation. The process of colonial transformation forms the subject of the next chapter.

## CHAPTER 4

### COLONIAL RULE AND SOCIO-ECONOMIC TRANSFORMATION

This chapter focusses on the process of social and economic transformation in Sri Lanka under European colonial rule. It examines the nature and the significance of this process as an explanation for the present structure of social organization.

It was through European colonial domination that Sri Lanka was incorporated into the capitalist world economy. The incorporation involved profound changes to pre-colonial social formation, notably economic structure, and social and physical arrangements of production. The process transformed the pre-colonial social formation into what may be described as a 'peripheral capitalist social formation'.

The incorporation of hitherto 'external' societies in the capitalist world economy entailed imposition of an international division of labour, that is, the restructuring of the newly incorporated region's economy to institute specialization in 'peripheral' type economic activity. It also entailed the establishment of ancillary legal, political and administrative structures to propagate structural relationships and conditions which in turn perpetuated mechanisms of 'unequal exchange' and consequently 'underdevelopment' in the periphery. It was noted in chapter one that world systems theory does not adequately theorize the nature of transformation of internal structures in the peripheral societies under the impact of colonial domination. Among others, Alavi (1980 and 1982) and McEachern (1982) have attempted to capture the structural specificity of the process of transformation of internal structures in colonized societies.

It is argued that under the impact of colonial domination in Sri Lanka, the pre-colonial 'feudal' social formation was



transformed into 'peripheral capitalism'. The structural conditions both of the feudal mode of production and peripheral capitalism, as outlined by Alavi (1982a) are useful in analysing the nature of this social transformation. In the transformation the structural conditions of the feudal mode of production, namely unfree labour and extra-economic compulsion in the extraction of surplus, are replaced by conditions of 'free labour' and economic coercion in the extraction of surplus. The ensuing social formation, as evident in the latter two conditions, is characterised by structural features specific to peripheral capitalism. Colonial domination broke down the localized self-sufficiency of the pre-colonial formation and set in motion generalized commodity production - but a generalized commodity production different from that in metropolitan capitalism. In contrast to 'autocentric' or 'integrated' form of generalized commodity production in metropolitan capitalism, the internally disarticulated form in the periphery makes the periphery dependent on its links with the metropolitan economy. The circuit of generalized commodity production in the periphery is 'completed only by virtue of [its] links with the metropolitan economy, by production for export, and as markets for colonial imports' (Alavi, 1982a:181). Further, in peripheral capitalism, surplus value generated by the peripheral society through the process of 'extended reproduction of capital' is appropriated by the metropolitan capital thus leading to growth of productive forces in the latter instead of the former.

This process of transformation, it is argued, is crucial in determining the pattern of development in Sri Lanka. It is the nature and the impact of this process which is analysed in the following pages.

Of the three European powers which occupied Sri Lanka,<sup>1</sup>

---

1. The Portuguese (1505-1656) were the first European powers to occupy the coastal regions of Sri Lanka. They were followed by the Dutch (1656-1796). The British arriving in the island in 1796 administered the Dutch possessions in Sri Lanka until 1802. A British crown colony was established in the coastal regions of Sri Lanka in 1802. With the cession of the Kingdom in 1815 the British established their control over the whole island and ruled until Independence in 1948.

it was the British who exerted the greatest influence and who brought about the most profound changes in the society. The present discussion reflects this fact, giving relatively greater emphasis to the impact of British rule. Its influence was greater for several reasons. Of the three powers only Britain succeeded in taking the whole island under its control. The Portuguese arrived in 1505 but their direct rule, which was restricted to the maritime regions, was established only in 1593. As their influence was lost to the Dutch in 1656, their role covered only a little more than half a century. Like the Portuguese the sphere of influence of the Dutch was limited to the maritime regions. Similarly the interests of both in the island did not extend much beyond obtaining monopoly of the cinnamon trade. In contrast the British enjoyed a position of prominence in the world economy at that time and were experiencing rapid industrialization. Hence their interests in geographical expansion went far beyond mercantilist interests of the Portuguese and the Dutch. The British embarked on a programme of enveloping colonies which were then integrated into their imperial economic policy. Their colonies primarily were sources of raw materials, market outlets, and receptacles of investments. Therefore the British colonial rulers had deeper interests in the colonies. This is reflected in the nature and magnitude of change in Sri Lanka under the British. However the greater emphasis on the British rule is not a denial of the impact of its predecessors. The diffusion of Christian missionary education, the introduction of Roman-Dutch law, a canal transportation system, which exerted an influence particularly on Sri Lankan society in the maritime regions and marked the beginnings of the integration of Sri Lanka into the emerging European-centered world economy, all testify to this fact. The point is made that it was the British who contributed most to the completion of the rudimentary structures begun by their predecessors.

The methods introduced by the colonial rulers to effect changes were twofold, namely 'adoption' and 'replacement' of traditional ideas, practices, and institutions. These methods reflected their economic goals.

The use of *rajakariya* labour is a prime example of the technique of 'adopting' traditional institutions. The British used *rajakariya* labour for the construction of roads linking the plantation areas, the ports and commercial capitals. This use of *rajakariya* labour for public works was somewhat different to the traditional use. In traditional society it was mostly used in the construction and maintenance of economic and religious infrastructures such as the irrigation system, *stupas*, and temples, in which the labouring population participated in the sharing of benefits. But under the British, *rajakariya* labour was used for projects which were hardly beneficial to the labouring villagers. As a contemporary writer, Forbes (1841), commented:

The great lines of road in the interior of Ceylon were made prior to 1833, and principally at the expense of the lives of the native proprietors of the rice land. But the greatest benefit of these roads is derived by those British capitalists who in no way contributed to their formation (Ludowyk, 1966:48).

The extensive use of *rajakariya* labour for work in cinnamon plantations by the British early in their rule is also reported. The exaction of *rajakariya* labour was often unmerciful. It was reported for instance, in 1827, that of 2,100 cinnamon peelers employed by the state, 300 died of endemic fever. Often the peelers returned empty-handed after several months' work, having even sometimes pawned or sold their belongings (Colvin R. De Silva, 1942:391). According to Forbes 'the compulsory labour as exacted by the British amounted virtually to a subversion of the ancient Kandyan system' (Ludowyk, 1966:48).

Traditionally, land rights were vested in the monarch under the theory which considered the king as the 'lord of the soil'. This traditional view was adopted by the British in order to lay claim to 'uncultivated' land in the colony. On the basis of this traditional 'theory', the British, as successors to the monarch, passed ordinances to vest uncultivated lands in the crown. However in so doing, the colonial government did not recognize the customary usufructory rights, enjoyed by villagers to forest and highland reserves, which were part and parcel of

the traditional theory.

Examples of the 'replacement' of traditional institutions are many. Among them are the introduction of alien legal, administrative and political systems, and western education. But it is pertinent to note as Ludowyk (1966:33) observed: 'European colonists were there as rulers who would change the existing social and political structure only so far as it suited them'.

### **The Advent of Plantations and the Peripheralization of the Economy**

The most significant net effect of the colonial domination of Sri Lanka can be said to be the restructuring of the pre-colonial economy to create a peripheral type of economic structure integrated to the capitalist world economy. In the process of transformation, Sri Lanka was converted into an economy specializing in the production of a few primary agricultural commodities for the world market in return for the manufactures of the metropolitan economies. The establishment of export crop plantations of coffee, followed by tea, rubber and coconut was pivotal in the process of restructuring the economy.

This process toward specialization in a 'peripheral' type of economic activity began with the increase in the importance of long distance trade in the Sri Lankan economy. The fall of the dry zone civilization and the drift of population centres to the south-west of the island accompanied the increase in importance of external trade as a source of state revenue. Cinnamon became the most important export commodity by the fifteenth century and it attracted colonial powers such as the Portuguese and the Dutch to the island. These two powers had little interest in Sri Lanka beyond the cinnamon trade. With the cinnamon trade and the institutionalization of the rudiments of an export economy it is possible to see the beginning of distortions in the economic structure that were later to result in a lopsided economy. While the Portuguese and the Dutch both encouraged the cultivation of cinnamon by Sri Lankans, the Dutch not only 'encouraged the Sinhalese to form an infinite number of small gardens' (Mills,

1964:203), but also opened up several cinnamon plantations. However the most rapid growth of the export economy was seen following the expansion of coffee, tea and rubber plantations on a massive scale by the British.

After the decline of world market prices for cinnamon around 1835, coffee became the dominant export crop from Sri Lanka. The period from 1833 to 1886 is known in the literature as the 'coffee era'. With the patronage, total support and assistance of the British colonial administration, vast acreages were rapidly converted to coffee cultivation during this period. The plantation coffee acreage (excluding peasant and small-holder coffee holdings) increased from 4,000 acres in 1836 to 249,604 acres in 1871 (P.D.A. Perera, 1968:44). A contemporary writer, Tennent (1859), described this period as follows:

The coffee mania was at its climax in 1845. The governor and the Council, the military, the judges, the clergy and one half the civil servants penetrated the hills and became purchasers of crown lands. The East India Company's officers crowded to Ceylon to invest their savings, and capitalists from England arrived by every packet... The rush for land was only paralleled by the movements towards the mines of California and Australia... (Tennent, 1859: 231).

The early years in the coffee era witnessed the erection of an infrastructure essential to the commercial plantation industry. This included a road building programme and also the changes brought about in the administrative structure following the Colebrook commission in 1833.

Tea and rubber filled the vacuum created by the collapse of the coffee industry due to a plant disease in the last decade of the nineteenth century. State assistance and patronage continued in the same vein. Since then tea, rubber and coconut cultivation have become the dominant economic activity in the Sri Lanka's economic structure. The rise of a plantation and export oriented economy fundamentally altered the pattern of development in Sri Lanka.

Firstly, it created a peripheral type of economy characterised by 'extraversion'. It also meant the integration of Sri

Lanka into the capitalist world economy as a peripheral economy by instituting peripheral specialization within the core-periphery division of labour. 'Extraversion', according to Amin (1976), is characterized by the 'quantitative predominance of the exporting activities' in the economy.

The distortion toward exporting activities in the allocation of financial resources (direct investments, the infrastructure created to serve the exporting areas and sectors, etc.) and human ones (orientation of training and education in accordance with the needs of integration into the world capitalist market, etc.) gives extraversion a qualitative dimension and asserts the dominance of the exporting sector over the economic structure as a whole, which is subjected to and shaped by the requirements of the external market (Amin, 1976:203).

Following colonial domination, Sri Lanka has become an archetypal extraverted export economy. This fact is acknowledged by many leading observers of Sri Lanka's economy. Snodgrass for instance observed that in the export economy established by the colonial rulers, 'productive activity is heavily oriented toward supplying a few primary commodities\* to the world market and consumption is largely made up of imported goods' (Snodgrass, 1966:16).<sup>1</sup> He further elaborates:

An 'export economy' can be defined as one with not merely a high ratio of imports and exports to national income, but one in which all the important macro-economic quantities government revenues and expenditures, private investments, imports, and national income itself - possess a strong functional dependence upon the level of export receipts. This Ceylon very clearly became during the decade of the 1840s and remained, certainly throughout the rest of the colonial era, and in some respects to the present day (Snodgrass, 1966:17).

A distinctive feature of the plantation industry in Sri Lanka was its high dependence on metropolitan society. Snodgrass itemises the characteristics basic to the plantation system in Sri Lanka as:

---

1. Similar observations have been made by Wickremeratne (1977a:131) and Gunasekera (1977:172-173).

British ownership and management of most estates, including almost all the largest ones; provision of finance by British Banks and 'Agency Houses'; large scale, factory-style operation of estates using massive forces of Indian labour especially imported for the purpose; control of the import-export trade by British; virtually complete reliance on imported supplies of capital equipment, estate supplies and even food for the labour force; virtually complete reliance on foreign - especially British - markets for the products (Snodgrass, 1966:21).

This phenomena of extraversion leads to the emergence of a lopsided externally-dependent economy specializing in a peripheral type of economic activity. Greater control and ownership of productive activities by foreign capital in turn results in the transfer of capital out of the peripheral economy and its accumulation in the metropolitan economies, thus contributing to the growth of productive forces in the latter.

Secondly, the colonial policy of de-industrialization associated with the peripheralization of the colony further aggravates and reinforces extraversion of the peripheral economy. De-industrialization is related to the internally disarticulated nature of the generalized commodity production in peripheral capitalist societies where the production of capital goods and consumer goods is not integrated with industrial and agricultural production. This structural feature both defines and reinforces the core periphery division of labour which is integral to the current pattern of development in the periphery.

Finally, the restructuring of the economy involved changes in the labour process and the social organization of production. In order to analyze these changes attention must be focussed on the mechanisms of change, particularly colonial land and taxation policy. The colonial land policy was primarily designed to nurture the establishment and expansion of export crop plantations and the taxation system as well was tailored to the needs of a commercialized export economy.

These policies were instrumental in breaking down the local self-sufficiency of the pre-colonial village economy and

instituting conditions of peripheral capitalism such as the dispossession of peasants from the means of production, and the generalized commodity production.

### **The Impact of Colonial State Policies**

The consequences of the British land sales policy in Sri Lanka has been a topic of controversy. During the early stages of the establishment of the plantation industry the British enacted several ordinances to appropriate 'uncultivated lands' which could then be converted to cash crop plantations. Vast tracts of 'Crown Lands' - as the lands vested in the state were then called - were sold to speculators and investors. For instance, sales of crown lands increased from 483 acres in 1833-34 to a peak of 127,220 acres in 1841-42. As shown in table 4.1, during the period 1833 to 1866 a total of 1,149,873 acres were sold.

Some (Ceylon, 1951; Vanden Driesen, 1956; Wesumperuma, 1969) argue that this appropriation and subsequent conversion of 'uncultivated lands' into plantations resulted in landlessness among the peasantry due to loss of a resource traditionally used by them for their subsistence.

K.M.De Silva, among others, does not share this view and challenges the above causal connection between landlessness among the peasantry and the British crown land sales policy. He suggests that,

in the coffee era (1830-1880) there was an adequate supply of land in the periphery of the villages for the potential cultivation needs of the immediate future. More important, peasants and smallholders had converted lands in their control for the production of coffee, and one-third of the acreage under coffee was held by them. Indeed it was with the development of rubber and coconut cultivation in the last quarter of the 19th century, and the expansion of plantation agriculture into the low country, which was more densely populated than the Kandyan areas, that the ratio of peasant and indigenous landholdings to population became increasingly unfavourable. If, at the end of the 19th century, this ratio was unfavourable, it was not in the Central Province and Uva, but in the plantation districts in the low country (KM.De Silva, 1977:68).

These arguments however do not invalidate the fact that the



**TABLE 4.1: Crown Land Sales Under British Colonial Rule in Sri Lanka Between 1833 and 1886**

Period	Acreage Sold
1833-1834	483
1835-1836	4,354
1837-1838	14,063
1839-1840	52,152
1841-1842	127,220
1843-1844	80,215
1845-1846	not available
1847-1848	7,269
1849-1850	2,468
1851-1852	2,787
1853-1854	7,592
1855-1856	18,942
1857-1858	35,547
1859-1860	57,107
1861-1862	53,631
1863-1864	66,689
1865-1866	86,696
1867-1868	68,511
1869-1870	65,379
1871-1872	45,056
1873-1874	53,745
1875-1876	43,241
1877-1878	59,518
1879-1880	58,357
1881-1882	49,264
1883-1884	47,042
1885-1886	42,545
Total	1, 149,873

SOURCE: Vanden Driesen (1956)

peasants lost lands which they traditionally used for their subsistence, or that plantations also hemmed in villages thereby contributing to the deterioration of the peasant land to population ratio by blocking the expansion of villages. Further, the small-holder sector which accounted for over one-third of the acreage under coffee, was comprised of 'local capitalists, small-holders and peasants' (K.M.De Silva, 1977:67). Indeed, as shown below, wealthy social groups emerging in the villages during the colonial period benefitted from the colonial land and tax policies often at the expense of sections of peasantry. In the absence of data disaggregating the small-holder coffee acreage into ownership by different social groups, it is at least plausible to suggest it was the wealthier groups who controlled larger holdings while the poorer peasants' coffee holdings amounted to few bushes in their home gardens. The crucial issue, however, is not what the peasants did to lands in their control under duress but the loss of control of lands which the peasants had customary usufructory rights, thereby creating conditions of peripheral capitalism. In fact the compulsion of peasants to produce commodities led them to take up coffee cultivation.

The colonial land policy was tailored primarily to ensure a supply of lands suitable for cash crop cultivation for the foreign investors storming into the island. This policy was translated into action through an assortment of ordinances of which the Crown Lands Encroachment Ordinance no.12 of 1840 was among the most notorious and controversial.<sup>1</sup> Utilizing the traditional Sri Lankan belief that the monarch is the 'lord of the soil' or the 'owner of all lands', the British colonial government legitimized its claim and right to appropriate lands.<sup>2</sup> The Crown Lands Encroachment Ordinance declared:

---

1. Parallelling this was the Crown Lands Bill 1894 of Ghana, introduced by the British, which declared all 'unoccupied' lands as Crown lands and vested all 'waste', forestlands and minerals in the Crown (cf. Howard, 1978:40).

2. Vanden Driesen (1956) examines the colonial government's attempts to argue in favour of the Ordinance by trying to justify their claims for land on the basis of this traditional belief.

All forest, waste, unoccupied and uncultivated lands shall be presumed to be the property of the Crown until the contrary thereof be proved, and all *chenas* and other lands which can be only cultivated after intervals of several years shall...be deemed to belong to the Crown and not to be the property of any private persons claiming the same against the Crown, except upon proof...(Obeyesekere, 1967:99).

The lands vested in the crown under this ordinance were sold to investors often at a nominal price. The provisions in the above ordinance which purported to enable the peasants to protect their land from being appropriated, by proving their proprietorship or the customary usufructory rights, were inadequate for this task.

On the one hand, peasants were unable to comprehend alien concepts of land rights and judicial processes. On the other, it was extremely difficult for the holders of *chena* lands to prove their usufructory rights as the title deeds of these traditional land grants were often written on fragile palm leaves (*Olas*) which did not survive for long. The payment of taxes and dues, or services rendered by the holders which would serve as proof of proprietary or usufructory rights, were neither recorded nor preserved. Besides,

it was unlikely that the people would have taken particular care of these *Olas*, for they were unaware that the preservation of receipts would years later be deemed necessary to prevent what seemed like a confiscation of their property (Vanden Driesen, 1956:41).

The British land sales policy was disastrous to whole sections of the peasantry. It led to the appropriation of lands which were essential components of the subsistence package of the peasantry: namely the highland reserves which they utilized for *chena* cultivation, pasture, timber, game, honey and firewood. This loss of a significant source of subsistence undoubtedly forced them to look for substitutes. The taking up of coffee cultivation in home gardens by some peasants is partly explained by this fact.

It is not possible to quantify the magnitude of loss of peasant lands and other resources as a result of colonial policies due to non-availability of statistical data. Yet according to P.D.A. Perera (1968:47), for instance, '99% of the *hen* in

Kandyan province lapsed to Crown' as a result of the enactment of the Crown Lands Encroachment Ordinance. Further, extensive clearing of uncultivated land and the loss of pasture resulting from the expansion of plantations, is argued to have resulted in a massive decrease in the number of cattle in 'Kandyan country' - from 258,147 cattle in 1828 to 126,744 in 1919. This decrease in the number of cattle meant a loss of milk, manure, and draught power, thus lowering the level of highland subsistence.

Statistics on various aspects of peasant agriculture during the colonial period are not available. The census of 1946 provides some statistical information from late in the period which gives a rough indication of the problems in peasant agriculture which resulted largely from the increased pressure on land particularly in the plantation areas. As shown in table 4.2 in the predominantly plantation districts of Kandy, Nuwara Eliya and Badulla, the average size of *asweddumized*<sup>1</sup> paddy holdings were significantly lower than in all other non-plantation districts. In each of the four plantation districts the acreage under paddy was less than the acreage under tea (see table 4.3). A total of 631,349 acres were devoted to the cultivation of tea, rubber, coconut, cocoa and paddy in the four districts in 1946. Of that acreage 63.6% was under tea, 13.9% was under rubber and only 14.2% was under paddy.

Kelegama (1959:352) estimates that the population in the rural sector increased from about 2,710,000 in 1901 to about 6,037,200 in 1954 or by about 123%. During the same period, while the area under estates (plantation crops) increased from about 460,000 to 1,380,330 acres or by about 200%, the area under peasant cultivation increased only slightly. According to Sarkar's estimates it fell from 1,788,000 in 1901 to 1,710,000 in 1946.

---

1. Lands which are ridged and bounded in preparation for the cultivation of paddy.

**TABLE 4.2:** Average Size of *Asweddumized* Paddy Holdings  
in Various Districts, Sri Lanka 1946

---

District	Average Size (Acres)
<hr/>	
Kandy	0.6
Matale	0.6
Nuwara Eliya	0.7
Badulla	0.8
Colombo	0.9
Kalutara	1.5
Galle	1.5
Matara	1.8
Hambantota	3.7
Jaffna	0.9
Mannar	2.6
Vavuniya	2.7
Batticaloa	6.9
Trincomalee	4.6

---

SOURCE: Ceylon (1951:91).

**TABLE 4.3:** Extent of Land Under Tea, Rubber, Coconut, Cocoa and Paddy in the Central and Uva Provinces, Sri Lanka 1946

District	Extent Acres	Tea Acres	Rubber Acres	Coconut Acres	Cocoa Acres	Paddy Acres
Kandy	584,680	183,182	34,925	20,886	13,827	36,789
Matale	557,552	20,800	32,098	10,641	3,752	17,123
Nuwara Eliya	303,280	105,687	464	641	18	14,626
Badulla	2,096,416	92,236	20,575	1,479	-	21,600
Total for Central and Uva Provinces	3,542,128	401,905	88,062	33,647	17,597	90,138
Total for the Island	16,023,229	533,830	573,243	920,093	19,700	620,683

SOURCE: Ceylon (1951:408).

As a consequence, the peasants were compelled to take up wage labour, to engage in cash crop cultivation, to intensify the exploitation of those lowlands left to them, to enter into exploitative labour relationships with wealthy social groups and/or to settle at a lower standard of living. Moreover the surrounding of the villages by plantations restricted the capacity of the villages to expand with any increase in population, thus increasing the pressure on existing village lands, fostering fragmentation and subdivision, and further lowering the standard of living.

The disturbance of the balance between people and land was particularly immense in the plantation areas. In pre-colonial society, land was not scarce so that when the population increased new villages were opened up in areas where land was abundant. Thus the villages expanded and the population/land balance was maintained (Obeyesekera, 1967). With the hemming in of villages by plantations the pressure on existing village lands increased.

In the non-plantation areas the Final Village Plan of 1915 imposed by the colonial government determined the boundaries and limits of villages and demarcated private and crown lands thereby restricting the capacity for village expansion. This further increased pressure on land in the non-plantation areas.

The introduction of the plantation economy was accompanied by the establishment of private ownership of land in the sense of the capitalist legal concept, monetization of exchange relationships, and commodification of labour. The abolition of *ra-jakariya* and the commutation of service tenures contributed to the process of commodification of labour. Another requirement of the plantation economy was clear title to private land which was fulfilled by the universalization of the concept of private property in land. Since then, land increasingly entered into the market. As seen above, the land policy of the British exerted duress on sections of the peasantry while at the same time provi-

ding a vehicle of mobility for other social groups. This aspect cannot be fully understood without examining the colonial taxation system which was closely related to the land policy and which exacerbated the changes wrought by the former.<sup>1</sup>

British tax policy in Sri Lanka from the 1830's showed a 'distinct preference for money payments and a desire to increase the use of money in the country' (Roberts, 1968:823). Payment of taxes in money makes the collection of taxes and the transfer of capital overseas easy as opposed to payments in kind which pose collection, transport and storage problems. In addition to the changes in the form of payment, the colonial rulers introduced a variety of new taxes. Among them were the Coconut Tax (1807), the Joy Tax (1800) and the Bazaar Tax (1807). Of the British colonial taxes the grain taxes (1840-1892) were the most controversial. The colonial taxation system contributed in no little way towards the commodification of labour and intensification of commodity production.

Traditionally the taxes were collected by state officials. The Dutch introduced to Sri Lanka the method of collection known in Europe as the 'renting system'. Under tax renting the right to collect taxes was farmed out to the highest bidder in a public auction. The successful bidder or the 'renter' was then appointed the collector. To the system of tax renting the British added another method of collection, namely the 'commutation system'. The commutation became the sole mechanism of collecting the grain tax after 1878. Under the commutation system the cultivator pays the tax at a rate fixed by the government for each administrative district. The land of defaulting cultivators was seized by the state and sold.

The replacement of taxes paid in kind by monetary payment brought the indigenous population further into the realm

---

1. See Obeyesekere (1967), Wesumperuma (1969), Roberts (1968) and Colvin R.De Silva (1942) on the taxation system under the British, and its consequences on the peasantry.



of capitalist relations. It encouraged the production of cash crops and wage labour. Colonial taxation practices also contributed to the emergence of rural capitalist groups based on money lending, mortgaging, trading and other usurious activities. Taxation practices opened up lucrative avenues of social mobility. These opportunities took two forms namely the oppression of the duressed sections of the rural population through usurious activities and amassing wealth through participation in the collection of taxes for the colonial government. This emerging rural elite was largely drawn from among members of the traditional rural elite such as village headmen. Later new groups also joined these ranks.

The tax renters were almost always wealthy persons in the village such as village headmen, or traders. Malpractices such as over-assessment of peasants' land and under-assessment of their own land were commonplace. As they had a vested interest in the collection of taxes, renters resorted to these malpractices in order to increase the collector's share. The colonial government's policy of sale of land belonging to defaulting cultivators was yet another opportunity for the emerging rural capitalist groups, while causing hardships for the sections of peasantry.

The grain tax varied from one-half to one-twentieth of the crop of a paddy holding. The ability of peasants to pay the grain tax varied according to the degree to which assessment of tax was excessive (worsened by the corruption of the collectors), the precarious nature of paddy cultivation (the vagaries of which were increased by lack of institutional support by the colonial government), the crash of the coffee industry (and the consequent loss of a source of supplementary cash income), miscalculations in the commutation registers due to lack of data and finally, the lack of provisions for years of crop failure (Wesumperuma, 1969:19).

The sale of land belonging to defaulting cultivators contributed to the increase in the numbers of landless. The fear

of defaulting intensified the dependence of the poorer sections of the peasantry on the usurers. Striking examples of sales of peasant lands in default of grain tax and eventual evictions by the government are reported in the administrative Divisions of Udukinda and Walapane. During the period 1882-1885, 22½% of the total area of land in Udukinda is reported to have been sold in default of tax, depriving 2,930 heads of households, representing 14,650 persons or 49% of the population of the Division, of a means of livelihood. Of these persons 599 were compelled to leave their homes, 2,000 became tenants and 127 were 'absolutely destitute'. In Walapane, during 1882-1886, 15% of the total number of fields were sold for default of tax (Obeyesekere, 1967:119). In the Central province 10,093 parcels of land were sold by the government for the recovery of private debts between 1881 and 1885. According to Obeyesekere (1967:121) 'the likelihood is that most of these debts were incurred in attempting to pay the paddy tax'. As the above estimates do not include those private land sales that had taken place in attempting to pay tax it is reasonable to believe that they do not indicate fully the magnitude of the hardships caused by the grain tax. Therefore it is reasonable to believe that a very large number of peasants lost their lands, became indebted, mortgaged their lands, or became destitute as a result of the grain tax.

The net effects of the taxation policy was the impoverishment of sections of the rural population, thus intensifying commodity production, increasing differentiation of the rural population and contributing to the breaking down of the local self-sufficiency. With respect to differentiation of the rural population, the increase in the incidence of wage labour, the emergence of various new forms of tenancies and the increase in the incidence of landlessness were major consequences at the lower rungs of the social hierarchy. At another level, social groups based mainly on usurer capital emerged in the villages. Colonial land policy therefore led to an alteration in the rural social hierarchy.

### Changes in the Labour Process

Changes in the labour process were affected also by the colonial policy towards the *rajakariya* system. The abolition of *rajakariya* following the recommendations made by the Colebrooke-Cameron Commission in 1832 was a significant turning point in the transformation of Sri Lankan social formation. The universalization of the concept of private property in land, the measures taken to monetize the economy, and the abolition of *ra-jakariya* are the key factors in breaking up the feudal elements in the pre-colonial social formation. In addition to the rising popularity of humanitarian ideas in England, the need for a labour force created by the growing plantation industry was the compelling reason for abolition of the *rajkariya* system. The abolition of the *rajakariya* system was expected to release indigenous labour for work in the plantations by eliminating the barriers to mobility erected by the feudal obligations which bound people to traditional caste based occupations and customary services. Alavi (1982:178) argues the general case that with the transition from feudalism to capitalism extra-economic coercion in the extraction of surplus is replaced by economic coercion. In Sri Lanka under the *rajakariya* system the surplus of the direct producers had been extracted by extra-economic coercion through a system of obligations legitimised by caste and feudal ideology. Colonialism meant the end of this feudal system. The economic necessity arising from the burdens of heavy taxation, the reduction in customary rights to land traditionally used by the peasants, and the 'underdevelopment' of the forces of production in peasant agriculture now compelled direct producers to intensify commodity production, sell their labour to the new landowning class emerging in the villages or to surrender the surplus to usurer capitalists. In this way economic coercion replaced the extra-economic coercion of the feudal system.

However a mass of 'freed' indigenous labour did not take up plantation wage labour as anticipated by the colonial

government.<sup>1</sup> The size of the workforce taking up plantation work was inadequate to meet the demand created by the growing plantation industry, though the number of Sinhalese taking up plantation labour increased as follows: 1891 - 19,307 persons; 1911 - 393,903 persons; 1921 - 54,576 persons and in 1931-75,786 persons (P.D.A. Perera, 1968:48). The precarious working conditions and low wages in plantations were considered to offer fewer prospects than the already stagnating peasant agricultural sector.

S.B.D.De Silva (1982:204-235), in refuting conventional explanations which attribute the peasant's refusal to take up plantation employment to a 'peasant value system which did not accord with modern ethos; their lack of "economic maturity"; lack of acquaintance with a money economy and Western culture and their aversion to wage work', argues that the

Sinhalese were not averse to wage labour as such but to their being absorbed into the plantation system where labour was held virtually under duress, and where for several decades the planters defaulted on wage payments, the laborers were subjected to the fraudulent practice of the kangarnies or labour contractors, and, finally, the wage level itself was usually lower than the rate of earnings in the peasant sector (S.B.D.De Silva, 1982:210).

While a number of peasants took up wage labour in plantations many peasants, adversely affected by colonial economic policies, entered into tenancy and sharecropping arrangements which now took on more exploitative forms. This change strengthened the grip of emerging merchant capital, of usurers, and of money lenders in the villages on the impoverished peasantry. Instead of economic development the peasant economy, as S.B.D. De Silva suggests, settled at a 'lower equilibrium'.

The spread of the plantation economy witnessed the creation of the branch of that sector called the 'small-holder sector'. Reference to this development goes back to the coffee era

---

1. In order to meet the labour shortfall, the colonial government brought indentured labourers from the southern parts of the neighbouring British colony India, to work in the plantations.

when sections of the indigenous population took up coffee cultivation on a scale smaller than that of the 'large plantations'. In official statistics the small-holder sector is usually defined as comprised of holdings below 10 acres. As noted earlier, the progressive reduction in traditional usufructory rights to highland reserves, which came with the spread of plantations and increasing tax burdens, compelled sections of the rural population to intensify lowland cultivation and to take up alternative sources of subsistence. The monetization of the tax system and the need to pay for cash imports also led to the cultivation of coffee by peasants. It was reported that one-third of the coffee acreage during the coffee era was held by peasants and by small-holders (K.M.De Silva, 1977:68). For instance, 117,401 cwt. or 35% of the total volume of coffee exports during the years 1849 and 1853 was categorized as 'native coffee' while the balance consisted of 'plantation coffee'. Although a slightly higher volume of 'native coffee' was exported during 1869 and 1879 (143,193 cwt.) the proportion was less having fallen to 15% of the total volume (P.D.A. Perera, 1968:44).

While the scale of 'peasant coffee' production was minute (often only a few bushes) the small-holder sector consisted of wealthy rural landowners, traders, and money lenders who emerged in the villages. As the Sri Lankans who took up coffee cultivation came, as Lal Jayawardena argued, out of the 'middling lower strata', there emerged a 'highland peasant proprietors' group (Bandarage, 1982:9). However the majority of the people who emerged as wealthy small-holders had been members of the traditional rural elite. They appropriated the changes wrought by colonialism by buying up village lands (Obeysekere, 1967:128) and engaging in usurious activities. The well-known novelist and colonial administrator, Woolf, recorded in his diaries, for instance, the oppression of peasants in the Hambantota district in 1909 by usurers, money lenders, boutique keepers (*muldali*), and tavern keepers. He also described the corruption of the village headmen (Barron, 1977:56). Following the coffee-crash about 1886 the small-holder sector moved into the production of

tea, rubber and coconut. For instance in 1935 tea small-holdings accounted for 11.8% of the total acreage and in 1936 the rubber small-holdings accounted for 21.3% of the total acreage (Snodgrass, 1966: Table A-39). Referring to a survey of the Kurunegala district in 1939, Das Gupta revealed the 'expropriation of small owners by the lesser Ceylon capitalists, Indian Muslim Traders, local boutique keepers and money lenders'. He also noted the process of the 'swallowing up of village lands' by absentee capitalists (Kelegama, 1959:355). In contemporary Sri Lanka, the small-holder sector still holds a significant portion of the cash crop acreage and comprises the rural elite. For instance, the rubber small-holder sector holds about one-third of the total rubber area in the island (Jayasuriya, Barlow and Shand, 1981:48). Besides the intensification of commodity production in the economy the net effect of the emergence of a small-holder and peasant cash crop sector was the differentiation of the rural population and the emergence of 'petty capitalist' groups in the village society.

The traditionally dominant socio-economic groups in the villages, such as village headmen and similar state functionaries, and the families of high caste notables advanced their socio-economic position during the colonial period. They were absorbed into the village level administration by the colonial power appointed as tax collectors and tax renters, and used every avenue for their upward social mobility. By means of buying the land of peasants who sold in distress, by vying for receipts of land grants from the colonial government, by engaging in fraudulent practices in tax collection and administration, and by usurious activities, self-advancement came to these groups. By such means, members of the traditional rural elite were transformed into landlords, rich peasants, traders and usurers.

The non-settler nature of the colony of Sri Lanka is a factor which influenced the pattern of social change immensely. It resulted in foreign investors not transferring their economic and political allegiance to the colony. Their interests in Sri Lanka were transient. Because of this, there was little demand

from this quarter for economic and political independence and autonomy from the mother country, or moves to set the colony in motion on the path of self-development.<sup>1</sup> The transient interests of the colonial investors led inevitably to the dominance of merchant capital over production capital in the colony. This dominance of merchant capital, as S.B.D. De Silva argues, is not conducive to the development of productive forces nor to an increase in the organic composition of capital (1982:416 ff). This line of argument attributes 'underdevelopment' to the dominance of merchant capital in the colonies. It is argued that merchant capital which is based in the sphere of circulation does not bring about economic transformation as does the production capital, which is based in the sphere of production. In the case of the colonies where it is dominant, the merchant capital 'throttled the development of indigenous productive capital' (S.B.D. De Silva, 1982:426).

In the case of Sri Lanka the plantations were operated using an immigrant labour force paid at barely subsistence rates. The plantations thus concentrated on labour intensive methods. Further the labour force remained unskilled and could not 'acquire the special skills that corresponded to a capitalist division of labour' (Ranasinghe, 1982:67). Improvements in the labour productivity through improvements in the forces of production was not the concern of the plantation investor. The agency houses which managed the plantation businesses on behalf of the foreign owners also acquired exclusive control of trading

---

1. Barratt Brown (1982:168) contrasting the experience of development in settler colonies such as Australia and the United States with the 'under-development' of non-settler colonies such as India points out the significant role played by the ruling class of settler capitalist for the success of the former group of colonies. 'These people were... closely linked to the centre of capital accumulation in Britain, but gained the power to establish their independence from kith and kin at home. They were thus able to hold on to an increasing proportion of the profit of the investment by British capital in primary production in their lands and to generate their own industrialization and independent capital accumulation'. Their diversification of economic activities in the colony into wider range of manufacturing industry gave them 'cumulatively more freedom from dependence on the capital and technology of the home country'.

enterprises related to plantation industry, such as supply of plantation machinery and equipment, shipping and insurance. Through them the metropolitan production capital acquired raw materials and access to markets in the periphery. But the merchant capital in the periphery failed to 'transform itself into industrial capital'<sup>1</sup> thus, according to S.B.D. De Silva, retarding the growth of capitalism.

A further distinctive feature of the colonial situation was the dominance or the primacy of the colonial state. The incorporation of Sri Lanka into Britain's colonial empire fundamentally changed the political structure of traditional society by introducing a state apparatus which served not Sri Lankan but British imperial interests. The dominance of the colonial state in the colonial period had several implications. It played a crucial role in the subordination and the transformation of the pre-colonial Sri Lankan social formation into a peripheral capitalism by ruling in the interests of British merchant capital. This outcome was inevitable insofar as the colonial governor, the military officials, officials in the colonial bureaucracy and even the judiciary were also the investors in the plantations, hence had vested personal interests in the well-being of the colonial economic structure. The British in early nineteenth century Sri Lanka have been typified as a single 'planter official' class (Bandarage, 1982:3). She reveals how the British colonial bureaucracy was manned by an oligopoly of a few notable families and that the involvement of these officials in the plantation industry led to the neglect of their official duties. In such a situation the indigenous groups who were adversely affected by certain colonial policies had no independent means of redress and the impartiality even of the judiciary was questionable.

According to Alavi, the predominance of the state is a feature of peripheral societies both in colonial and post-colonial

---

1. Kay (1975) is a leading proponent of this view. McEachern, criticising the primacy given to merchant capital in explaining 'underdevelopment' of colonial societies, argues that 'colonial state and the merchant capital provide a potent context within which pressure to transform production relations become effective' (McEachern, 1982:17).



phases. With the imposition of colonial rule, metropolitan bourgeoisie established a bourgeois state and attendant legal and institutional framework. The metropolitan bourgeoisie's task

in the colony is not merely to replicate the superstructure of the state which it had established in the metropolitan country itself. Additionally, it has to create state apparatus through which it can exercise dominion over *all* the indigenous social classes in the colony (Alavi, 1972:6).

The colonial state was therefore equipped with powerful bureaucratic and military apparatus and mechanisms of government. The institution of Roman-Dutch law, the concepts of private property in the capitalist sense, and a bureaucracy and a judiciary to regulate and oversee the functioning of these structures in Sri Lanka were examples of domination. The presence of a military force and the barring or restriction of the indigenous classes from the political process, further strengthened the colonial power.

During the colonial period metropolitan capital was not only directed away from economic activities which would have competed with the metropolitan economy but indigenous capital was similarly barred from independent industrial entrepreneurial activities and British firms retained monopolistic control of finance, banking, shipping, trade and insurance (S.B.D. De Silva, 1982:430; Shanmugaratnam, 1981:74). This inhibited the growth of an independent, indigenous, industrial capitalist class and resulted in the emergence of a subordinate comprador elite based largely on investments in plantation and related enterprises. Also witnessed was the emergence of rural merchant and usurer capitalists. As Shanmugaratnam summarized:

the increasing circulation of commodities and monetization of exchange bred a class of people whose activities were centered on trade, usury, and acquisition of parcels of paddy land and highland, through money lending to peasantry who invariably lost their mortgaged land by default (Shanmugaratnam, 1981:76).

### **Colonial Rule and the Emergence of an Indigenous Elite**

The colonial period saw the emergence of, what is called in Sri Lankan literature, an indigenous elite linked to the

structure of peripheral capitalism in Sri Lanka. The members of this colonial elite consisted partly of the traditional aristocracy and partly of a new colonial elite.

Dominant social groups in pre-colonial society were integrated into the colonial structure. Some members of the traditional aristocracy, such as high officials in the feudal order, transferred their loyalty and allegiance to the colonial ruler and became absorbed into the colonial socio-economic structure. This was particularly true in the case of maritime regions of the island which were subjected to Portuguese and Dutch rule long before the Kandyan region fell into the hands of the British. As a result of early exposure to a colonial system, traditional aristocrats and enterprising elements in the maritime regions of Sri Lanka had the comparative advantage over the peoples of the Kandyan region in participation in the colonial social and economic system. The indigenous elite participated in three major areas of the colonial economy: administration, plantations and related business enterprises and professions.

From the early nineteenth century the *arrack* trade, transport, the servicing of plantations, the export trade, the coffee, cinnamon, coconut, tea, rubber, graphite and gem trade, urban property and renting of grain taxes were channels of mobility under European rule (Roberts, 1974:565). The Portuguese and Dutch Company rulers and early British rulers utilized the method of indirect rule in Sri Lanka. Problems of language and the complexity of the traditional tenurial system prompted them to absorb the traditional chieftains into their administrative machines which were designed to serve the purpose of extracting the maximum possible wealth from the colony through trade, taxation and revenue.

During the Portuguese and Dutch rule various methods were used by the alien rulers to recruit the traditional chieftains to their sphere of influence. Aggressive campaigns of religious proselytism were one such device. Presentation of honorific titles such as *muhandiram* and *mudaliyar*, generous land grants, and sometimes allocation of revenues of entire villages to the chieftains recruited in advisory and administrative capacities,

were other methods.<sup>1</sup> As Arasaratnam (1971) pointed out, mobilization of labour for the cinnamon industry and the collection of taxes and revenues through tax farming, gave ample opportunities for the chieftains to exploit the peasants and amass wealth during the Dutch rule.

The wealth amassed by these means was later invested in export crop plantations, transport, the liquor trade and other commercial enterprises by these groups. According to Arasaratnam these chieftains became westernized and began to lead a 'more sumptuous way of life'. He concludes:

the element of change introduced by commerce and enterprise tended in fact to confer more power and status on the traditional ruling groups and by their enrichment gave them an additional lever of authority in society (Arasaratnam, 1971:70).

Following the rebellion in 1818 the colonial policy generally shifted from 'indirect rule through native officials' to the institution of a colonial bureaucracy<sup>2</sup>. Colonial administration began to be manned increasingly by British officials and trained and English-educated Sri Lankans were recruited to colonial bureaucracy in place of traditional chieftains. The English-educated Sri Lankans were largely the progeny of the traditional aristocrats who collaborated and were earlier absorbed into the colonial structure. The British policy was to produce personnel to man the bureaucracy, commercial, trading and plantation

---

1. Peebles (1976) traced several families who later became 'big plantation owners' both by purchase of Crown lands and receipt of land grants from the British. Those Sri Lankans who most closely collaborated with the British received generous grants. For instance Solomon Dias Bandarnanaik (who was titled as *Mudaliar*, and knighted and appointed aide de camp by the British) was granted 500 acres (Peebles, 1976:70).

2. As Pieris observed the 'British rulers were divided in opinion as to the wisdom of undermining the ascribed status of the old nobility. Even in the 1870's Governor Gregory favoured the selection of native officers from families of ancient lineage' (Pieris, 1964:296).

enterprises, and a 'body of men, respectable from superior education, and property... as a means of good government' (Pieris, 1964:297).

The change of policy from the employment of traditional chieftains as administrative officials to the recruitment of trained and educated personnel must be seen as a response to the needs of the changing economic strategy of the colonial power. The use of traditional chieftains during Portuguese Dutch and British Company rule was suitable and adequate for their economic needs, involving the crude plunder of wealth through trade. But the British colonial administration required a sophisticated administrative apparatus for the systematic exploitation of the colony. The British opened up plantations, attracted foreign investors and established commercial, trading and financial structures in the colony. The smooth functioning of these ventures required a modern bureaucracy and skilled personnel. They were also drawn from among the Western educated locals.

Following the Colebrook Commission (1832) recommendations the training of English educated Sri Lankans was expedited. By the 1840's a number of English schools were established to cater for three different social categories. These were the higher class of Europeans and Westernized Ceylonese who required a superior education for higher levels of employment, 'the middle class' who were trained for lower rung positions, and the 'poorer sections of the society which were trained to occupy minor white-collar jobs with some knowledge of English' (Fernando, 1968:70). These categories were treated differently. Schools modelled on British Grammar Schools were provided for the upper class, and poorer groups had schools providing written and spoken English. As Jupp (1978:3) sums up: the use of English in business, government and law encouraged growth of a replica of the English Public Schools system with its pinnacle in Oxford or Cambridge'. Children of the traditional aristocracy, and, as Pieris (1964:297) observed, the 'sons of *Modliars*' were the beneficiaries of these

schools. The prohibitive school fees charged in these schools restricted access to superior English education to the wealthy. The upper class schools produced the professional and administrative subgroups of the indigenous elite.

Thus the emergence of English-educated groups within the indigenous elite was an outcome of a deliberate colonial policy designed to cater for the needs of the colonial economy. Not surprisingly those who received the superior English education in the island and in London were a highly westernised group. Their life style and values were very much different from the masses and closer to those of the Europeans.

For example, Obeyesekere (1967) observes the formation of a socially and economically powerful elite in a southern Sri Lankan village during the colonial rule. The type of elite group formed is known as *pelantiya* and is comprised of closely-related kin. The processes involved in the formation of *pelantiya* are the acquisition of offices such as police officer, tax collector, registrar of marriages and village headman; the changing of names from low subcaste to higher with the acquisition of office; the giving up of direct involvement in agriculture by employing tenants or labourers to work their lands; strategic marriages between families of 'notables'; the buying up of village lands and establishment of control and power over villagers (Obeyesekere, 1967:231).

The *pelantiya* of the Wijenayakes in the Hinidum Pattu area is a clear example of the occupational diversification of elite families over several generations. In this *pelantiya* the 'founder' acquired the prestigious office of the chief tax collector, of Hinidum Pattu and subsequently the offices of tax collectors, *Vidane Aracci* and Police Officer were held by his lineal descendants for six generations. In the 1960's, the *pelantiya* members entered into diverse professions and white-collar occupations such as teacher, university lecturer, pianist, planter and forest officer. The accumulation of wealth by way of owning vast areas of land in the area enabled them to give their

children an education in 'good public schools' in the urban centre 'which would fit them for important bureaucratic posts in the government' (Obeyesekere, 1967:241). According to Obeyesekere, the *pelantiya* formation was not a process unique to Hinidum Pattu region:

Historically we believe that the major portion of the so-called 'Sinhalese urban middle class' manning white-collar bureaucratic jobs in government and mercantile employment and constituting a national *elite* originated from *pelantiyas* of the type we described for our region. (Obeyesekere, 1967: 242).

This is particularly so because the entry into this elite was based on expensive English education in expensive urban elite schools, access to which was a 'financial impossibility' for most of the population except the *pelantiya* members.

Thus three broader categories can be identified in the Sri Lankan society under colonial domination. The highest positions in terms of economic, social and political power were held by the European planters, entrepreneurs and officials in colonial state apparatus such as the military, bureaucracy and the judiciary. A second category in the hierarchy was comprised of the indigenous colonial elite which consisted of plantation and mine owners, other related entrepreneurs, professionals and bureaucrats. Below these two categories was a differentiated peasantry and rural petty capitalist group. The gap between the indigenous elite and the rest of the population in terms of wealth and life-style was enormous (Pieris, 1950).

In summing up, colonial domination saw fundamental changes in the socio-economic structure of Sri Lanka. The incorporation of the society into the world capitalist economy primarily entailed the creation of a peripheral type of economy characterized by its specialization in the production of primary agricultural commodities for the world market in return for manufactured goods. A strong and dominant colonial state was instrumental in executing these changes by subordinating the indigenous social groups. Apparently the pre-colonial feudal elements were not entirely dissolved to be replaced with a full generalization of capitalist relations of production. For instance

the rural society is not characterised predominantly by the formation of a rural capitalist class and a proletariat separated from the means of production. Rural petty commodity production, peasant family labour farming, and various forms of apparently 'feudal' or 'semi-feudal' relations persist in the rural society. Hence in many third world societies the 'agrarian transition' is said to be incomplete. This specificity can be theorised as a transition to 'peripheral' capitalism which is distinct from 'metropolitan' capitalism.

Following colonial domination, production relations took different form. As Alavi argued,

Capitalism does not erase societal, institutional and cultural products of the past totally and substitute new social institutions brought out of nowhere. It takes the legacies from the past as the raw materials for building its society of the future, combining them with new societal and cultural realities that it also creates. This often results in an illusion of continuity, where profound changes have occurred, when social phenomena are looked at in an empiricist way, disregarding underlying structural discontinuities and new significance and meanings that are infused into old forms thereby (Alavi, 1982a:174).

Structural conditions defining feudal society have been transformed and the ensuing social formation bears the structural features of peripheral capitalism.

The process of social transformation under colonial domination in Sri Lanka witnessed the replacement of extra-economic coercion in the extraction of the surplus, and the 'unfree labour' of the feudal formation, by a system of 'economic compulsion' and 'free labour', which are conditions defining the capitalist mode of production. While the abolition of the feudal *rajakariya* system 'freed' the labour, hardships imposed by the colonial economic policies compelled the peasants to engage in commodity production. The colonial state, bureaucratic apparatus and legal framework replaced the political role and the localized power structure of the feudal lords. The destruction of both local self-sufficiency and conditions of reproduction of the direct producers brought about the change from localized simple circulation of commodities in the pre-colonial formation into increased generalized commodity production. As demonstrated, loss

of sources of subsistence of the direct producer, increased tax burdens, monetization of transactions and the increased importation of consumer goods pushed the economy towards generalized commodity production. However as the economy was 'internally disarticulated' this condition took a distinct form where it was realized only by virtue of the economy's link with the metropolitan economy. The geographical split of the process of accumulation saw the appropriation of surplus value by the metropolitan economy.

It has been shown that this structural transformation altered the social class configuration. It caused an increase in the differentiation of the rural population. The peasantry became differentiated into landless agricultural wage labourers, and tenant cultivators. The emergence of a rural 'petty capitalist' group based on antediluvian forms such as usurer and merchant capital was demonstrated. At the national level an indigenous colonialelite linked closely to the peripheral economic structure emerged. As Fitzgerald stated:

Capitalist expansion on the world scale has engendered the existence of collaborative strata in the Third World which both orient production outwardly and exploit internally (Fitzgerald, 1981:15).

It was this indigenous colonial elite which inherited political power from the colonial powers at the time of independence. This process is discussed more fully in chapter seven.

This economic formation and class structure, created and articulated into a world capitalist economy dominated by metropolitan economies, set in motion the current pattern of development in Sri Lanka. The pattern of development is characterized by the absence of self-sustaining growth as a result of constraints posed by the persistence of the structural relations and conditions of peripheral capitalist formation.



## CHAPTER 5

### CONTEMPORARY RURAL SOCIAL STRUCTURE

It was argued in chapter four that the conditions of reproduction of the pre-colonial village economy were transformed under the impact of the penetration of colonial capitalism. State policies with regard to land, taxation and industry were the primary forces instrumental in this process. Colonial land and taxation policy dispossessed the peasant of his land and compelled him to take up commodity production. As a consequence, agricultural producers now needed to earn cash incomes and exchange-value production gradually eclipsed use-value production. It was noted that the peasantry settled at a lower equilibrium, forging those arrangements which would secure for them a basic minimum subsistence such that they could survive the changes which were taking place.

The advent of peripheral capitalism saw the increased differentiation of the agrarian population and the rapid impoverishment of certain sections of the peasantry, hand in hand with the emergence of a wealthy dominant stratum. The penetration of capitalist relationships into the rural society, the progressive subordination of the actual producers by capital, and the increasing integration into the world capitalist economy, and consequent dependence of Sri Lanka, all contributed to the pauperization of a significant portion of the rural population.

Thus at the end of direct colonial rule, there had emerged a rural population differentiated into structurally distinct social groups. In the present chapter these social strata in the contemporary rural society are identified, their livelihood patterns and strategies examined and processes of social repro-

duction are discussed in order to bring to light the shape of contemporary rural social formation under peripheral capitalism.

### Agrarian Classes

In contemporary Sri Lankan rural society, landlords and rich peasants can be identified as the dominant agrarian classes.<sup>1</sup> Both these groups own large amounts of land relative to other agrarian classes. They do not engage in labour and employ others to till their lands. The form of access to the labour of others can be either through sharecropping or *ande* or-through wage labour. Those who employ wage labour are customarily categorized as 'rich peasants' and those employing tenants as 'landlords'.

Although the form of surplus extraction differs between wage labour and sharecropping, both are based on capitalist conditions. Sharecropping today is based on capitalist conditions of separation of the actual producer from the means of production and economic compulsion in the extraction of surplus. It is a transitory form and compatible with capitalist production (Patnaik, 1983:81). Underlying the sharecropping relationship is differential access to the ownership of land between the sharecropper and the landlord. The sharecropping relationship is one mechanism through which the tenant gains access to the means of production and the landlord acquires a share of the

---

1. The categories used here closely follow Lenin-Mao scheme of agrarian classes. Mao Tse Tung (1955:137-140), utilizing the possession or non-possession of means of production-land; engagement or non-engagement in labour; and employment or non-employment of labour as distinguishing criteria identified five classes in rural China. They are: landlords, who own large amounts of land who do not engage in labour and who live by exaction of land rents from peasants; rich peasants, who as a rule possess land and hire in farm workers; middle peasants, who own or rent land, rely mainly or wholly on their family labour, who (thus) do not hire in or hire out labour; poor peasants, many of whom own no land, who as a rule rent land and many of whom sell part of their labour; and agricultural workers, who possess no land or implements and live mainly or wholly by selling their labour.

produce and access to the tenant's labour (Pearce, 1983:63). Therefore landlords as well as rich peasants can be grouped under the category of 'agrarian capitalists'. The land owned by rich peasants and landlords is not limited to paddy but a considerable portion is held in the form of cash crop small-holdings in which wage labour is employed.

Middle peasants or independent farmers own relatively small parcels of land and ideally work their lands with family labour and exchange labour.<sup>1</sup> They may however hire in some labour in peak periods of the cultivation cycle. Peasants in this category normally do not hire out their labour. Ideally, middle peasants are not exploited and they do not exploit others. As Alavi stated, the structurally descriptive term 'independent small-holder' should be used to identify this category because the independent small-holder sector is characterized by its economic independence from landlords and capitalist farmers (Alavi, 1973: 294). While middle peasants or independent farmers appear not to be exploited (because generally they do not hire out their labour), they are actually being exploited in the exchange network (Gunasinghe, 1975b). The middle peasant is vulnerable to debt and mortgage in the case of crop failures, personal disasters, and in attempting to intensify cultivation. This is largely because the middle peasant does not produce as large a surplus as the rural capitalist. Because of subdivision and fragmentation of their lands through the system of inheritance, their descendants are liable to be forced into the ranks of the poor peasants by being compelled to take up wage labour or sharecropping. As Gunasinghe (1975b:117) correctly pointed out, the middle peasants 'do not control means of exchange; here surplus is realized in labour but it is extracted through exchange networks'. Lack of alternative employment opportunities, population growth and consequent pressure on land threatens the independence of the middle peasant from the rural capitalists.

---

1. In McEachern's (1982:15) view, however, 'those that own their own land and work it with household or family labour form a rural petite bourgeoisie'.

The division between the poorer middle peasants and tenants and wage labourers is often fluid and complex. Some researchers refuse to distinguish between the middle peasants and the poor peasants, arguing that the former are exploited by and dependent on the landlords and rural capitalists just as much as the latter. Hettige (1980:120) shows the economic dependence of middle peasants on capitalist farmers in his study village of Nilatenne.

Poor peasants are those who may own a minute plot of land yet supplement their subsistence by sharecropping or by wage labouring.<sup>1</sup> Most of the sharecropping poor peasants own no land. The sharecroppers' dependence on landlords, insecurity of tenure and rack renting makes their situation precarious. They are as underprivileged as the wage labourers. While wage labourers do not have any claim or rights to the lands they labour on, tenants seemingly have the right of cultivation of their tenanted land and therefore there is theoretically a degree of security of tenure. In addition, sharecroppers are usually in receipt of patronage from their landlords while wage labourers do not receive such assistance. For instance, tenants may receive an occasional meal from the landlord, a distress loan, or political influence to advance tenants' interests. But the tenant usually has to work in the landlord's garden and assist in the life-cycle ceremonies of the landlord's family in return for similar favours, whereas the wage labourer is free from such obligations. Further, under sharecropping, the landlord assumes only minimal risks. For instance in the case of a crop failure, the tenant receives no payment for his work.

---

1. Roemer's scheme can be applied to rural household data in order to classify agrarian populations. The five agrarian classes are characterized by:

SE=0; HI>0; HO=0	- Capitalist Landowners	] Exploiters
SE>0; HI>0; HO=0	- Rich Peasants	
SE>0; HI=0; HO=0	- Middle Peasants	] Exploited
SE>0; HI=0; HO>0	- Poor Peasants	
SE=0; HI=0; HO>0	- Landless Labourers	

where SE = self employment; HI = hiring in other's labour; and HO = hiring out oneself (Bardhan, 1982:74).

The *ande* system in Sri Lanka has several variations in the arrangement between the landowner and the tenant. Generally the landowner provides whole or part of inputs such as seeds, draught animals and implements.<sup>1</sup> The landlord's share of produce or the rent payable by the tenant varies between half or three-quarters of the produce (Wickramaratne, 1977c:248)<sup>2</sup>. Since many tenants are unable to afford agricultural inputs, landlords usually lend seeds, draught animals and fertilizer and these loans are recovered after the harvest with interest. The interest rates on paddy seeds in some locations are reported to be as high as 150% (Gold, 1977:20). Thus in addition to the rent, a portion of tenant's share of produce is extracted by the landlords as interest on input loans. The landlords also extend consumption and distress loans to tenants.<sup>3</sup> Roles of moneylender, mortgagee and buyer of lands represent additional sources of landlords' income and economic power.

Rack renting is the simplest form of exploitation of tenants. In addition to rent, in some localities, sharecroppers are required to make a payment known as *madarang* to the landlord for the privilege of becoming a tenant. Often the amount payable as *madarang* is determined by bidding among prospective tenants (Gold, 1977:10). Another form of *madarang* is reported in a village in Kegalle district. In that village, landlords offered

---

1. According to Rastiannikov (1962:15) the form in which the landowner provides only the land and the tenant supplies labour and other inputs is a classical form of sharecropping. In the process of formation of capitalist mode of production this classical form changes into forms where the landowner provides land and greater or small part of other inputs are shared by both parties. The sharecropping relation may either evolve into a form where the sharecropper becomes capitalist tenant or a hired worker.

2. The Paddy Lands Act of 1958 stipulates the maximum rent payable by tenants as 10 bushels per acre of paddy or one-quarter of the produce, whichever is less. Despite this regulation a significant portion of tenants in major paddy growing districts in Sri Lanka continue to pay rents above the rate fixed by the Act (see chapter 8, table 8.1).

3. Landlords were the source of 8% of the total rural loans in 1957 (Sanderatne, 1972a:126).

the tenancy rights for the season to the farmer who offered the highest cash gift to them.<sup>1</sup>

Relations between landlords and sharecroppers are essentially antagonistic, although this character may be obscured by 'patron-client' type of relationships whose apparently complimentary nature is often over-emphasised. The sharecropping tenant may often be drawn from among the landlord's poorer relatives; the tenant may enjoy tenancy for a considerable length of time uninterrupted; the tenant may receive 'handouts', political patronage and loans at times of distress from the landlord. Yet these do not negate the underlying exploitative nature of the sharecropping relationship which is based on unequal control and ownership of primary means of production - land. The sharecropper's acquiescence does not prove the relationship is complimentary either. For it is the lack of bargaining power, desperation and political and economic weakness that prompts the rational tenant to acquiesce (Herring, 1981). Competition for tenancy by the prospective tenants, lack of alternative employment opportunities and absence of legal claim to right of cultivation lead to the growth of dependency by tenants on landlords. In all, the bargaining position of tenants is extremely weak. It should be added that in Sri Lanka there is no peasants' organization or movement with the potential for strengthening the bargaining position of the peasants and protecting their rights. The above factors in turn contribute to the strengthening of landlords' position in the rural power structure.

Both tenants and wage labourers belong to underprivileged strata of the agrarian power structure. They are underprivileged in terms of economic and political power because of their economic dependence on their masters. Consequently they

---

1. Prior to beginning of cash payments, *madarang* was paid in the form of gifts. Prospective tenants offered a giftbox called *dekum pettiya* to the landlord. The *dekum pettiya* consisted usually of rice, fish, sweet meats and a sheaf of betel (Wanigaratne, 1977:8). Sarkar and Tambiah (1957:23) report the shift from payment of *madarang* in kind (usually betel and arecanut) to compulsory payments of cash.

form the poorest strata in rural society. Although some poor peasants own land, such land is usually of a scale insufficient to serve as a sole source of subsistence. Hence they are compelled to sell their labour as tenants or wage labourers. It is estimated that about 40% of the households in the 'rural wage earning class in Sri Lanka fall below the poverty line' (Perera and Gunawardena, 1980:1). The members of the lowest group, consisting of poor peasants, landless tenants and wage labourers, are all extremely vulnerable to the activities of usurers who are prepared to mortgage their meagre assets.

An arrangement known as the *gambaraya* system observed in Hambantota district is described here to illustrate a network of exploitative agrarian social relationships in operation. *Gambarayas* are the agents or tenants in the villages appointed by absentee landowners to manage and supervise the working of their lands. The *gambarayas* manage absentee owner's lands either in return for a share of the produce or in some cases the lands are leased out to *gambarayas* for a fixed rent for a fixed period. The leasees in their turn either employ *ande* cultivators or wage labourers, or work the lands themselves, or opt for a combination of these. While some *gambarayas* control relatively small holdings of 25-50 acres, others control holdings of up to 300 acres (Dias and Wickremanayake, 1977:145).

The *gambarayas* exploit their tenants in a variety of ways. The *gambararyas* are commonly engaged in trading and usury and tenants are compelled to borrow seeds, hire implements such as tractors and sprayers, and raise consumption loans all from the enterprising *gambarayas* who charge a high interest rate. The tenants in turn are obliged to patronize *gambarayas'* enterprises due to their economic dependence on them. Further the *gambarayas* have infiltrated and managed to exercise control over co-operatives, cultivation committees and other organizations which are intended to safeguard the interests of small cultivators. Thus the *gambarayas* in Hambantota district, through the exercise of economic and political power over poor peasants, have managed to 'siphon off a high proportion of the surplus that the

cultivators generate' and, according to the authors 'in an area where eviction could result in having no land to cultivate, it becomes rational to suffer exploitation in silence' (Dias and Wickremanayake, 1977:145). Although the *gambaraya* system is unique to Hambantota district, they believe that 'the relationship between the *gambarayas* and cultivators is in general terms similar to the patron-client relationship that exists between the landlords and sharecroppers'.

In addition to the agrarian social classes identified above, urban workers living in the villages form a distinct group. Persons in this group work in public sector agencies such as transport, telecommunication, public works, ports and other state corporations, as well as in private sector enterprises. These workers enjoy greater job security than the non-unionized casual agricultural worker and the tenant. Yet within the urban worker group a lumpen proletariat of hawkers, street vendors who are not unionized, who belong to the so-called 'informal' sector of the urban economy, do not enjoy the same security as the other workers. The urban workers residing in the villages may own some land in the villages.

In the village he studied, Gunasinghe (1975b) found that most urban workers held some property in the village. Thus the urban worker residing in the villages and his family is partly supported by productive activities in the village economy. As Wallerstein (1978) argued, they are therefore part-life-time proletarians and are in a position where they can be exploited by their employer because a portion of their reproduction is not borne by the employer. The large number of workers commuting from villages to the Export Processing Zone factories located in the metropolitan area are a case in point. The rural residence of these workers obviates the necessity for the employer to provide urban housing for the workers and, the other family members of the workers' households may well engage in supplementary income-earning activity or in child-minding or minding the aged.



Thus the village economy or the so-called 'noncapitalist' sector subsidizes a part of the cost of production or reproduction of labour power. Following Meillassoux, Frank (1981:160) argues that those who work in these 'world market factories' are 'super-exploited'.

The other strata in the rural society are rural merchant capitalists, bureaucratic, salaried and professional strata. The merchant capitalists referred to here are traders, entrepreneurs, money-lenders and usurers who are not directly living off the land, although they may own substantial amounts of land. The salaried class of occupations such as teachers, clerks and other bureaucrats form a category whose members commonly own some lands in the villages. Often these strata overlap for they combine landholdings with merchant capitalist activity and some of them also acquire salaried employment.

#### Livelihood Strategies of the Rural Social Strata

As the conditions of existence of sections of the peasantry is being progressively threatened by the subsumption under capital, they are compelled to seek and compete for supplementary or alternative sources of subsistence. These livelihood patterns and strategies of the different strata are being examined.

The livelihood strategies and instruments of mobility adopted by each stratum depend on the position of each within the agrarian power structure. Access to extra-village resources such as tenured, secure and no-risk salaried employment in the public sector, outside contacts with those who wield political power, and superior educational facilities, is positively related to the degree of possession of resources such as land, wealth, political power and prestige in the village (Moore and Wickramasinghe, 1980:159).

Morrison (1980) revealed some of the income earnings strategies pursued by different social groups in his study village in the Kandy district. Income-earning strategies are restricted for

tenants and landless labourers. Obtaining off-farm employment and increasing production and productivity of both highland crops and paddy are the primary means of offsetting the villager's economic burdens. Some social groups in the village find it extremely difficult to achieve these ends due to their underprivileged position in the power structure. The number of the unemployed and under-employed in the rural sector have been on the increase and employment generating ventures, such as light industries to absorb the excess village labour, do not exist in the rural sector (International Labour Office, 1971). An instance where a household with 13 members deriving income from 7 sources and another with 11 members deriving income from 6 sources was reported. The sources of income in the former case were: operation of 0.4 acre paddy land; casual labour in road construction; labour in a rubber sheet factory; toddy tapping and jaggery making; mat weaving by female members; carpentry and masonry; and seasonal migration to the Dry Zone seeking work (Rosenberg and Rosenberg, 1978:8). These income-generating activities in the villages are however extremely limited in their capacity for employment generation for large numbers.

Another potentially income-augmenting strategy for villagers is intensification of agricultural production by increasing the productivity of existing landholdings and by expanding the area under cultivation. Bringing more land into cultivation is not an opportunity equally available to all, because poor peasants, landless tenants and farm labourers do not have sufficient capital with which to buy land. Increasing productivity could be achieved by adoption of improved technology and improved agricultural practices. The so-called 'green revolution' which began in the 1960s brought this option to the paddy producing sector in Sri Lanka. Yet the adoption of High Yielding Varieties of paddy involved substantial capital investment because it demanded the use of expensive inputs such as inorganic fertilizer and agrochemicals.<sup>1</sup> Poorer peasants were thus prevented from

---

1. See chapter seven for details.

benefiting from the 'green revolution'.

The poor peasants' opportunities and access for supplementary sources of income are exceedingly limited. In addition to selling the family's labour (including that of children), the migration of the family into cities and the exploitation of 'marginal and illegal ways of earning money' are adopted as income earning strategies by the landless and poor tenants (Morrison, 1980:444). This mass of unemployed in the rural hinterland has become a cheap labour supply for the factories in the industrial enclaves known as, in Sri Lanka's case, the Free Trade Zone.

Competition for salaried jobs, particularly in the state corporations and the bureaucracy, is high. Entrance into coveted jobs in state bureaucracy, the liberal professions, and executive jobs in the trade and commerce sector require higher educational qualifications. Higher education, particularly in medicine, engineering, law, accountancy and architecture, despite universal free educational facilities extended by the governments, are more readily accessible to the wealthy as the elite schools in the cities are relatively expensive. Although institutional barriers to education for the underprivileged have ostensibly been removed by a universal, free education system, middle peasants, poor peasants' and agricultural labourers' children generally do not achieve superior higher education due to their parents' financial constraints, because of early withdrawal from the education system in order to supply labour needs and because of the uncertainty of securing a well paid job even if qualifications are gained (Moore and Wickramasinghe, 1980:61). The limited number of high ranking public sector jobs are virtually closed to all but the wealthy who can afford superior education and who have social and political connections with the authorities. Superior education in elite schools, located in the urban centres, increases one's chances of entering into the professions listed above and to the civil service. Entering into lucrative professions and high ranking positions in the state bureaucracy are common mobility paths for the rural elite. The accessibility of extra-village

resources through superior education is thus determined by one's socio-economic position in the villages.

Entering into professions and obtaining white-collar employment in the state sector in turn, contributes to the advancement of one's position in the village. The 'salaried groups' are better able to understand and manipulate government regulations; have better and easy access to state agencies; have closer relationships with the officials of the various government departments and agencies; have access to politicians and therefore are able to enjoy privileges for themselves and also to extend patronage to others. Obtaining licences, permits, and approvals for various projects ranging from purchasing subsidized fertilizer and agricultural equipments to obtaining an approval for an agricultural or housing loan from state agencies can be done more conveniently, circumventing red tape for the salaried and the professionals who have access to, and connections with, state agencies and are familiar with bureaucratic procedures. Since Independence, state agencies have been involved in the implementation of a large number of development programmes directed to the rural sector. The wealthy social groups have immensely benefited from the opportunities associated with these government programmes.

The rural elites are important power brokers in the villages. The rural elite's ability to manipulate in the urban sphere serves to reinforce their position in the rural power structure. For instance their ability to extend patronage to poorer villages by acting as informal agents for the politicians and by mediating between the bureaucracy and the poor rural clients helps increase their power and prestige. Even if the professionals and bureaucrats shift their residence to urban areas they continue to wield influence in the village sphere. As Jupp wrote:

It is almost invariably true that the higher professionals are also landed estate owners and it is this which gives them a rural political base. The lawyer, teacher or public servant is thus not simply a urbanized salary earner but may still exercise some political authority on his estate (Jupp, 1978:42).

Infiltration of village level organizations such as co-operatives, Rural Development Societies, Cultivation Committees and political party organizations by the rural elites consisting of the landlords, rich peasants, merchant capitalists and the salaried, contribute to strengthen their power and influence in the village arena. The domination of rural organizations by the elite has been observed frequently (Wanigaratne, 1977; Wanigaratne, Gooneratne and Shanmugaratnam, 1979; Yalman, 1967). Wanigaratne's (1977) study of the village of Mahantegama provides a clear example of the process whereby the rural elites have infiltrated and gained access to strategic positions in rural organizations. In another context - that of neighbouring India - Barrington Moore (1977:394) aptly remarked: 'to democratize the village without altering property relations is simply absurd'.

As seen in the preceeding discussion, the rural population faces the challenge of maintaining and improving its economic position within the village economy and obtaining alternative and/or supplementary income earning opportunities outside the village. The rural capitalists, landlords, and the salaried are better able to face up to these challenges due mainly to their advantageous position in the rural power structure. Land, which provides the most important basis of power, is distributed in favour of these groups. As they do not solely depend on land as a source of income, they have a superior risk-taking capacity and can use the financial surplus generated elsewhere to invest in augmenting incomes from the land. In addition these groups almost invariably combine landholdings with trade, moneylending, hiring of agricultural equipment and machinery, white-collar employment and other non-farm sources of income.

The poorer groups consisting of landless tenants, poor peasants, agricultural labourers and sections of the middle peasants do not face up to these challenges successfully. A team of researchers having studied social change in rural Sri Lanka concludes:

On the debit side, more regretful than the decline of the traditional order is perhaps the failure of a substantial

section of the rural population to find an adequate place in the new. We refer to the category which we have called 'marginals' - those who have no land, no patrons, no education and resources. They are rarely able to command the attention of the politicians at any level, and are condemned to lead a life of poverty and insecurity moving from here to there in search of scarce and ill-paid daily work (Morrison et al., 1979:2).

The dynamics of rural class formation giving rise to inequality are discussed in the next section.

### Trends of Change

Turning towards dynamics of the rural class configuration, the major trend to be observed is the swelling of the ranks of the poor peasants and the wage labourers, resulting in marginalization of a significant section of the rural population. More and more rural dwellers are becoming landless tenants and agricultural labourers. Growth of population and the penetration of capitalist relations in the form of money and commodity relations are major factors contributing to this process. It was shown in the preceding discussion how the peasantry was differentiated and how they struggled, particularly the poor peasants, to secure employment outside the village economy, and to obtain a supplementary source of income to subsidize their livelihood. While tenure reforms such as the Paddy Lands Act of 1958 and various government social welfare and subsidy programmes might have slowed down and cushioned the process of deterioration of poor and middle peasant classes, the penetration of capitalist relations, for instance via the so called 'green revolution' and accompanying changes in the forces of production, have contributed to impoverishment by subordinating actual producers under capital. Proletarianization of peasants and polarization of rural classes are twin processes that are taking place.<sup>1</sup>

---

1. Proletarianization can be conceptualized as the movement of peasants from direct producers to part-life-time proletarians, to full-life-time proletarians. Full proletarian is primarily a landless wage labourer and his wage needs to be sufficient to reproduce his labour power and his family.

Sufficient statistical data covering the whole island is not available to show these trends. Comprehensive studies on class formation in Sri Lanka are scarce. However information from scattered sources, such as several village studies, and various estimates about the use of hired labour in peasant agriculture in Sri Lanka, throw light on the situation.

In 1927, the Interim Report of the Land Commission identified the sale of land to capitalists at the suit of mortgages as the main way that small-holders could become landless wage labourers (Perera and Gunawardena, 1980:42). This shows the movement towards dispossession of direct producers and proletarianization early in this century. Sarkar and Tambiah's survey of the Pata Dumbara region reaffirms the progress of this process. They stated that: 'proletarianization of rural families has gone far indeed and it is labour, and unskilled manual labour, which now provides succour to the majority of them' (Sarkar and Tambiah, 1957:32). More recently, research from the same region led Gunasinghe (1975b:138) to assert that a trend of 'uninterrupted and inevitable expansion of the number and proportion of rural workers' could be observed in rural society in the Kandy district.

On the basis of data from the Economic Survey of Rural Ceylon 1950/51, and from the Survey Indebtedness 1957, Kelegama (1959:436) estimated that the proportion of rural families who derived their principal income by selling their labour power increased from 35% of all rural families in 1950-52 to approximately 44% in 1957. Accordingly the rural proletariat was the largest single 'group' in the rural economy in 1957.

Although not comparable directly with the above, due to differences in the definition of categories and the methods of collection of data, recent estimates record that the proportion of

landless and near-landless rural households was 76.4% of the total rural households in Sri Lanka in 1973. At the same year the nonagricultural workers and tenant farmers together accounted for 39.8% of the total rural households (Rosenberg & Rosenberg, 1978:4). The fact that hired labour is a major component in paddy production in the island can be demonstrated by reference to the ratio of hired labour to total labour inputs in selected areas. This ratio is 78% for Polonnaruwa, 86% for Hambantota, 59% for Kandy and 56% for Colombo district. The importance of hired labour is further reflected in the proportional cash outlay per acre for hired labour in the total cost of production of paddy. This proportion was 44% in Kandy, 41% in Hambantota, 61% in Polonnaruwa, 42% in Amuradhapura and 47% in Colombo district (Perera and Gunawardena 1980:16). While these indicators point to the vital role played by hired labour the lack of time series data hinders the ability to plot trends.

Mechanisms of the process of dispossession of the direct producers and proletarianizing them are varied. Changes in the forces of production, for instance those accompanying the 'green revolution', contribute to the polarization of classes. The lessening of the risks involved in paddy farming due to the advent of improved technology leads to the increased use of wage labour by landowners, because landowners now no longer have to share the risks with sharecroppers. Also the capital intensive nature of the new technology makes the rural capitalists, who have a greater capital investment capacity, richer while the poor peasants miss out on the benefits of the new technology.

The increase in commodity production over this century has weakened the sharecropping relationship. For instance in the village of Weliwita in Kandy district, Silva (1979) reported that increased commodity production by the villagers was accompanied by eviction of sharecroppers by the landlords and their replacement with wage labour. The landowners' increasing preference for wage labour, weakens the sharecropping form of production relationship. Also reported is the disintegration and



disappearance of traditional forms of exchange labour known as *attam*.<sup>1</sup> Hettige (1980) also observed the twin process of concentration of means of production and the growth of wage labour in his study village in the Northcentral Sri Lanka.

Evidence from fishing villages show trends similar to those described above in the paddy producing villages. Data from a fishing village in Southern Sri Lanka which is subjected to penetration of capitalist relations over the years suggested that 'the community is rapidly polarizing into two opposed classes: a small capitalist elite and a large mass of poor peasants' (Alexander, 1982:61). Further the independence of the middle peasants is being threatened and they are rapidly becoming impoverished. According to Alexander (1982:38) the middle peasants - men who are making a living by fishing with their own gear - 'in their own eyes are a threatened and diminishing group'. He found that the middle peasants in his study village albeit owners of means of production (fishing gear), were forced to mortgage or sell their assets when faced with protracted illness, a poor year's fishing or a court case.

The predicament of the poor peasant is similar in both fishing and paddy cultivating communities. Although most poor peasants own some fishing gear, the return is insufficient for subsistence and therefore they are forced to sell their labour to others, or to seek supplementary sources of subsistence. In the fishing villages too therefore, a process of class polarization is taking place. Another study of a fishing community called Mirissa brings evidence to support this claim. In Mirissa, shifts in class positions are reported, involving the marginalization of poor fishermen and the upward mobility of 'big capitalist fishermen', due largely to technological changes (Marga, 1981:4).

---

1. For an analysis of the process of disintegration of the *attam* system, see Gunasinghe (1975a).

In summary, the village studies indicate that downward mobility of the middle peasant forces him to seek supplementary sources of subsistence. It may be that the majority of the middle peasant category will eventually join the ranks of the wage labourers, landless tenants and poor peasants. The poor peasant in the mean time is being rapidly forced out of the village economy and compelled by circumstances to join the rural wage labour class or the urban lumpen proletariat. In recent times the sections of the poor peasantry desperately looking for outside employment have become subjects of 'super-exploitation' by the 'world market factories' in the industrial enclaves.

Although the survival of the sections of the middle and poor peasantry are being progressively threatened they have shown a remarkable degree of resilience. Therefore capital has not yet completely pauperized the peasantry in Sri Lanka. The populist policies of the post-independence regimes have been a contributory factor in containing or slowing down the process of capital taking over from the peasants. As seen by Alavi:

given the ability of the poor peasant to survive on his bit of land, supplemented possibly by outside employment, it is necessarily a slow and difficult process for capital to take over from the peasant... Peasants by contrast to urban petty commodity producers are able to survive a little longer because of the logic of their economic situation ... Peasants may not disappear overnight. But the conditions of their existence are being progressively undermined. That is an aspect of the dynamics of peripheral capitalist development (Alavi, 1982a:190).<sup>1</sup>

At the other end of the spectrum, the emergence of what is called the 'second division' elite, aided by programmes such as the 'green revolution', is also observable in the villages. The traditional rural elite is typically high caste, descended from the 'notable' families of the past and their economic strength is mainly based on ownership of land. In contrast the 'second

---

1. This view of the inevitable demise of the peasantry with the development of capitalism and the ideology behind this view is exposed by Giner and Sevilla-Guzman (1980). They argue that research on the peasantry had been adversely biased by the assumption of necessary disappearance of peasantry held both by the 'liberals' and the 'Marxists'. Also see Muller (1979).

division elite' may be described as merchant capitalists emerging in the villages investing in trade, agricultural machinery and equipment, rice mills and the like and engaging in usury. Many descendants of the traditional elite have moved into urban residence following entry into the professions or state sector employment. They may either sell their lands in the villages or employ leasees (such as *gambarayas* in Hambantota). The so-called 'second division' or 'new elite' seem to fill the vacuum created by the traditional elite. For instance some village studies revealed how the members of this new elite dominate village level organizations by holding strategic positions in them (Morrison et al., 1979:33-35). This second division elite is none other than the rural capitalists emerging following the rapid spread of capitalist relations in the 1960s.

For instance, Alexander (1981) interprets the April 1971 revolt in Sri Lanka as 'the product of the competition between the landlord class which dominated rural Sri Lanka since the middle of the nineteenth century and the class of rural capitalists which emerged after the World War II. According to Alexander, in 1970 the landlord class or the *pelantiya* members which emerged in the British period were the dominant group in the villages, particularly in the low country, in terms of wealth and the control of electoral organization of both the United National Party and Sri Lanka Freedom Party, access to local agencies of central government, control of goods and services provided by the central government and in terms of access to white-collar employment. The rural capitalists or the *mudalalis* emerged from peasant families and their economic activities were concentrated in transport, rice milling, fish and vegetable wholesaling and retailing through village shops. (Alexander, 1981:118).

## CHAPTER 6

### THE POWER STRUCTURE AT THE NATIONAL LEVEL

This chapter focusses on the structure of power at the national level. The emergence during the colonial period of dominant indigenous professional, bureaucratic and entrepreneurial groups was discussed in chapter four. The groups which emerged and came into prominence during the colonial period (described in Chapter Four collectively as the 'colonial indigenous elite') have formed into distinct power groups and classes in post-independence Sri Lanka. Led mainly by the professional and bureaucratic groups and backed by the entrepreneurial group, a movement demanding self-government was launched which culminated with the gaining of independence from British rule in 1948. Since then the leading activists behind the independence movement have been consolidated into a 'ruling clique' and have been exercising dominance and control of politics and government in post-independence Sri Lanka. This chapter is concerned to outline the consolidation of their position following independence, to analyze the characteristics and composition of the contemporary power groups and to identify their alliances and political and economic strategies.

In Chapter One the conceptual issues involved in analyzing economic and power structures were clarified and the major groups making up the dominant power group coalition in the peripheral capitalist social formation were identified. The politico-administrative elite, and the indigenous bourgeoisie (with its comprador and national fractions) have been identified as the dominant indigenous groups.

## **The Independence Movement and the Consolidation of the Politico-Administrative Elite**

The participation in the movement for self-governement of the dominant indigenous groups which emerged during the colonial period was motivated by a number of social, political and economic factors. Their relations with the British, particularly towards the latter part of the British colonial rule in the island, was of an ambivalent nature. Whilst the dominant indigenous groups desired the economic, political and social benefits and privileges which could be generated from their liaison with the British, certain restrictions and exclusions imposed by the colonial rulers led to discontentment among them. Thus sections of this selfsame indigenous group which aped western social and cultural values and lifestyle also championed movements for the revival of indigenous religion and culture and fought to protect the Sri Lankan culture from alien western influences. These movements subsequently merged and were transformed into the nationalist movement which campaigned for self-government.

Sources of discontent were many. For the bureaucratic section of the colonial elite the major sources of discontent were to be found in the denial of access to the top positions in the state apparatuses (the top positions were dominated by British officials) (Fernando, 1968:409); Pieris, 1964:300), salary discrimination through payment of higher salaries and pensions to British officials who held qualifications comparable to Sri Lankan bureaucrats, and the practice of employing more aliens ahead of Sri Lankans in the Civil Service.

The entrepreneurial sector, or the prospective indigenous bourgeoisie, expressed discontent with the restrictive trade, shipping, finance and insurance policies of the British. Virtually all shipping, insurance, finance and trading establishments, as well as majority of large tea and rubber plantations were owned by European capitalists. Hence the metropolitan capitalists were

able to restrict the participation of the Sri Lankan entrepreneurs in the most lucrative of ventures and so to discriminate against them. As Oliver (1957:19) pointed out the local entrepreneurs were 'especially enraged by the colonial government's investing its surplus funds outside the island instead of lending those funds to Ceylonese interests'. The Local elite also complained about British trade monopoly in the island.

Besides these employment and business related sources of resentment the dominant indigenous groups had had many bitter social and cultural experiences during the colonial period. Although they adopted a highly westernized lifestyle and displayed a 'fervent xenophilia' they were not treated as equals by the British officials and the European business community and planters in social and cultural activities. For instance some recreational clubs formed by the British expatriates denied membership to the Sri Lankans. As Fernando points out, the often obsessional and 'awkward attempts to imitate dress, speech and behaviour of "English gentlemen" by the Asian and African elites appeared comical and earned the ridicule of the Europeans' (Fernando, 1973:362). Their frustration also resulted from status inconsistency. They were deprived of the political power and participation 'appropriate' to their superior social and economic position among the Sri Lankan masses. Their Westernization also denied them their roots in traditional society.

A new class had come into existence in Ceylon by 1900. Educated in the language and traditions of the colonial master and skilled in the use of his tools, yet deprived of social status both by the traditional aristocracy of the culture he had forsaken and by the Western master whose skills he had acquired, the new middle-class man no longer was content with supplication and began, vociferously though peacefully, to *demand* his rights (Singer, 1964:34).

A distinguishing feature of the nationalist movement was that it was comprised almost exclusively of the colonial elite. The participation of the mass of the population in the movement for self-governement was minimal; therefore it cannot be considered as a broadly based anti-colonial struggle. It should however, be noted that activities of the growing trade union movement of the urban workers led by militant Marxists played an important role

in the agitation against colonial rule<sup>1</sup>. Although the peasant land question was raised in propaganda against the colonial rulers the large mass of Sri Lankan peasantry was not mobilised for collective action by the leaders of the nationalist movement. Further, the leadership was largely an urban-based one.

The political arm of the colonial elite was the Ceylon National Congress which was formed in 1919 to carry out the campaign for self-government. It was practically an extension of the Low Country Products Association which was comprised of plantation owners and businessmen and the Chilaw and Jaffna Associations. The latter associations consisted mainly of professional and business interests in respective areas. In short,

the Ceylonese nationalist movement, unlike its counterpart in India, was confined almost exclusively to a middle class intelligensia of professional, commercial and proprietary folk. But it is necessary to be quite clear on this point: the men being discussed here were extremely wealthy by Ceylonese standards (Singer, 1964:37).

Thus the movement for self-government was a vehicle which united the indigenous colonial elite against the colonial rulers, cutting across caste, ethnic and religious divisions. Following independence they came virtually to monopolize the political sphere.

Independence can be seen as the formal event which marked the consolidation of the groups which were prominent in the nationalist movement as the politico-administrative elite of post-independence in Sri Lanka. Independence gave them a monopoly of government and of political control, and exclusive and indiscriminate access to top positions in the state apparatus including the judiciary, bureaucracy, and the military vacated by the departing British officials. Independence also placed them on the top rung of the social ladder which was earlier the domain of the colonial planter-official aristocracy. The politico-administrative elite grew in power and prestige over the

---

1. On the role of the labour movement see, Jayawardena (1972).

years as the state assumed an increasingly dominant role in the peripheral capitalist economy.

Significant changes in the structure of the politico-administrative elite said to have been taken place in the post-independence period. Singer (1964) has argued that in the late 1950's a 'new synthesizing elite' emerged in Sri Lankan politics. The new, emerging political elite was to be distinguished from the Westernized indigenous elite who replaced colonial rulers at the time of independence.

More parochial and more bound to traditional values than their earlier counterparts, this emerging elite attempts to synthesize the values of the past with the values of the future (Singer, 1964:7)<sup>1</sup>.

The socio-economic characteristics of the many members of the post-1948 national legislatures - particularly the large number of members representing rural constituencies - only loosely approximate those identified by Singer. However, it cannot be argued that the socio-economic characteristics of the political leadership wielding effective power or the decision-making elite ranks have significantly changed. Prime ministers, political party leaders and cabinet ministers holding strategic portfolios in the post-independence period have tended to be drawn from a relatively small circle of interrelated families which often claim

---

1. He argued that the Westernized elite - 'the group to whom the British first began to transfer political power were: 1. Broadly Ceylonese, 2. Largely Christian, 3. Mostly high-caste 4. Highly urbanized, 5. Highly Western-educated, 6. Largely, engaged in Western-type occupations and 7. Of the highest economic and social class' whereas the emerging political elite is '1. Overwhelmingly Sinhalese, 2. Heavily Buddhist, 3. Largely rural, 4. Generally less educated but more Swabasha-educated, 5. Engaged in more traditional occupations and 6. Very largely drawn from the middle economic and social classes' (Singer, 1964:49).



descent from the elite which emerged during the colonial period.<sup>1</sup> Yet the lower and middle ranks of the political elite have been made open to the members of the 'non elite' in the post-independence period by the extension of educational facilities to rural areas, aided by the universal franchise and with the growing intensity of mass politicization (Fernando, 1973).

According to Singer when any definitive study of the new civil service is made 'it will show that the civil servants recruited in recent years possess all of the "intermediate" qualities displayed by their counterparts in the emerging political elite" (Singer, 1964:123). Again, the enlargement of the state sector and consequently, the civil service over the years, the spread of educational facilities to rural areas, and the opening up of university education to students of vernacular languages, have no doubt contributed to the recruitment of civil servants and professionals from the rural elite families thus broadening the spectrum. Nevertheless, the top ranks of the civil service and state apparatus, such a study will show, is dominated by persons from wealthy families who have access to the superior educational facilities of the elite schools in the urban centres and by persons who have connections to the elite. Some confirmation of these claims may be found in the work by Jiggins (1979) which, whilst not a study of composition of civil service, points to the fact that many of the top positions in the state apparatuses are held by close relatives of the political elite.

A more important development over the years is the rapid growth of the politico-bureaucratic elite or the 'state bour-

---

1. All but one prime minister of Sri Lanka between 1948 and 1970, for instance, belonged to one of two elite family groups. Fernando observed that the 'Cabinet, Courts, Central Bank, Planning Ministry, Permanent Secretaries of Ministries, Heads of Government Departments, and other crucial decision-making areas' are the monopoly of the elite (Fernando, 1973:378).

geoisie' in Sri Lanka.<sup>1</sup> The relatively weak position of the indigenous bourgeoisie and the massive expansion of state sector in the post-independence period saw the bolstering of their power. The number of state enterprises has continually increased since 1956.

This has meant not only an enlargement of the bureaucracy but increase in its power. Thus state-guided capitalism has contributed to the consolidation of the bureaucratic bourgeoisie. Members of this salaried middle class

play an active and vigorous role in the politics of peripheral societies and much of the thrust of their political demands is directed towards positions of power in the state apparatus as such. The state is their biggest and most remunerative employer - and, given corruption and nepotism, for their kin (Alavi, 1982b:300).

Their political and economic role has increasingly become crucial in Sri Lanka. Because of their exposure to alien language, culture and ideas, and consequent influence exerted by this exposure, and their position as holders of top echelons of bureaucracy, military and state sponsored or state-owned enterprises, the politico-bureaucratic elite is strategically important for the metropolitan powers.

### **Growth of the Indigenous Bourgeoisie**

Paralleling the growth of the politico-administrative elite is the rise of the indigenous bourgeoisie. Most researchers have grouped dominant entrepreneurial, professional, political and bureaucratic groups in post-independence Sri Lanka together under the category of 'elite' and have given relatively scant attention to the formation of an indigenous bourgeoisie out of the entrepreneurial groups. Therefore material on the indigenous bourgeoisie is scarce and calls for fresh research.

---

1. The emergence of a state bourgeoisie is observed in other third world societies - for instance in Tanzania (Shivji 1976), and Latin America (Roxborough, 1979; Petras, 1978).

The dominant position of the politico-administrative elite over the indigenous bourgeoisie is due to the formation and growth of the latter under the shadow of colonial domination. The close interconnections forged by ties among the different dominant groups have given them an oligarchic character and further leads one to see them all as a single elite group. However it is very important to make the analytical distinction between politico-administrative elite and the indigenous bourgeoisie and within the indigenous bourgeoisie between the comprador and the national fractions in order to fully explain the course of peripheral capitalist development in post-independence Sri Lanka.

As for the indigenous bourgeoisie Independence marked a beginning of an era which saw an increase in their strength. For instance a progressive process of Sri Lankanization of foreign-owned plantations took place since the 1950's transferring the ownership to local capitalists. The Sterling Companies' share of ownership in the total tea crop acreage in Sri Lanka dropped from 46% in 1955 to 24% in 1972, while that of Rupee Companies rose from 11% in 1955 to 25% in 1972 (Bansil, 1971:183; Pieris, 1978:615). Also conducive to their growth are the policies of import-substituting industrialization, the 'green revolution' programme, and the current economic policy of export led industrialization. Policies of both the major political parties, which held parliamentary power alternatively since 1948, have generally been favourable to the indigenous bourgeoisie. This will be elaborated in Chapter Seven in the discussion of post-independence economic policies.

While the entrepreneurs in the import-export business, in plantations and in mining played a comprador role on behalf of metropolitan capital, a national fraction within the indigenous bourgeoisie began to emerge during the late 1950's. The import-substituting industrialization policy, curbs and controls on metropolitan influence in the economy (such as the nationalization of foreign oil companies) imposed by governments led by Sri Lanka Freedom Party was especially conducive to the growth of

this fraction. The political attitude of the national fraction has been 'nationalistic' and they demonstrated their willingness to enter into anti-imperialist political coalitions. Their rallying around the Mahajana Eksath Peramuna, and the coalitions led by the Sri Lanka Freedom Party in the 1960's that propagandised an anti-imperialist platform, is a case in point.

### **Cohesion and Division among the Dominant Groups**

As noted above the close interconnectedness of the dominant power groups has been highlighted by researchers (Jiggins, 1979; Fernando, 1973). Indeed kin and family ties often cut across these groups and give the impression of an exclusive elite group. It is this aspect which is discussed in the following pages. However the oligarchic character of the dominant power groups must not be so overemphasized as to mar the analytical distinctions drawn in the preceding discussion.

Further the 'secondary' lines of conflict such as race, religion and language are important in Sri Lanka in shaping up the power structures. The cleavages derived from non-property based structures, according to Roxborough (1979:73) are an important factor influencing class structures in the Third World countries.

Religion and ethnicity have resulted in some rivalry within the politico-administrative elite particularly in the 1950's and 1960's when extreme nationalists among the Sinhalese elites whipped up sentiments of the Sinhalese. However, despite recurrent anti-Tamil violence by the Sinhalese since May 1958, the elites representing the Tamil community have enjoyed significant political power, sometime in coalition with the Sinhalese political parties, without effective opposition until the 1970's when the militant Tamil youth embarked on a struggle for separatism and self-determination in a manner which by-passed the leadership of

the elites.<sup>1</sup> The political leadership of both the Tamil, the Sinhalese and other ethnic communities comes from the politico-administrative elite ranks of the respective communities.

Caste has been a factor relevant in faction formation. As Roberts (1982) argued, the subordinate and low caste status of *Karawa*, *Salagama*, and *Durava* castes relative to the *Goyigama* provided both the 'incentive and leeway for some families of these castes to make use of new economic and political opportunities for self-advancement and consequently [they joined] the indigenous elite in the colonial period'. He too, agrees that the dialectics of caste competition cannot be regarded as the key phenomena determining the power structures today.

Of the cohesive factors, the family and kinship ties (irrespective of ethnic, religious or caste groups) have clearly illustrated the oligarchic nature of the dominant groups and it has been frequently observed and documented by researchers:

An observable fact is that caste and family ties, of whatever political hue, act as political solvents because of close links among the islands' well knit elitist middle class. The elite is therefore all-pervasive and capable of influencing policy decisions (Wilson, 1979:xviii).

Jiggins found that 'power at the elite level is derivative of family and caste...' Further, she wrote:

...despite universal franchise, parliamentary procedures, frequent transference of power at peaceful elections in an increasingly two party system, and the emergence of the populist policies of post-1956, the grip of a few families on place and power in Sri Lanka has been diluted only marginally (Jiggins, 1979:96).

---

1. The movement for separatism led by Tamil youth who resort to non-parliamentary methods to achieve their objectives parallels the April 1971 revolt in that both are largely the results of discontent of youth over the elite leadership's inability to bring about satisfactory solutions to the country's economic, political and social problems.

Yet another researcher remarked: 'A common style of life, marriage alliances and kin networks cut across political factions of the elite (Obeyesekere, 1974:382). The leadership of Sri Lanka's political parties, according to Fernando (1973:372), 'has been more a family affair than a matter decided by the party organization'. Thus the Sri Lankan politico-administrative elite is undoubtedly a group inter-connected through family ties. This is true not only of the political leadership but also of business, military, religious as well as bureaucratic sectors (see Jiggins, 1979).

Common style of life and a common educational background exhibited by the Sri Lankan elite further enhance their solidarity. Members of the strategic politico-bureaucratic elite are products of select urban elite schools established during the period of colonial rule to cater for 'upper class natives'. Fernando (1973:378) has investigated the role of the five leading elitist schools<sup>1</sup> in the making of people's representatives in the parliament. In the 1956 parliament, 38 members, constituting 38% of the total number of members, were educated in these five schools. In the 1970 parliament, 48 members, constituting 31% of the total, were products of these schools. Further, 11 out of a total of 20 cabinet ministers in 1970 were products of these five schools. It is well known in Sri Lanka that one's chances of joining the elite ranks are considerably increased if educated in these schools. This common educational experience contributes to a similar socializing influence and fosters homogeneity of the dominant groups. It is true the high level of integration among them is fostered by common education and socio-economic background and the operation of kinship networks. These factors have produced a common lifestyle sufficient to give an oligarchic nature to the dominant group coalition in Sri Lanka. Due to strategic marriage alliances among the members of the dominant groups, there is an overlap and inter-connection among them.

---

1. The five elite schools are Royal College, St. Thomas's College, Ananda College, St. Joseph's College and Trinity College.

Although the 'secondary' lines of division or 'subsidiary' lines - those based on non-property factors such as religion or ethnicity - are important, they are not the sole phenomena determining power structures. While the above factors are important in understanding their integration, they do not fully explain the power structure in Sri Lanka. The class origin, class affiliation and common economic interests are crucial in explaining the power structure, the alliances among different factions, and the relationship between these groups and the post-colonial state.

As the politico-bureaucratic elite are recruited from the land-owning and property-holding families, their interests overlap with the indigenous bourgeoisie. Hence the government policies are formulated not to clash with those interests or, when such policies are formulated, not to be effectively implemented or enforced.<sup>1</sup> This is not surprising:

for the class that is affected is directly represented within the state apparatus by virtue of the class origins of its officials, and is able thereby to undermine the implementation of measures directed against itself. Likewise we encounter cases of *class affiliation*, irrespective of the class origin, of officials who acquire close links with either the metropolitan bourgeoisie or the local bourgeoisie, whose interests they pursue vigorously and usually effectively (Alavi, 1982b:300)

### **The Dominant Groups and Their Alliances and Strategies**

The relationship between the dominant groups, the nature of the state and policies, cannot be understood simply by describing post-independence politics as faction-fighting between family groups. The politico-bureaucratic elite, the land and other property owners (indigenous bourgeoisie) and the metropolitan bourgeoisie represented by the multinationals, are three strategic groupings present in peripheral capitalist societies.

---

1. See, for example, the Paddy Lands Act in Sri Lanka discussed in Chapter Seven.

The end of direct colonial rule did not end the presence and influence of metropolitan capital in colonized societies. As Alavi pointed out:

foreign capital - the metropolitan bourgeoisie on its own - has a structural presence in post-colonial societies and their state apparatus - its hand is not removed with independence any more than it is absent in those countries that have not been subjected to direct colonial rule. It is represented in peripheral capitalist societies and the state doubly. It is represented in the first instance through its own local presence, organization and resources. But this direct presence is greatly reinforced through the mediation on its behalf of the respective metropolitan states in their dealings with states in peripheral capitalist societies (Alavi, 1982b:-297).

Obtaining political independence from colonial rule did not end the presence or influence of the metropolitan capital in Sri Lanka. For instance Sterling Companies (companies registered in United Kingdom) owned 29% of the total tea acreage in Sri Lanka in 1968 and 24% in 1972 (Bansil, 1972:183; Peiris, 1979:615). Further, even in the 1960's when the import-substituting industrialization policy was in vogue, foreign private liabilities in the manufacturing sector in Sri Lanka were considerable (see Balakrishnan and Gunasekera, 1977:272). The stopping of aid to Sri Lanka from the U.S.A. in retaliation for the nationalization of foreign oil companies in 1964, is an example of mediation by metropolitan states on behalf of metropolitan capital.<sup>1</sup> Today, with the opening up of Free Trade Zones and the policy of inviting foreign investment by offering generous incentives, the presence and influence of metropolitan capital in the country has escalated.

---

1. Seers (1981) discusses the ways in which metropolitan states mediate on behalf of the multinationals, giving examples from Chile, during Allende's government, and other third world countries. Also of relevance is Petras' (1978:52-56) analysis of the imperial states' role in sustaining and destabilizing social regimes in the periphery. In Sri Lanka, for example the multinational pharmaceutical firm Pfizer Ltd. 'foiled a nationalization threat by the Sri Lankan government in 1973 by exerting political pressure through the United States government'. (S.B.D. De Silva, 1982:488).



The alignment between these dominant groups is crucial in determining the pattern of development in peripheral capitalist societies such as Sri Lanka. As Shanin pointed out, the ways in which capitalism in a 'developing society' is run depends, among other factors,

on the confrontation and compromise within a 'triple alliance of local property owners, multinational companies *and* those who control the state economy in its indirect *and* direct sense (Shanin, 1982:317).

The competing interests of the dominant groups and alliances forged with the other social strata largely explain different strategies and the pattern of capitalist development in the post-independence period. The post-independence national regimes in Sri Lanka have adopted economic and political strategies ranging from the 'neo-colonial' to the 'national popular strategy'. The neo-colonial strategy is characterized by a closer alliance between the local entrepreneurs and the metropolitan bourgeoisie in order to extract surplus from the labour force while the 'national bourgeoisie development strategy' attempts to limit the share going to imperial firms. The national popular strategy is characterized by popular and broad alliances of dominant strata with labouring populations.<sup>1</sup>

The analytical distinction between 'comprador' and 'national' fractions of the third world's indigenous bourgeoisie aids an understanding of class structure, its economic and political strategies and class alliances in the post-independence national regime. Within the Sri Lankan bourgeoisie these groups which have direct links with the metropolitan capital - part-owners, executives and managers of foreign-owned plantation companies, agency houses, finance and insurance firms, and multinationals present in the country - can be regarded as the comprador fraction. Those groups which do not have direct links with the metropolitan capital and are adversely affected by the presence of metropolitan capital (the group of entrepreneurs who invested in import-substituting industries in the 1960's, indigenous entrepreneurs investing in domestic industries indepen-

---

1. See Chapter One, p.39 for the classification of these strategies.

dent of metropolitan capital), fall into the national fraction. While the comprador bourgeoisie is ancillary to foreign capital, the national or industrial bourgeoisie's relationship with foreign capital is ambivalent (Alavi, 1982b:297).

The comprador fraction has traditionally rallied behind the United National Party. The United National Party at its inception in 1945-46 was comprised mainly of the members of the Ceylon National Congress (Wriggins, 1960:106) and therefore was 'little more than the Ceylon National Congress with a different name' (Singer, 1964:44). The Ceylon National Congress, it should be recalled, comprised mainly of the entrepreneurs based on the export economy, and professionals.

The United National Party programme in 1947 was not antagonistic to metropolitan capital. What the United National Party sought was increased collaboration between the local and foreign capital and increased participation of Sri Lankans in foreign ventures. Although the United National Party wanted 'substantial transfer of income and economic power from foreign hands to the Ceylonese', it also encouraged 'foreign capital to bring new enterprises and techniques to the island' and required the foreign business 'to take larger numbers of Ceylonese into their employment and into corporate responsibility' (Wriggins, 1960: 117). Moreover nationalization of foreign plantations and business was not in their programme. Thus the United National Party has been serving the interests of metropolitan capital and the comprador fraction of the indigenous capital. In contrast, in its 1952 programme Sri Lanka Freedom Party appealed to the nationalist fraction (in addition to promise to promote indigenous Sinhalese culture and religion denouncing Western influences) by emphasising the nationalization of foreign plantations and banks.

That the Sri Lanka Freedom Party-led regimes had forged close alliances with the national bourgeoisie interests, is

evident from their economic and political strategy. The United National Party generally represented the comprador interests. It should be noted there has been considerable overlap of interests. However the stronger commitment of past Sri Lanka Freedom Party regimes to state capitalist policies, and nationalization programmes, was very favourable to the national bourgeoisie and the politico-administrative elite. Conversely, the United National Party regimes have shown a tendency to forge strong links with metropolitan capital and comprador interests.

These class alignments of the United National Party and the Sri Lanka Freedom Party are reflected in their economic and political strategies throughout the post-independence period. The United National Party has shown preference for a neo-colonial strategy mixed with national bourgeoisie developmentalism, while the Sri Lanka Freedom Party has adopted a national bourgeoisie development strategy mixed sometimes with national populism. Before examining these strategies it should be noted that

National bourgeoisie developmentalism overlaps considerably with the neo-colonial approach in some cases; in other instances it approximates the national popular approach (Petrus, 1978:46).

Further the relationship between the metropolitan capital and the national fraction of the local bourgeoisie has not always been of a rivalist nature:

Foreign capital opposes the development of this local rival but at the same time, insofar as it does develop, certain sections of foreign capital (especially those engaged in high technology industries) will seek collaborative relationships with it (Alavi, 1982b:297).

Therefore strict stereo-typing of the United National Party as a party of 'compradors' and the Sri Lanka Freedom Party as a party of 'national bourgeoisie' is misleading.

As noted above the United National Party generally has been collaborative with metropolitan capital. During 1948-1956 they placed greater emphasis on foreign enterprise. Subsequently

---

1. It can be argued that this has been taking place since the opening up of the Free Trade Zone in Sri Lanka in 1978.

the United National Party, in its term of office from 1965-1970 welcomed the 'green revolution' programme, and the multinational corporations were among the principal beneficiaries of that programme. The liberalization of trade, the establishment of Free Trade Zones, and the invitation of foreign investors (to whom were given generous tax concessions and incentives) and the enforcement of laws to discipline the labourers have all been policies of the United National Party since 1977. They clearly indicate a preference for a strategy of development responsive to forces from outside. Thus, under the United National Party, the policy of establishing symbiotic relationships with the metropolitan bourgeoisie which began in 1948 with the inflow of foreign investments, continued in the 1960's through the 'green revolution' and has culminated in an export-led industrialization policy after 1977.

The national developmentalist strategy of the third world national regimes was informed by and reflected the influence of United Nations-Prebisch development thinking of the 1960's. The stated objective of the strategy was to initiate autonomous capitalist development by minimizing the control of, and the benefits flowing to, hegemonic centers of the world economy. State intervention in the form of provision of subsidies, tariff protection, provision of low-cost finance and import-substituting industrialization were the policies based on this strategy. Sri Lanka pursued this type of strategy vigorously in the 1960's.

The import-substituting industrialization policies of the Sri Lanka Freedom Party in early 1960's indicate support for the national bourgeoisie over the comprador fraction. The Sri Lanka Freedom Party policy was that of increased state participation in the economy. The magnitude of the expansion of public sector activity is indicated by the rise in the number of public corporations.<sup>1</sup> In 1956 the number of semi-autonomous public corporations was less than 25, but by 1977 it rose to 141

---

1. During the Sri Lanka Freedom Party-led parliament of 1956-1965, the number of public enterprises increased from 10 to 34 (Sobhan, 1979:419).

(Lakshman, 1980:19). This expansion of state participation entailed growth in the state ownership and control of the wealth and resources of the country. This in turn, meant an increase in the power of the politico-administrative elite who manage the state apparatus. State capitalism is beneficial not only to this group but also to the national fractions of the indigenous bourgeoisie. The growing importance of the state sector however, as Sobhan (1979) argued, does not necessarily thwart the interests of indigenous capitalists. Rather the public enterprises provide subsidized finance, transport and key inputs to strengthen the capitalists and the state also provides protection for them.

When the Sri Lanka Freedom Party entered into a coalition with the Marxists, as occurred in the period 1970-1977, the pressure for a national popular strategy was far greater. In the United Front regime of 1970-1977, there was a broad alliance of national bourgeoisie, politico-administrative elite and sections of the rural and urban labouring population. However the coalition was short lived (the Marxist Lanka Sama Samaja Party was expelled from the United Front coalition in 1975). As workers and peasants were the subordinate partners in the coalition, their gains were limited and the alliance took on a national bourgeoisie and neo-colonial character towards the end, under pressure from national bourgeoisie and probably imperial forces. The Trotskyist minister of finance alleged that the expulsion of his party - the Lanka Sama Samaja Party - from the United front coalition was the result of a 'plot by the *mudalalis* (indigenous entrepreneurs) and imperialist supporters'. (Wilson 1979:xviii). These types of trends have been noted by Petras:

Threats from either side may cause the national bourgeoisie to seek alliances: with populists if threatened by foreign interests, or with imperial groups if threatened by the left. While the rise of establishment nationalism may have been influenced initially by radical nationalist pressures, the usual tendency has been for it to dissolve in a series of external agreements which erode the original national developmental project. Similarly a national popular regime has a short duration and usually it is overthrown or evolves into one of the two other variants (Petras, 1978:46).

In conclusion, the classical elite theory is inadequate to

explain Sri Lankan elite formation. Analyses should go beyond characterizing Sri Lankan politics simply in terms of faction fights between Western-educated elites. While secondary lines of division and cohesion among the elites are important and cannot be ignored, to fully explain the elite structure, property-based lines of conflict and cleavage should be incorporated in the analyses.

The dominant groups - the indigenous bourgeoisie (including the 'comprador' and 'national' fractions) and the politico-administrative elite have been identified. Also present are the metropolitan capitalists, represented by the multinational corporations and imperial firms in the country. The patterns of development in the post-independence period can be understood best by reference to the different alliances among these three groups. These alliances in turn should be viewed in the context of changes in the form and level of development of the world capitalist economy.

The strategies and selected policy programmes of the post-independence regimes are further examined in the next chapter where it is argued none of the strategies has been able to bring about sustained autonomous development. It is demonstrated that they have, instead, resulted in further integration of Sri Lankan into the world capitalist economy, in intensifying the dependence of the Sri Lankan economy on the core economies, and in reinforcing a peripheral capitalist pattern of development. Consequent upon this pattern of development, it will be shown, is the persistence of poverty and increasing economic inequality.

## C H A P T E R 7

### POST-INDEPENDENCE ECONOMIC AND POLITICAL STRATEGIES

This chapter critically examines the economic and political strategies of the post-independence national regimes in Sri Lanka. The chapter begins by outlining trends in the modern phase of the capitalist world economy in order to provide the background necessary to an understanding of the strategies of the national regimes. It goes on to examine the import-substituting industrialization policy of the 1960's and the current export-oriented industrialization strategy. It is argued that these strategies have deepened the integration of Sri Lankan society into the capitalist world economy and reinforced dependent economic relationships. Finally selected policy programmes of the post independence period, namely the tenure and land reforms and the 'green revolution' are examined for their failure to achieve stated objectives. It is argued that the class character of the national regimes is central to the understanding of the development policies and the pattern of development.

The political and economic strategies cannot be adequately explained, as the modernization perspective would do, by conceiving of them as public policy or development programmes undertaken by the 'modernizing elites' for the good of the whole society. Such conceptions ignore the crucial issues of class interests and the nature of the state which are both key factors determining the pattern of development. It is argued in this chapter that the persistence of poverty, and increasing economic and social inequality are integral to the pattern of development of peripheral capitalist societies.

It is essential to examine the class composition of the successive regimes in order to fully comprehend the nature and

effects of the political and economic strategies of the post-independence national regimes and the resultant patterns of national development.

The de-colonization movements in the periphery, the emergence of the United States and Soviet Russia as super powers, an increase in the number of countries experiencing a socialist revolution and the disintegration of European colonial empires in the aftermath of the world wars all marked a transformation of the world capitalist system. The central problem for the centres of imperialism since the war has been

to keep as much of the colonial world as possible in informal empires, whereby the peripheral nations would be kept open for the exploitation of their natural resources and trade and investment opportunities (Magdoff, 1982:25).

The modern phase of the development of the world economy began at the end of the second world war. Following the second war, world capitalism was revitalized by the emergence of the United States as the hegemonic center and the advent of the multinational corporations as the organizers of capital and production across the globe. As S.B.D. De Silva has noted:

The period of de-colonization between the end of the second world war and the advent of the multinational corporations in the periphery in the mid 1960's was a formative one in the development of the socio-economic structures and class relations that were to determine the politics of different countries in the present day (S.B.D. De Silva, 1982:483).

The modern phase of world capitalism is marked by the replacement of merchant capital by the industrial capital of the core, the small investor (of the colonial era) by the multinational giants, the internationalization of the market by the internationalization of production as a major strategy, and the replacement of agency houses which managed foreign interests in the colonies by direct investment by the multinationals or their subsidiaries in the periphery. In the modern phase, the periphery is re-linked to the world capitalist centers via the multinational corporations, and the multinationals have become, to borrow S.B.D. De Silva's phrase (1982:488), 'the institutional basis of centre periphery relations'. The multilateralization of capital or the combination of technology, capital and market skills of



different nations, in the contemporary phase means that the periphery is not linked with any specific metropolitan country, as in the colonial phase, but with the centre as a whole (S.B.D. De Silva, 1982:497).

International subcontracting has become a central feature of internationalized production as a result of the relocation of labour intensive and often ecologically harmful industries to the peripheral nations where there is an abundant supply of cheap labour and raw materials (Germidis, 1980). As a result, Frobél et al.(1980) argued that a new international division of labour is emerging in the world economy. They found that companies in the OECD countries are expanding investment, employment and production capacities abroad while stagnating at home.

The international scatter of different stages of the production process creates new forms of inequality between nations:

The old division of labour, in which the underdeveloped countries supplied the raw materials and the advanced countries supplied the manufactured goods, is being replaced by a different division, in which the former supply the primary products and the manufactures, while the second supply the equipment and the 'software' (Amin, 1976: 211).

Gathered at the core are software or technological research, innovative management and the production of most complex types of essential equipment - those requiring highly skilled labour. Transferred to the peripheral industrial enclaves is the production of those items which, 'given the help of imported equipment, require only ordinary labour' (Amin, 1976:211).

Relations between the units in the world capitalist system are being redefined. A new symbiosis between the core and both the private and state capital of the periphery is formed. The collaboration of core capital with the peripheral state, which is pursuing state capitalist policies, is particularly beneficial to the former because it minimizes the risk of appropriation of metropolitan firms' interests in the periphery by the peripheral state. Having learnt the lessons of the de-colonization movements,

during which some peripheral states appropriated metropolitan interests within their boundaries, the present preference and practice is for the setting up of joint ventures between peripheral (both private and state) and metropolitan capital.

With the advent of multinationals, and the subsequent internationalization of production, capital has assumed a 'supra-national character' and it has prompted researchers such as Hopkins (1982b) to postulate an international bourgeoisie and an international proletariat.

Metropolitan states and international financial institutions, such as the World Bank and the IMF, are ancillary to the functioning of the new international division of labour and core-periphery structures. They play a crucial and supportive role in creating and maintaining conditions for capital accumulation by the multinational corporations in the periphery (Petras, 1978:48; Seers, 1981:5-6).

Associated with these developments in the world capitalist system are changes in the class formation and class alliances in the periphery. According to Petras:

The interval variations in class development are largely a product of the original organization of production and particular moment of imperialist domination (Petras, 1978: 35).

In the neo-colonial phase, social strata between imperial capitalism and the labour force of the periphery are created. The existence of these 'intermediary strata' or

collaborator classes whose function is to organize state and economy in accordance with core definition of international division of labour, is the pivotal unit which facilitates core subordination of peripheral societies (Petras, 1978:36).

The types of class alliances or strategies of capital accumulation open to the national regimes of the periphery in the post-independence period have been discussed in chapter five. Most peripheral regimes in the post-independence period have shown a general tendency to shift from an 'inward looking' import-substituting industrialization policy to an 'outward looking' export-led growth strategy. The so-called 'Newly Industrializing Countries'

(NICs) such as Taiwan and South Korea are model countries which have earnestly followed the latter type of strategy (see Hoogvelt, 1982: 24-26).

### **Post-Independence National Regimes in Sri Lanka**

A period of re-defining core-periphery relationships dawned with independence. Although the power was transferred from the British colonial rulers to an indigenous political regime, no radical change in the economic strategy took place in the years immediately following independence.<sup>1</sup> The United National Party regime which came into power represented mainly the Westernized, 'comprador' fraction of the indigenous bourgeoisie (plantation owners, commercial and trading interests based in import-export economy and the Westernized bureaucratic and professional groups) who had close and direct contacts with the metropolitan bourgeoisie. They held parliamentary power from 1948 to 1956 maintaining essentially a co-operative and collaborative relationship with the metropolitan bourgeoisie.

Although the extraverted nature of the economy, and therefore the need for structural changes therein, was recognized, 'the political leadership based on plantations and related commercial interests did not seek to change the economy' (Atukorallage, 1981:121). There was no attempt to limit or eliminate the share of the surplus flowing to the metropolitan centre, nor to eliminate foreign exploitation, or to disengage from the core, to seek autonomous development, or to alter substantially the conditions for metropolitan capital accumulation. In contrast the links were maintained. As noted in the previous chapter, for instance, there was no attempt to indigenize the majority

---

1. Petras notes: 'The emergence of national movements, and eventually governments, sets the stage for redefining relations with the imperial power. Yet, in most instances, controlling the government is not identical with controlling the state: the critical means of production, as well as important fractions of the army/police/state bureaucracy remain, at least initially, still tied to the metropolis and serve to countermand the orders of the national government' (Petras, 1978-53).

ownership and management of the plantation industries and commercial enterprises which remained in the hands of the foreigners. Under the regime in question, the class alliance was thus of a 'neocolonial' nature where the indigenous bourgeoisie was allied with metropolitan interests.

In 1952 the World Bank Mission visiting the island recommended that industrial development in Sri Lanka should play a secondary role to agriculture. Apparently influenced by this advice, the government allocated only 4.42% of the total investment for industry as opposed to allocation of 36% for agriculture in the Six-Year Programme of Investment of 1954-1960 (Wickremeratne, 1977b:148). In Karunaratne's view:

the landed oligarchy that dominated Ceylon politics were obsessed with a physiocratic premonition about the self-sufficiency in food and consequently no right balance was struck between industrial development and agriculture (Karunaratne, 1972:290).

Moreover, the processing of agricultural produce prior to export was not encouraged, the emphasis of the then policy being to increase yield and production. This policy reinforced the peripheral economic structure inherited from the colonial days, and the major beneficiaries were the metropolitan capitalists and the indigenous compradorial strata.

The strategy of the regime which came into power in 1956 was markedly different to that of its predecessor. The coalition was more broadly based than the United National Party. The 'national' fraction of the indigenous bourgeoisie (as opposed to the 'comprador' fraction) joined together with sections of the Sinhalese-educated intelligentsia (aspiring to displace the westernized administrative-bureaucratic elite which dominated the state apparatus) and electoral support also came from the rural traders, peasants and the *sangha* (the order of the Buddhist monks). The inclusion of a Marxist party (Viplavakari Lanka Sama Samaja Party) in the coalition increased the electoral support for the regime. Above all, the Sinhalese Buddhist nationalism of the Sri Lanka Freedom Party appealed to the Sinhalese voter thus cutting across, to a considerable extent, class and caste divisions. The petty bourgeoisie and the

nationalist fraction of the indigenous bourgeoisie (which does not have direct links with the metropolitan capital or with the plantation and mining sector) also found a representative organ in the Sri Lanka Freedom Party. Given these class bases, it is easy to understand attempts by the Sri Lanka Freedom party regime to limit the control of the metropolitan capital. The point is that the alliance and the strategy of the Sri Lanka Freedom Party-led regime of 1956 was of a 'national bourgeois developmentalist' nature.

The economic policies of the 1956 regime differed from its predecessor. Relatively greater emphasis was laid on industrial development than on agriculture by the new regime. For instance, the Ten Year Plan of 1959 earmarked 41% of the total outlay to industry while agriculture's share was only 22.9% (Wickremaratne, 1977b:152). State participation in industry also increased as indicated by the setting up of state-owned enterprises in the steel, tyre, hardware, sugar and salt industries. Increased public sector involvement in the economy through increasing the number of state-owned enterprises, as argued in the previous chapter, meant a strengthening of the economic and political power of the politico-administrative bureaucracy or the state bourgeoisie, which managed state apparatuses.

Further, the policy of nationalization of selected enterprises by the 1956 regime was not aimed at complete elimination of private capital but at reserving basic industries, including iron, steel, cement, chemicals and fertilizer exclusively for the public sector, and leaving light consumer goods industries to the private sector (Balakrishnan, 1977:195). The state sector played an ancillary role to the indigenous capitalists. The ancillary role of the state in relation to the indigenous bourgeoisie is best demonstrated in the import-substituting industrialization policy which Sri Lanka began vigorously to pursue from about 1960.

### **Import-Substituting Industrialization**

The policy included trade and payments control, bans on selected imports, and generous tax and subsidy incentives for indigenous capitalists investing in manufacturing. Balakrishnan

wrote:

Private industry responded well to what amounted to a ready-made market and the prospect of attractive returns partly helped by tax concessions and relatively cheap credit (Balakrishnan, 1977:196).

The protective umbrella and the generous incentives provided by the state created avenues of mobility not only for the aspiring petty bourgeoisie but also opportunities for the plantation owners to diversify their investments. The import-substituting industrialization policy was particularly attractive for the plantation owners, enabling them to re-orient their investments at a time when export crop prices were dwindling. According to Snodgrass the import-substituting industrialization policy

accomplished the task of channeling the proven abilities of the local entrepreneurial class out of the old familiar lines - estate agriculture, real estate, and trade - into manufacturing (Snodgrass, 1966:224).

However the import-substituting industrialization policy was not entirely successful in achieving the stated objectives of bringing about autonomous industrial development and structural changes in the economy. Neither did it succeed in eliminating the heavy import dependence of the Sri Lankan economy. Firstly, the import-substituting industrialization policy attracted criticism because the investment under this policy was not directed to 'essential' industries but largely to the production of the same non-essential, luxury consumer items that were banned as imports. Secondly, the industries set up under this policy involved a heavy import content and production involved only minimum conversion of imported inputs. Thus many industries set up under the import-substituting industrialization policy, amounted to assembly operations of imported materials (Balakrishnan, 1977:197; Atukoralage, 1981:124). A statistical analysis of sectoral GDP data during the period between 1960-1965 reveals that the import-substituting industrialization policies 'brought about new and more delicate forms of trade dependence (Atukoralage, 1981:140) thereby defeating the objective of autonomous development.<sup>1</sup>

---

1. In 1970 about 75% of the raw materials used by local industry originated from foreign sources (Wilson, 1979:85).

The high dependence on imported inputs, and the assembly, finishing and final processing nature of the manufacturing industries of the import-substituting industrialization period deepened dependent relations with the core instead, aiding the development of autonomous industries. This heavy import dependence in turn, led to foreign exchange problems and to a deepening of credit dependence on metropolitan banks and international financial institutions such as the World Bank and the IMF. So, instead of limiting the benefits accruing to metropolitan capitalists and moving towards a diversified autonomous industrial sector, the import-substituting industrialization policies of the 1960's deepened the core-periphery dependent relationships. As S.B.D. De Silva pointed out, although in some third world countries

the inwardly-oriented policies threatened the interests of foreign capital in varying degrees through import substituting industrialization, the state monopoly of certain branches of foreign trade and the partial indigenization of capital and management... in the absence of a political revolution, [these countries] failed to disengage themselves fully from the imperialist system (S.B.D. De Silva, 1982:484).

On the agricultural front the 'green revolution' programme, which was launched in mid-1960's, was another avenue for metropolitan capital to gain a foothold in the periphery. The effects of the 'green revolution' on the peasant sector of Sri Lanka is discussed later in this chapter. The point made here is that the 'green revolution' was yet another development policy which enabled the metropolitan capital to gain further inroads into the periphery. During the period in which the 'green revolution' was in vogue (from mid 1960s to mid 1970s) metropolitan capital, particularly the multinational corporations dealing with agrochemicals, fertilizer, agricultural machinery and other inputs, enjoyed a lucrative and captive market in Sri Lanka. The capital intensive agricultural practices associated with the 'green revolution' package not only created dependence on imported inputs but, as S.B.D. De Silva observed (1982:496), 'ruled out indigenous technologies and inputs which are far less ecologically harmful'. In recent times the control gained by metropolitan firms over the development, conservation, exchange and marketing of

seeds and plant genetic resources has created new forms of dependence on imported seeds in the periphery, thereby thwarting the periphery's efforts at achieving food self-sufficiency.<sup>1</sup>

Between the import-substituting industrialization of the 1960's and the export-led growth strategy of the post-1977 period, fell the United Front regime's (1970-1977) stint of a mixture of 'popular nationalist' and 'national bourgeoisie developmentalism'. The United Front alliance was a broadly based one. Urban workers joined the alliance through the Communist Party and the Lanka Sama Samaja Party's participation in the Front. The two major Marxist parties' participation in the Front ensured the support of the majority of the urban workers in the country organized through the trade union movement. The Marxist parties also brought in with them a sizable proportion of urban clerical workers, students and intelligentsia. Thus the United Front was an alliance of the indigenous bourgeoisie ('national fraction), rich and middle peasants (these groups through the Sri Lanka Freedom Party) urban workers, students and intelligentsia.

This same period saw the nationalization of foreign-owned plantations, a land reform programme, and the growth of state capitalism, among other policies. As noted in the previous chapter, popular support for this regime was derived from a handful of programmes such as land reform, the nationalization of foreign-owned plantations, and attempts at decentralization through peoples' committees and a collective or co-operative youth resettlement programme. Towards the end, the strategy began to shift in favour of the indigenous bourgeoisie, abandoning the populism by which it came to power. The dominant partner in the Front has always been the Sri Lanka Freedom Party and after the dismissal of the Lanka Sama Samaja Party from the Front, the indigenous bourgeoisie, rallying around the Sri Lanka Freedom

---

1. For reports on the heated 'seeds' debate at the FAO, see Allain (1984).



Party gained total control. Hence gains for the workers have been limited and the policies of the United Front regime, in the final analysis, amounted to 'national bourgeoisie developmentalist' with little more than a sprinkling of populist legislation.

Tighter import restrictions and a greater degree of state participation and control in the economy were features of the United Front policies. Areas of state ownership and control rose sharply during period 1970-1977. The Gem Corporation, the State Film Corporation, the Paddy Marketing Board and the State Trading Corporation are a few of the large number of state enterprises set up during this regime which brought respective trades and industries under the total control of the state. Among the redistributive measures of the United Front regime were the ceiling on private ownership of land imposed through the Land Reforms of 1972, the nationalization of foreign owned plantations, a ceiling imposed on private ownership of house-property and disposable incomes and, an overhauling of the wage and salary structure.

The accommodation of national bourgeoisie interests by the United Front regime is indicated in the Five Year Plan (1972-1976) which 'provided for a climate of investment for private enterprise which was expected to contribute about 52% of the total investment of Rupees 14,820 million envisaged' (Wilson, 1979:106). Foreign capital was also welcomed in areas where skills were not locally available such as tourism. Under the United Front regime, as S.B.D. De Silva (1982:485) pointed out, 'the commercial-cum-industrial or pseudo-industrial class had virtually a mandate to enrich themselves'. Further 'the bourgeoisie that is benefitting from the rightward political, swing in 1977 was nurtured by professedly left-wing policies' of the United Front.

So, the actual programmes and policies of the United Front did not match its 'socialist' and 'anti-imperialist' rhetoric. S.B.D. De Silva (1982-485) accurately assessed: 'On balance, the path of development was a capitalist one. What generally

occurred in these years was an overhauling of the existing class structure.'

### **Export-Oriented Industrialization**

The 'neo-colonial' type of alliance favoured by the United National Party since its inception came to a climax with the enthusiastic adoption of an export-oriented industrialization policy by them in their current term of office which commenced in 1977.

From the point of view of the peripheral countries, the economic justification for an export-led industrialization strategy was derived partly from an analysis of the failure of the import-substituting industrialization. One of the major reasons for the failure of import-substituting industrialization was the incapacity of the domestic market to support or sustain a healthy manufacturing sector. The logical alternative then is thought to be the setting up of an export-oriented manufacturing sector. Barriers to the successful adoption of this strategy are many. Third world countries lack modern technological know how, a capacity for research and development, and modern managerial skills and capital. But the third world does have an abundant supply of cheap labour. In addition, export-oriented industries of the third world would face protectionist barriers and obstacles from the core countries unless the metropolitan capital had a stake, by way of collaboration for instance, in the peripheral economy embarking on such a strategy.

As a result, the peripheral nation adopts the export-led development strategy of combining foreign capital, technology and management skills with its own labour. International subcontracting has become a wide practice under this type of strategy. International subcontracting is claimed to

accelerate industrial development in the third world by fostering complementarity of production lines in the new international division of labour; bring positive effects on the balance of payments of the third world economies; mobilize better utilization of the man-power resources in the third world economy; strengthen industrial structure; facilitate dissemination of scientific and technological knowledge;

induce a flow of foreign capital and thus act as a catalyst in attracting other investments which would allow both an increase in local value added and help to diversify the product range (Germidis, 1980:10).

As noted at the beginning of this chapter the current regime adopted a 'neo-colonial' strategy, whereby the Sri Lankan economy was re-linked more firmly with the capitalist centres, with all elements of the standard package:

trade and payments liberalization, currency devaluation, high interest rates, open door to foreign capital and setting up of a Free Trade Zone, and the virtual removal of social welfare subsidies (S.B.D. De Silva, 1982:485).

The government invited foreign investors, offering them cheap, educated, highly trainable labour; tax exemptions for 10 years and concessions for further 15 years; political stability; a booming economy; government assistance for setting up industries in the Free Trade Zone, and a geographic location along major air and sea routes (Barratt Brown, 1982:153).<sup>1</sup> In addition, the regime offered constitutional guarantees for any investments and promised strict control of labour. The Free Trade Zone was envisaged to bring high foreign exchange earnings, generate high employment opportunities, end the need for foreign borrowings and begging, and to achieve a technological breakthrough.

The class alignment in a country pursuing a 'neo-colonial' strategy is one of close alliance between indigenous capitalists and metropolitan capitalists. Under the export-oriented industrialization policy

indigenous and foreign capital become involved in an unequal relation; when they are in partnership, the foreign interests control capital flows, technology and production proceeds, and marketing outlets, subserving a profit center abroad (S.B.D. De Silva, 1982:507).

The support for the policies of the current United National Party regime - dubbed as an IMF-run democracy - from the metropolitan centres is 'beyond expectations'. For instance it is

---

1. For details, see Nugawela (1980).

being 'provided all the possible encouragement from the global credit agencies and the west-inspired aid consortium' (Wilson, 1979:111). The international finance promised for 1978 and 1979 stood at Rupees 17,000 million.<sup>1</sup>

The performance of the Free Trade Zone has been questioned by researchers. Due to the high import content of the Free Trade Zone industries only a small fraction of the total export earnings of the Zone accrue to the host country - Sri Lanka. For instance, in 1979 the imported raw material content stood at 74% of the total exports of the Free Trade Zone hence the net earnings was only a small 26% (Balasuriya, 1982:10).

On employment, it is asserted that as a result of liberalization of imports and consequent foreign competition the local hand-loom and textile industry has suffered a loss of jobs. The Central Bank of Ceylon Review of 1980 affirmed:

The total employment in the textile and wearing apparel sector is estimated to have decreased by 3% in 1980. An increase in the local employment in the garment factories of the IPZ [or the Free Trade Zone] was offset by the decline in the local employment in the state-owned textile factories outside the IPZ. The employment in the state-owned textile mills too indicated a decline in the year. The closure of several power-loom and hand-loom centres has contributed towards this decline (Balasuriya, 1982:10).<sup>2</sup>

---

1. cf. Petras's (1978:47-54) observations on the centrality of 'imperialist relations' in sustaining neo-colonial regimes and destabilizing national-popular regimes.

2. The Central Bank of Ceylon Annual Report for 1980 confirmed that the textile and several other industries 'suffered from the freer flow of imports'. On account of marketing problems the output of textile production 'was curtailed substantially'. Further a Central Bank survey found that several small-scale industrial enterprises (including those producing handloom textiles, paper, chemicals, soaps, paints and fabricated metal products) were closed during 1980 as a result of marketing, capital, and raw material difficulties (Central Bank of Ceylon, 1981:29-30).

The industries transferred to the periphery are mainly:  
the labour intensive ones based on simple assembly line methods: textiles and garments, footwear, carpets, wigs, plastic products, scientific measuring instruments and semi-conductors for the electronics industry (S.B.D. De Silva, 1982:491).

Therefore a significant technology transfer to the host country does not take place as envisaged by the advocates of international subcontracting. In 1982, of the 47 factories established in Sri Lanka's Free Trade Zone, 27 factories manufacture garments while the rest manufacture shoes, polypropylene bags, electrical goods, fishing gear, jewellery, outboard motors, rubber goods, tea bags and cashew kernel oil (Greater Colombo Economic Commission, 1982:4). Moreover, garment exports accounted for 95.4% of the gross earnings from the Free Trade Zone exports and 96.4% of the employment in 1979 in the Free Trade Zone was in the garment industry. Corresponding provisional figures for 1980 were 93% and 86.4% respectively (Central Bank of Ceylon, 1981:37). These figures on the types of industries and on employment indicate the predominance of garment industries in the Free Trade Zone. As the garment factories in the Free Trade Zone are labour intensive ones using simple assembly operations, they do not involve significant technology transfers. Thus industrial activities in the Free Trade Zone are limited mainly to assembly plant operations without techno-research capacities.

Lessons from Tunisia, another peripheral nation adopting an international subcontracting policy, show that prospects for breakthroughs in industrialization in the periphery by means of such a policy are bleak (Germidis, 1980:19). As Petras (1978: 110) pointed out 'externally induced industrial efforts lead to the fragmented, externally integrated and technologically dependent industrialization' of the third world. The structure of industry, levels of development of productive forces, and the 'tentative and vulnerable nature of the industrial efforts' distinguish the third world 'industrialization' from that of 'Western imperial countries'.

It is reported that 'world market factories' - as the factories in the industrial enclaves in the third world are dubbed - 'rely on cheap, inevitably non-unionized, female labour amenable to simple repetitive tasks' (S.B.D. De Silva, 1982:494).<sup>1</sup> The plight, particularly of the female workers in the Sri Lanka's Free Trade Zone has recently been highlighted in the national media.<sup>2</sup>

Further, the rise of imports since the liberalization of imports and the opening up of the Free Trade Zone has resulted in the rapid depletion of Sri Lanka's foreign exchange reserves. The country has also witnessed a foreign debt explosion. The external public debt as a percentage of GNP has increased from 16.1% in 1970 to 32.4% in 1970 (World Bank, 1981).<sup>3</sup>

Relinking the periphery to the world economy through externally induced industrialization, operationalized in the form of a Free Trade Zone in Sri Lanka, entails the spread of capitalist relations and the further subsumption of labour under capital. The creation of a wage labour force in the industrial enclaves has meant the transfer of sections of the part-life-time proletariat into a full life-time proletariat. High wage levels in the industrial enclaves relative to other sectors of the economy, and 'specific labour relations strategy create a privileged but

---

1. A personnel manager of a Taiwan assembly plant explains: 'Young male workers are too restless and impatient to do monotonous work with no career value. If displeased, they sabotage the machines and even threaten the foreman. But girls, at most they cry a little'. It is reported that 'out of a group of keen-sighted young women workers in Hewlett Packard's Malaysian outfit, 88% had chronic conjunctivitis after a year of making silicon chips with the aid of a microscope' - a testimony to poor health and safety records of the multinationals operating in peripheral industrial enclaves. (Fuentes and Ehrenreich, 1984:15).

2. For example, see Kumari Goonesekere (1983) and Ramanujan (1982).

3. The outstanding foreign debt of Sri Lanka has increased from US\$1,013 million in 1978 to US\$ 1,471 million in 1982 (for 1978 figures, World Bank (1980); for 1982 figures, Far Eastern Economic Review (1983)).

apolitical stratum of workers' (B.S.B.D. De Silva, 1982:495).

Political repression and the emergence of authoritarian regimes go hand in hand with the neo-colonial strategy in the periphery (Petras, 1978). The United Front regime (1970-1977) has been charged by some for ruling the country by 'severely repressive laws under a state of emergency' and making 'erosions into the prevailing democratic system' (Wilson, 1979:xix). Repressive legislation enacted by the current regime to 'discipline' labour and to suppress dissidents has caused concern among human rights groups. It is also alleged that the rule of law in the country is decaying and some writers have found an association between the economic crisis aggravated by the open-economy policy and social unrest, state repression and ethnic violence (Gunasinghe, 1983).

Two of the important policy programmes, in terms of their potential for changing rural society, have been selected for examination. They are, on the institutional side, the tenure reforms and the land reforms enacted in Sri Lanka by the Paddy Lands Act and the Land Reform Law; and, on the technological front, the 'green revolution' programme. Their failure to achieve stated objectives and to bring about desired changes is demonstrated. It will be shown that the class composition and alliances forged by a given regime, largely account for the nature of these programmes and their success or failure.

### **Tenure Reform**

The call for tenure reform policies arose in the early 1950's as a result of the exploitative rents charged from the tenants by landlords and from insecurity of tenure. It is asserted that high share rents tend to depress the level of investment of operating capital by tenants, and to lower the labour inputs by tenants because the harvest has to be shared. Insecurity of tenure and exploitative rents produce economic irrationality in the behaviour of tenants and consequently produce a less dynamic agricultural sector. Such are the arguments against sharecropping, although they are, according to Herring (1983:24) not substantiated by empirical evidence.

Without doubt insecurity of tenure, arising from the absence of written contracts and the ability of the landlord to evict tenants at will, the absence of a standard rate of rent, resulting in rents varying from the traditional half-share of the produce to exorbitantly high rates, place the tenant at the mercy of the landlord. It should be recalled following the penetration of colonial capitalism, land became a commodity and the 'tenants' were dispossessed in the process. The feudal *landlord* became a *landowner* and the basis of the relation between the landlord and the sharecropper was fundamentally altered, although it may appear to be unaltered. Alavi's analysis of the Indian situation brings out principles of change which are equally true of the Sri Lankan situation:

Being dispossessed, they [peasants] could have no access to the means of their livelihood without turning to the landowner for whom they now worked out of economic compulsion, 'freely'. The peasants were thus trapped, as sellers of labour power, by their dispossession. From now on their demand was to be for security of tenure rather than for freedom to leave the lord (Alavi, 1982a:184).

Revelations of degenerated conditions of tenure by the Kandyan Peasantry Commission were particularly influential in drawing the government's attention and concern towards the problems of the peasantry and led to the introduction of the Paddy Lands Act of 1953<sup>1</sup> which was the first tenure reform regulation in the post-independence of Sri Lanka. It was the Paddy Lands Act of 1958 which was said to have been written with the experience of the lessons learned from the 1953 Act, that was heralded as a radical piece of legislation.

---

1. The Paddy Lands Act of 1953 which was implemented in only two districts of the country, namely Hambantota and Batticaloa, contained regulations stipulating the minimum legal period for tenancy contracts (5 years), stipulating the form of contract (must be written), and prescribing maximum rent payable by tenants. Owing to several administrative, legal, political problems the implementation of the Act in other districts of the island was abandoned and subsequently it became a dead letter. As the factors which contributed to the failure of the 1953 Act were quite similar to those of the 1958 Act the former is not discussed in detail here. For a useful critical discussion of the 1953 Act see Gold (1977:20-26).



The main objectives of the Paddy Lands Act were to regulate landlords' authority over tenants, to control rents payable by tenants, to confer security of tenure on tenants, to regulate the rate of interest payable on loans to purchase various agricultural inputs, to fix wage rates for agricultural labour, and to establish farmer organizations to aid the implementation of the Act and to improve agriculture. Most important among the provisions of the Act were those pertaining to the subjects of security of tenure, rents and farmer organizations.

Operators who fell under the legal category of tenant, or tenant-cultivator as defined in the Act, were to have legally protected tenancy in perpetuity and could be evicted only by due legal processes. The Act also fixed the rate of rent payable by tenant-cultivators.<sup>1</sup> In addition the Paddy Lands Act provided for the formation of farmer organizations known as Cultivation Committees at the Village level, consisting of members elected by agricultural operators. The chief functions of the Cultivation Committees were: to maintain a register of paddy lands; to maintain and develop irrigation facilities; to collect dues and rates from the cultivators; to guarantee loans made to cultivators; to fix wages of agricultural labourers; to represent cultivators to the government; to ensure supply of agricultural inputs; and to assist in the implementation of the Act.

The Department of Agrarian Services, headed by a Commissioner, assisted by an Assistant Commissioner in each district, was assigned the task of implementing the Act.

The Paddy Lands Act falls into Herring's (1983:8) 'intervention regulatory' model of tenure reform.<sup>2</sup> This model does

---

1. The original draft stipulation of the maximum rent was five bushels per acre. It was finally fixed at ten bushels per acre or one quarter of the produce, whichever was less. However, as Herring (1983:19) pointed out there is no generally accepted criteria to distinguish between 'fair' and 'exploitative' rent.

2. Other models in his classification are 'ceiling-redistributive' and 'land-to-the-tiller' models.

not attempt fundamental alterations in the social organization of production but only the terms of tenancy are readjusted. The 'tenure reform model has been characteristic of conservative regimes desiring minimal change in rural society but fearful of agrarian discontent and economic stagnation' (Herring, 1983:8). The Paddy Lands Act had difficulties in achieving even its limited reformist objectives due to a variety of reasons which are examined in the following pages.

The class character of the Mahajana Eksath Peramuna (MEP) coalition serves to explain both the reformist nature and the limited objectives of the Paddy Lands Act. The dominant partner of the coalition, the Sri Lanka Freedom Party, was not a political party representing tenants, or peasants and agricultural labourers. Rather it drew heavy support from the Sri Lankan 'second stratum', to borrow from Wilson (1979:xviii), comprised of rural 'intermediaries' such as Buddhist monks, *ayurvedic* physicians, school teachers, clerks and *mudalalis* (traders).<sup>1</sup>

These groups are owners of land in the villages and as a rule do not engage in labour, hence they are landlords employing tenants or agricultural labour. These groups represented the rural capitalists, rich peasants and landlords while the Paddy Lands Act's proposed benefits are for the tenants, agricultural labourers and poor peasants. In fact the interests of these two groups run counter to each other and in structural terms the groups are antagonists. A radical land-to-the-tiller programme, or even a programme of tenurial reform favouring poor peasants, naturally will face opposition from the rich peasants and the landlords, and would be an unlikely product from a political party drawing the bulk of its support from the very groups from whom the poor peasants are to be protected.<sup>2</sup>

---

1. Singer (1964:137) includes these groups within the rural elite and Wriggins (1960:39-40) lists them under the 'prominent and influential' village figures.

2. In fact the Bill was considered more as the brain-child and personal 'triumph' of the Marxist minister Philip Gunawardena than as an instrument of the Mahajana Eksath Peramuna's agricultural development policy.

Vehement opposition to the Marxist minister's original draft Bill came both from within the cabinet<sup>1</sup> and from the Sri Lanka Freedom Party parliamentarians who thereby demonstrated their class allegiances. The campaign of protest by the vested interests in the Sri Lankan Freedom Party resulted in the transfer of a part of Philip Gunwardena's portfolio to other ministries, scarcely a year after the passage of the Bill. Consequently he was forced to resign. The transfer of parts of the portfolio to other ministries jeopardized the successful implementation of the Paddy Lands Act as intended by the minister who created the Bill, for his powers were now circumscribed.

There was also a campaign opposing the Bill launched by the pro-United National Party Lake House media group. Opposition arose primarily against the rate of rent and powers given to Cultivation Committees in the original draft, with the former, the opposing interests argued, to be too low and the latter excessive.

Before its passage the Bill was subjected to several alterations. The maximum rent payable by the tenants was increased from five bushels per acre as proposed in the original draft to ten bushels per acre. A committee consisting of leaders of the Sri Lanka Freedom Party introduced an amendment whereby the composition of Cultivation Committees included one quarter of its membership from non-cultivating owners - that is, landlords (Gold, 1977:31). Also the provisions in the early draft which vested powers in the Cultivation Committees to enact land consolidation and collectivization schemes were altered to curtail these powers. What became the Act in 1958 was a severely devitalized version of the original draft Bill.

The ineffectiveness of the policy primarily rests on the failure, or more likely, the refusal of the formulators, to conceptualize class incongruities and imbalances in rural society,

---

1. For instance the minister of Lands (Sri Lanka Freedom Party) sought changes to earlier draft.

and the 'fundamental failure to perceive "agrarian defects" as manifestations of deeper economic forces and structure' (Herring, 1983:46). The landlords and the rich capitalists who dominate the rural power structure are a formidable class for the underprivileged strata such as the tenants and agricultural labourers to oppose. Given this imbalance if a policy which is potentially unfavourable to the privileged is to be effective, a powerful force is needed to counter the opposition from vested interests. This force ideally takes the form of a politicized and organized poor peasantry. The Sri Lankan peasantry is not so organized.

A characteristic of the Paddy Lands Act was that the burden for demanding and protecting tenants' rights under the Act rested on the tenants themselves. However in practice, tenants' rights under the Act rested on the tenants themselves. However in practice tenants tend to acquiesce rather than demand their rights. The acquiescence results from the apprehension by the tenant that retaliation might follow if his rights are demanded. The tenant being the subordinate party in the tenancy 'contract' has little or no bargaining power. Moreover under conditions of high rural unemployment and underemployment, and a lack of alternative opportunities for employment it is rational for the tenant to cling to, what most probably is his only means of livelihood - that of working the landlord's plot - even under exploitative and unfavourable conditions, rather than demanding his rights under the law and risk possible eviction. It should be noted there are a number of prospective tenants willing to work for the landlord under unfavourable conditions, hence the landlord need not hesitate to evict the troublesome tenants in the fear of finding a replacement would be difficult. A symbiotic relationship between landlords, the bureaucracy and political representatives makes redress difficult for the peasant.

Thus the government policy is voluntaristic and places the major burden of tenure reform on tenants. But, as a result of the very nature of existing agrarian power structure, tenants are not sufficiently powerful to demand their rights under the law.

Hence they opt for the perpetuation of the existing system of customary rights.

Traditional institutions which have been endured also lend support to the existence of contemporary agrarian structure. The superior-inferior gradations, customs, and conventions associated with the caste system contribute to the acquiescence of the poor peasants. For instance, the caste ideology may prevent a tenant belonging to a 'low' or 'inferior' caste from demanding his rights and thereby antagonizing a landlord who belongs to a 'high' or 'superior' caste.<sup>1</sup> Remnants of the traditional *rajakariya* or service tenure relations also continue between the tenants working the *vihara*gam and *devalagam* (or the monastic lands) and the monastic landlords. As seen in chapter three, in the past, caste, religion and feudal ideology were intricately linked within these relations. However, today, these traditional institutions operate in a context different from pre-colonial feudalism - namely in a capitalist context. They no longer rest on the structural bases of feudalism. Although superficially they may appear 'feudal' or 'semi - feudal' they have assumed new capitalist meanings. The obeisance of the tenants and poor peasants now arises mainly from economic circumstances rather than from feudal ideology or non-economic coercion. Thus the traditional forms continue to serve peripheral capitalism.

As Herring (1981) rightly pointed out, the conditions preventing tenants from playing an active role are embedded in the existing agrarian structure. As these conditions remain the reforms not only fail but aggravate the very problems<sup>2</sup> they seek to resolve.

---

1. cf. Silva's (1979) study of Weliwita (a Kandyan Village) where the 'high' caste *patti* people (descendants of traditional feudal aristocracy) comprising 10% of the village population controlled the bulk of the village land, and formed the 'big landlord' stratum.

2. Sanderatne (1972a) arrives at a similar conclusion.

For instance, the reforms to tenancy under the Paddy Lands Act were followed by a spate of evictions of tenants by landlords. At the end of the first year of the Act, 14,500 evictions were reported and by 1960, they totalled 18,000 (Weerawardena, 1971:26). As the implementation of the Act was limited to two districts until 1963, the landlords in other districts had an ample opportunity to evict their tenants. The number of complaints of eviction (totalling 43,134 at 1971), however, is likely to be less than the actual number of evictions. Firstly, a number of evictions may have been unreported for fear of reprisal by landlords. Secondly, a number of tenants are reported to have been 'persuaded' by landlords to voluntarily surrender their tenancy rights, and these surrenders under duress should be regarded as evictions. Furthermore a number of tenants were prevented from being registered in the official Paddy Lands Register as tenants, thereby depriving them of protection under the Act. For instance in Selvadurai's (1977) study village, only between 17-22% of the tenants were registered in the Paddy Lands Register as tenants. These 'concealed' tenancies gave the landlords the opportunity to evade the regulations of the Act and consequently, to continue exploitation of the tenants.<sup>1</sup>

Another evasive tactic employed by landlords was to register themselves in the Paddy Lands Register as owner-cultivators or tenants. The malpractices in registration procedures by the landlords were made possible because the Cultivation Committees, which maintained and prepared the Paddy Lands Register, were often infiltrated by landlords. The penetration of Cultivation Committees as well as other voluntary and statutory organizations at the village level by the rural elites has been frequently reported (Narayanasamy, 1978; Wanigaratne, 1977). In Mahantegama village some owner-cultivators were reported to have connived with the administrative secretaries of the Cultivation Committee, by offering cash gifts, to conceal tenants from the Committee's register. Further the landlords there resorted to the

---

1. The *gambaray*s in Hambantota district effectively prevented the tenants who tilled their lands from establishing their status as tenants by convincing the authorities that the tillers were not tenants but wage labourers (Gold, 1977:20).

practice of making slight alterations in the Paddy Lands Registers to the names of tenants who have registered so that a discrepancy in a person's name can be taken up as a point of a legal argument if and when the need arises (Wanigaratne, 1977).

The Cultivation Committees under these circumstances do not function as organizations representing the interests of all the cultivators. Tenants and agricultural labourers therefore lose faith in the Committees and consequently cease to participate actively in their affairs. Some tenants remain unregistered for fear of reprisal from landlords. As a result of threats and coercion, out of obligation to the landlord, or as a result of the deep economic dependency of the former on the latter, other tenants remain unregistered.

The Act faced many legal and administrative bottlenecks. The administrative problems jeopardising effective implementation of the Act ranged from corruption, red tape and sheer inefficiencies to the symbiotic relationship between the bureaucrats and the landlords.<sup>1</sup> The net effect was to create a bias in favour of landlords against tenants. The bourgeoisie state apparatus - the legal system, the judiciary, and the bureaucracy - was found to be inadequate to achieve the objectives of even this limited and reformist Act. As Herring aptly remarked:

Agrarian reform poses a classic question of reformist public policy in bold relief: how can fundamental structural change be effected through the very institutions that service and reproduce the existing society and reflect the existing distribution of power and privilege (Herring, 1983:2).

According to the regulations of the Paddy Lands Act, a properly constituted Cultivation Committee must have a specified proportion of its members elected from among the landowners. The landlords, with the intention of sabotage, in many places refused to participate in the elections of members for the Cultivation Committees. In turn the validity of Cultivation Committees formed

---

1. Also class affiliation and class origin of the state officials lead them to undermine implementation of some policies (see chapter six, p.139).

without the specified number of members from the category of landowners was challenged by the landlords themselves in the law courts. The law courts rightly deemed the actions of the Cultivation Committees, when formed in the above manner, void. As a result many Cultivation Committees so formed were unable to safeguard the interests of tenants, hence the stated objectives of the Act were defeated.

Implementation of the Act was impeded by yet other factors relating to the legal system of Sri Lanka. Legal draftsmen demonstrated their ignorance of the realities of Sri Lankan rural society in the definitions of the terms 'eviction' and 'cultivator', as adopted in the Act. As Gold (1977:34) pointed out, for example, the definition of the term 'cultivator' used in the Act (prior to amendment) would not include *any* tenant-cultivator in Sri Lanka as a 'cultivator'. Similar flaws in the definition of the term 'eviction' were exploited by the landlords to their advantage.<sup>1</sup>

Legal and administrative deadlocks regarding the authority of the Assistant Commissioners of Agrarian Services and the authority of the Board of Review to pass judicial decisions about the complaints of eviction dragged on without being fully resolved until 1970. The courts held that administrative officials (Assistant Commissioners and the Board of Review) had no authority to make judicial decisions because they were not appointed by the Judicial Services Commission which appoints all the officials empowered to carry out judicial functions. Accordingly the procedures adopted by the law courts regarding the 'vacate-orders' issued by the Board of Review and the Assistant Commissioners to the landlords who lost their cases, gave a definite advantage to the landlords. On those occasions where these orders were contested, and led to an appeal, the law courts often conducted full *de novo* hearings of the case. This gave the landlords the opportunity to challenge

---

1. For details, see Gold's (1977) revealing discussion of the legal aspects of the Paddy Lands Act.



the administrator's original decision in the law courts with a higher probability for success as eminent lawyers were retained by them. The services of eminent lawyers were well beyond the financial resources of tenants. Moreover, the court hearings dragged on for lengthy periods which only the wealthy could afford. Therefore the legal battles over cases of eviction of tenants had a high probability of ending up in favour of landlords.

The implementors of the Paddy Lands Act seem not to have received the co-operation of yet another state organ - the police force. According to Gold (1977:77) the police force 'achieved a reputation for acting upon the complaints of landlords while not acting upon those of tenants.' The Minister of Agriculture made a public complaint against the police, and the department of agrarian services reported the police as an obstacle to proper implementation of the Act. The ability of wealthy landowners to influence the police was enhanced by the landowner's superior economic and political power. As with other government officials the wealthy groups develop symbiotic relationships with the police officials. Among some police officers, ignorance of the law hindered the implementation of the Act. Meagre salaries paid to police officers, particularly the lower ranked officers, increased their vulnerability to bribery which fact landowners readily exploited.

Due largely to these factors, the Act failed to achieve its stated objectives in relation to the security of tenure of tenants. The Cultivation Committees also failed to carry out their expected functions in the area of wage fixation. As many Committees were inactive or infiltrated by landlords, or faced financial difficulties, the function of maintaining Paddy Lands Registers was not properly carried out. They never developed into organizations which effectively represented peasants' interests. Consequently the general objectives of the Act, such as providing for security of tenure and fixing wages, were not met.

Regulation of the amount of rent payable by tenants was one of the paramount objectives of the Act which it failed to achieve. A sizable proportion of tenants continue to pay a rent significantly above the rate fixed by the Act. As shown in Table 7.1, the proportion of tenants paying half or more of the produce as rent are particularly high in Hambantota and Kandy districts - 83% and 74% respectively. In Amuradhapura and Polonnaruwa (which are leading paddy-growing districts in terms of acreage recorded), 48% and 34% of the tenants, respectively in the two districts, pay rents above the legal stipulation. More recent research in the villages Ambana and Mawela in the wet zone also reported 82% of the tenants paying half share or more of the total produce as rent (Wanigaratne, Gooneratne and Shanmugaratnam, 1979:5).

According to Gold, the Paddy Lands Act is an example of 'unresolved compromise' where

reformers will point to the change in ideals as embodied in the substantive parts of the new law while the traditional leadership will remain confident that the law is basically unenforceable (Gold, 1977:14).

In the Paddy Lands Act, as demonstrated above, the substance of the law was emasculated and compromised to suit vested interests and even the compromised law, the opposing forces ensured, is not effectively implemented.<sup>1</sup>

### **The Land Reform Programme**

Through the Land Reform Law No.1 of 1972 and the Land Reform (Amendment) Law No.39 of 1975 the United Front government fixed a ceiling on private ownership of land (by individuals as well as private and public companies) and nationalized the lands in excess of the ceiling by vesting ownership of them in the state. A portion of the land vested in the state were redistributed individually as well as collectively.

---

1. The Paddy Lands Act of 1958 was amended five times between 1958 and 1970 and was repealed and replaced by the Agricultural Lands Law No. 42 of 1973. This act was short-lived as the United Front regime was voted out of office in 1977 and the new United National Party regime repealed the 1973 Act by the Agrarian Services Act of 1979.

**TABLE 7.1 : Distribution of Tenants According to Land Rent Paid by Them in Selected Districts of Sri Lanka, 1975.**

District	Total No. of Tenants in the Sample	Tenants Paying:			
		Half of the Produce or More		Rent Fixed by Law	
		No.	%	No	%
Hambantota	115	7	6	14	12
Kandy	123	103	83	14	11
Polonnaruwa	35	12	34	19	54
Anuradhapura	58	28	48	28	48
Colombo	80	62	74	3	4

SOURCE: Agrarian Research and Training Institute (1975).

The circumstances leading to this seemingly radical land reform programme are strongly related to the political developments of the early 1970's. The general elections of 1970 brought a landslide victory to the United Front, then comprised of the Sri Lanka Freedom Party, the Communist Party, and the Lanka Sama Samaja Party, whose manifesto promised socialistic economic and social policies to gain support of the underprivileged. However the first year of the United Front rule indicated that their promises were limited to populist rhetoric. In April 1971 the government was confronted with an armed revolt launched by the youth who were discontented both with the United Front's performance and with the existing parliamentary system's inability to cope satisfactorily with the problems of the country. The dissidents, organized under the Janatha Vimukthi Peramuna or the Peoples' Liberation Front, carried out an armed attack on several police stations in the island in an attempt to seize state power and as Gold (1977:199) assessed 'came surprisingly close to toppling the elected civil administration'.

The United Front government, shaken by this unconventional and unprecedented attack, was prompted to introduce an ostensibly socialist land reform programme in 1972. The minister of agriculture at that time said that the 'prime reason for the land reform was the 1971 revolt' (Sanderatne, 1972b:8) indicating it was partly a reflex action by the government.

The regulations of the Land Reform Laws of 1972 and 1975 fixed a ceiling of 25 acres of paddy lands and 50 acres of other agricultural land for private ownership. The Land Reform Commission was established to manage the lands vested in the state. Maximization of agricultural production and employment, and reductions of inequalities in the distribution of wealth and income, were the major objectives of the land reform (Peiris, 1978:611).

The Land Reform Commission during its two year statutory period, expropriated a total of 563,411 acres of land from individuals who owned tracts above the ceiling fixed by the Land Reform Law No.1 1972 (see table 7.2). Under the Land Reform Law no.39 of 1975 a total of 417,957 acres of land owned by public companies (both Sterling and Rupee companies) were vested in the state (Peiris, 1978:618). The vested lands were alienated to individuals, co-operatives, collective farms and to various state agencies (see table 7.3).

Although the term 'land reform' is used to describe the programme it did not extend beyond the nationalization of privately owned land above the fixed ceiling. The land reform programme hardly altered the structure of land ownership in the paddy producing sector. Nor did it change the agrarian power structure of the peasant sector. The impact of the land reform on the peasant sector was insignificant because paddy lands were marginally affected by the reform. The Law affected only 11.4% of the total agricultural area of the country.<sup>1</sup> Therefore a majority of the agricultural area remained unaffected. This unaffected area was mainly the peasant agricultural sector, comprising small paddy holdings.

It was the high ceiling of ownership fixed by the Law for paddy lands (25 acres) which resulted in most of the paddy area in the country falling outside the purview of the Land Reform Law. According to the Census of Agriculture (1962), 98% of the agricultural holdings reporting paddy cultivation were holdings of less than 10 acres and these holdings accounted for 84% of the sown area (Hameed et al., 1979:13). Further, the proportion of paddy lands in holdings above 25 acres in the island is extremely small. In 1972 only 6% of the total paddy holdings were above 25 acres (Peiris, 1978:615). Therefore only a small portion, 6% of the total paddy holdings came under

---

1. Total agricultural area of Sri Lanka in 1972 was 4,925,268 acres and the total extent of land expropriated under the Land Reform Law no.1 of 1972 was 563,411 acres (Wanigaratne, Gooneratne and Shamugaratnam, 1979:108).

**Table 7.2:** Extent of Land Acquired Through the Land Reform Law No.1 of 1972, Sri Lanka

Type of land	Extent Acquired (Acres)	% of Total Extent Acquired
Tea	139,354	24.7
Rubber	82,563	14.6
Coconut	112,523	20.0
Paddy	18,407	3.3
Other Crops	30,303	5.4
Uncultivated Land	180,261	32.0
Total	563,411	100.0

SOURCE: Wanigaratne, Gooneratne, and Shanmugaratnam (1979:108).

**Table 7.3; Recipients of Land Reform Lands by Mid 1976,  
Sri Lanka**

Recipient	Extent (Acres)	%
State Plantation Corporation	196,531	20.0
Upcountry Co-operative Estates Development Board (USAWASAMA)	67,548	6.9
Peoples' Estate Development Board (JANAWASAMA)	230,473	23.5
Co-operative Settlements	49,651	5.1
Land Commissioner's Department	70,722	7.2
District Land Reform Authorities	28,897	3.0
Livestock Development Board	7,673	0.9
Coconut, Tea and Rubber Research Institutes	12,003	1.2
Coconut Cultivation Board	2,261	0.2
Under Government Agents and Assistant Government Agents	29,913	3.1
Conservator of Forests	1,364	0.1
Agricultural Productivity Committees	4,208	0.5
Sri Lanka Cashew Corporation	165	--
Sugar Corporation	2,829	0.3
Multi-Purpose Co-operative Societies	2,725	0.3
Special Co-operative Organizations	1,878	0.2
District Development Projects	1,025	0.1
Distributed among Villagers	52,215	5.3
Electoral Level Land Reform Co-operatives	184,677	18.9
Other Recipients	31,000	3.1
Total	981,368	99.9

SOURCE: Wanigaratne, Gooneratne, and Shanmugaratnam (1979:110).

the purview of the Law.<sup>1</sup> As shown in Table 7.4, in contrast to nearly 24% of tea and 15% of the total rubber acreage nationalized, only a very low 1% of the total area sown to paddy was acquired through the Land Reform Law. As evident from these figures the impact of land reform on the peasant sector was minimal. Therefore the problems of landlessness, low production and general poverty in the peasant sector were untouched by the land reforms. Thus as Sanderatne wrote:

Paddy farmers with tenure problems will still have to rely on the provisions of the Paddy Lands Act of 1958, which have so far proved largely ineffective... The day when most or all of Sri Lanka's paddy farmers own the lands they till remains distant (Sanderatne, 1926:13).

If, for instance, the ceilings of land ownership and 'floor level' recommended by the International Labour Office (1971:95) were adopted, a radical change in the structure of ownership of land in the country (both paddy and export crop land) would have taken place. The ILO recommended a ceiling of ownership of 10 acres for paddy and 20 acres for other crops. Further, they set a 'floor level' of two acres of paddy, five acres of coconut and four acres for other crops and suggested consolidation of holdings below these limits to bring them to the floor level. However, programmes based on the imposition of such a low ceiling and consolidation of minute holdings would not only be politically costly for any regime attempting them but also would be unthinkable from a regime dominated by political parties representing the interests of, and drawing support largely from, rural capitalists and landed interests. Hence the conservative land reform in 1972.

Nevertheless the nationalization of plantations over 50 acres brought about some changes in the structure of land-ownership in the country. For a start, it limited maximum owner-

---

1. In terms of *asweddumized* paddy lands (lands which are ridged, bounded and otherwise prepared for the cultivation of paddy) 98.90% were under small holdings (holdings of less than 20 acres) and only 1.1% were under estates (above 20 acres) in 1973 (Sri Lanka, 1980:25).



**TABLE 7.4 : Extent of Land Under Principal Crops and Extent of Land acquired Through the Land Reform Law No.1 of 1972, Sri Lanka**

Crop	Acreage Under Cultivation	Acreage Acquired	Acreage Acquired as a % of Acreage under Cultivation
Tea	597,645	139,354	23.3
Rubber	567,002	82,563	14.6
Coconut	1,152,428	112,523	9.8
Paddy	1,794,572	18,407	1.0

SOURCE: Marga (1978) for acreage under cultivation and Peiris (1978) for acreage acquired.

NOTE: According to Peiris's (1978:616) calculation 1.4% of the total cultivated extent of paddy has been acquired. He takes 1,401,500 acres as the total cultivated extent. Hence the slight discrepancy.

ship to 50 acres and by so doing the land reform law put an end to foreign ownership of plantations in Sri Lanka. In this it dealt a damaging blow to the big land-owning elites. However it should be noted that compensation is being paid to owners of the expropriated lands (Abeyasinghe, 1979:56; Lakshman, 1980: 24). While the funds paid to foreign interests would have been transferred abroad, no data are available on the avenues in which the local recipients of compensation utilized their funds. Expropriations took place at a time of attractive investment opportunities and provision of generous investment incentives for the private capitalists. (The government extended tax privileges to tourism and the gem trade during the United Front regime, for example). Lakshman stated:

it is possible that at least some of the recipients of compensation for lands acquired under Land Reform Laws have invested in profitable ventures, thereby regaining the earning potential they lost at the time of these reforms (Lakshman, 1980:25).

The reform was not a redistributive land-to-the-tiller one, as most of the vested land remained under state ownership. Only a small proportion was distributed among the peasants (see Table 8.3). The placement of a large proportion of land vested in the state under the control of government agencies is yet another instance of government policies of post-independence regimes leading to increase in power of the personnel in the state agencies. Under state-guided capitalism the 'intermediary strata' or the state bourgeoisie steering the state apparatus, grew in power and authority and also in income.

The United Front faced a dilemma on the issue of disposal of vested land. One of the immediate goals of the land reform was distribution of land among the landless (Wanigaratne, Gooneratne and Shamugaratnam, 1978:74). Although there was a pressing need (and political promises had been made) to distribute land among the landless, to complicate matters there was a techno-economic argument against the subdivision of large plantations into small holdings on the grounds that the cultivation of cash crops, especially tea, in small holdings is ineffi-

cient and counterproductive (Peiris, 1978:622). At the same time there was an ideological thrust from the Marxists for the land to be converted into collective and co-operative forms of management. Further, the underprivileged violently demonstrated their frustration in the 1971 revolt and the government was not willing to face the prospect of a repeat performance.

The techno-economic argument against the subdivision of cash crop holdings has been questioned. Sanderatne, for instance, noted:

It is reported that tea in Kenya and rubber in Malaysia are efficiently grown in small holdings. It does not mean that the experience in Kenya and Malaysia will necessarily be true in Sri Lanka but there is room for investigation (Sanderatne, 1972b:16).

Clearly the higher productivities of large plantations and low productivity in small holdings is not simply a function of their respective sizes. The high productivity of the large plantations is partly attributable to exploitation of Tamil labourers under appalling working conditions and over-generous state patronage for the plantation sector particularly during the colonial period. The long absence of state incentives for the small-holder sector (it has received state attention only since the 1960's) is a powerful determinant of its relatively low productivity.

A strong case for or against collective and co-operative farming cannot be based on Sri Lanka's past experience which is limited to few 'sporadic attempts'.<sup>1</sup> Research into the feasibility of collective farming in Sri Lanka is scanty and therefore leaves room for a reconsideration of the possibilities for organizing of plantations in forms other than in large estates.

The government decided in favour of the techno-economic position and the lion's share of the lands was retained in the

---

1. Peiris (1975: 87-89), however, on the basis of evidence, gathered from these few sporadic collective farming experiments of the pre-land reform period, questions the feasibility of converting large estates into co-operative and collective forms of cultivation and management.

form of large plantations under the management of several different state agencies, while a small amount (some 115,000 acres) was distributed among peasant families in the form of small holdings (Peiris, 1978:621). A sizable proportion (24% of the total extent alienated) was converted into collective settlements (see Table 8.3), co-operative farms and youth settlements which were held under communal ownership and co-operative management. These co-operative farms or settlements ran into numerous problems including mismanagement, corruption, mistrust between the settlers and the villagers in surrounding hamlets (Gold, 1979:201; Peiris, 1978:629). However these problems are not unique to collective farms or settlements because decreasing production and productivity levels, corruption and mismanagement are also associated with the large estates managed by the state agencies (Peiris, 1978).

Thus the land reform brought about changes at least in the imposition of a ceiling of ownership of land, and in ending foreign ownership in the plantation sector. Yet the land reform did not mean eliminating social inequality among people in terms of differential ownership and distribution of wealth in the country. Other areas of private ownership of capital were not only retained but further encouraged. Neither was it a land-to-the-tiller or a redistributive programme but only a nationalization programme. It did not change the village level power structure in any way, nor did it contribute to changed living conditions for the rural poor. The class interests of the dominant groups of society largely explains the conservative nature of such policies. As pointed out by Herring:

although land reforms are universally argued for in terms of social justice and economic efficiency, the political reality in South Asian societies is that such reforms are promulgated by ruling elites largely composed of or structurally dependent on agrarian elites (Herring, 1983:3).

In the absence of a peasants' movement their involvement in the making of the policy was a passive and minimal one. The crucial role such a movement plays is demonstrated by the

Chinese experience. The politicization of peasants seem to be a necessary condition for the success of even a mildly reformist land policy. Lehmann (1980:13) found peasant mass organization essential to protect the benefit of land reform.

### 'Green Revolution'

The development of High Yielding Varieties of food grains, especially of rice and wheat, and accompanying technological changes in agricultural methods which took place in the mid-1960's have collectively been described as the 'green revolution'. The 'green revolution' was considered to be a breakthrough in agricultural development which would result in a dramatic increase in food production and contribute to the resolution of the problems of food shortages and poverty. In fact a notable increase in food production in Sri Lanka, and in some other countries, has been recorded since the advent of the new technology.<sup>1</sup> Yet the introduction of High Yielding Varieties and associated improved techniques is only one of the factors contributing to this increase and it is difficult to isolate and quantify its unique contribution.

The early promise of the 'green revolution', reflected in the production increases seen during the 1960's and early 1970's, seems to have faded. In Farmer's words,

there is a large question mark... against the 'green revolution' as a means of overcoming in the longer term the basic South Asian problem of food supply and increasingly intolerable poverty (Farmer, 1977:2).

More serious than the disappointments over its incapacity to sustain increased food production are the criticisms levelled against the 'green revolution' for its adverse social and economic effects on the sections of the rural population in the third world.

---

1. However Griffin (1974:5) studying data from the Latin American, African, Near and Far Eastern regions shows that the rate of the growth of food output in these regions has remained essentially constant between 1955 and 1970. Further, the growth of rice production in the same regions in the same period shows no dramatic increase in the trend of production.

Several researchers have presented evidence to show that the 'green revolution' has in-built biases which favour wealthy farmers and serve to increase social and economic inequality in rural society and to hasten the process of polarization of rural classes. In fact the main beneficiaries of the 'green revolution' appear to be the wealthy farmers.

The programme has also been criticised for deepening the dependence of third world agriculture on multinational companies. It has been argued that the 'green revolution' has furthered the subsumption of rural labour under capital and to have generalized capitalist relations. Griffin comments:

The expression 'green revolution' is a political slogan which (misleadingly) suggests there has been a major breakthrough in agricultural production, that this has been done in a peaceful context without the need for institutional reform, and indeed, that technological change is an alternative to political change (Griffin, 1974:2).

The discussion which follows brings together evidence from Sri Lanka to substantiate the above criticisms and to account for the failure of the 'green revolution' in Sri Lanka.

The adoption of High Yielding Varieties of paddy, and the new improved technology by the Sri Lankan farmers has been remarkable. National level data show a steady increase in the adoption of High Yielding Varieties from 3% of the total sown area of paddy in 1958 to 60% in 1970 (Hameed, 1977:47). The area under these varieties accounted for 83% of the total area in 1980. As shown in Table 7.5 total paddy production in Sri Lanka rose from 36.6 million bushels in 1958 (the year High Yielding Varieties were first introduced) to 64.6 million in 1968 and to 90.5 million in 1978. Average yield of paddy increased from 34.4 bushels per acre in 1958 to 46.5 in 1968. In 1978 the figure was 50.7 bushels per acre. Between 1951 and 1970 average annual growth rate of paddy production was about 13%. However this rate recorded a low 3.2% in the decade beginning in 1970. This increase in total production and yield per unit cultivated is attributable to a combination of factors. Major among them are expansion of area under cultivation, development of irrigation

**TABLE 7.5 : Volume of Output and Yield of Paddy**  
Sri Lanka 1951-1980

Year	Output	Yield
	Million Bushels	Bushels per Acre
1951	22.0	26.0
1952	28.9	30.8
1953	21.9	27.0
1954	31.1	30.3
1955	35.7	32.5
1956	27.5	30.0
1957	31.2	27.3
1958	36.6	34.4
1959	36.4	35.1
1960	43.0	36.4
1961	43.1	36.1
1962	48.1	37.9
1963	49.2	35.0
1964	50.5	38.7
1965	36.3	34.3
1966	45.7	35.6
1967	55.1	41.3
1968	64.6	46.5
1969	65.9	48.1
1970	77.4	51.3
1971	66.8	45.9
1972	62.9	46.9
1973	62.9	44.6
1974	76.7	45.7
1975	55.3	44.0
1976	60.0	45.0
1977	80.3	49.0
1978	90.5	50.7
1979	91.8	53.4
1980	102.1	56.8

SOURCES: from 1951-1960 Snodgrass (1966:331), from 1961-1969 Bansil (1971:273), and from 1970-1980 Central Bank of Ceylon (1978:21, 1980:22).

facilities leading to expansion of area under cultivation and in double cropping, adaption of High Yielding Varieties and accompanying improved technology, improvements in the institutional network of supporting services such as credit, marketing and extension, and subsidies and incentives by the government to the producers. The exact size of the contribution made by the 'green revolution' package towards the increase in production and productivity cannot be measured. However the total volume of paddy production in Sri Lanka is still below the volume required to feed its people and the yield levels are substantially below the potential of the new technology (Dias, 1977:64).

In spite of many benefits, the package has also had an undesirable social and economic impact on rural society. As it will become clear from the following discussion, the undesirable social and economic impact on the society was brought about more by the structural conditions of the society in which the technology is applied than by the intrinsic qualities of the new technology.

All operators who have adopted High Yielding Varieties do not obtain yield levels potential of them owing to several reasons. Unlike traditional varieties the High Yielding Varieties require the use of a variety of complementary inputs such as chemical fertilizer, weedicides, pesticides and the adoption of improved farm practices ranging from transplanting to weed and pest control. Therefore, the proper adoption of High Yielding Varieties involve higher capital costs. Incorrect use or non-use of complementary inputs and farm practices inevitably produces yields below the potential of High Yielding Varieties and amounts to a waste of resources (Dias, 1977:58). Clearly then, the ability to invest higher amounts of capital governs the degree of benefits obtainable from the 'green revolution' package. Hence in a society where access to and ownership of the means of production are greatly skewed, the 'green revolution' becomes biased in favour of the wealthy producers.



Dias (1977) in his study of Hambantota district reported that most cultivators who have adopted High Yielding Varieties obtained yields substantially below the potential of the new technology as a result of inefficiency of the state agricultural support services such as credit, fertilizer and agrochemicals delivery schemes, and extension services. It can be inferred from the above situation in Hambantota that operators who have a superior economic position are better able to benefit from the new technology. Therefore capitalist farmers and landlords are better served by the 'green revolution' than are the poor peasants.

Agricultural credit is crucial to the success of the 'green revolution'. It should be noted that even prior to the introduction of High Yielding Varieties indebtedness among the peasantry in Sri Lanka was widespread. A survey in 1957 found that 60% of the surveyed agricultural families were indebted (Sri Lanka, 1957:7). Further, despite the establishment of state-sponsored credit schemes, which charge relatively lower rate of interest, the non-institutional sources of credit such as money lenders, relatives, friends, landlords and traders, continue to play an important role in terms of the total volume of credit they advance (Sri Lanka, 1957:9). Reference has already been made to the exploitative role played by some landlords, and traders as money lenders. Lengthy procedures, and the red tape involved in obtaining credit from government agencies, the non-eligibility of some peasants for credit from institutional sources due to previous defaults, and stringent collateral requirements stipulated by these sources, normally attract peasants away from institutional credit sources and towards relatively high interest non-institutional sources.

The increased need for credit with the introduction of High Yielding Varieties and inefficiency of institutional credit schemes have been extra leverage for the money lenders to acquire wealth. The continuing role of the rural money lenders following the 'green revolution' has been observed by researchers (Selvadurai, 1977:194). The 'green revolution' in effect has strengthened the position of wealthy strata in the agrarian struc-

ture by supplying the extra leverage to appropriate surpluses generated by the peasants. Further, the Agrarian Research and Training Institute (1975) reported that larger farmers have greater accessibility to agricultural credit than do smaller farmers<sup>1</sup>, especially in the Kandy and Polonnaruwa districts. In the Kandy district, 'land owners' have obtained the greater portion of their credit from institutional sources than was the case with other tenurial categories. So it is that wealthy farmers, due to their superior risk-bearing ability, their ownership of means of production, their access to inputs and superior capacity for investment, are at an advantage over the poorer peasants in benefiting from the new technology.

As the village level organizations, such as the co-operatives, Cultivation Committees through which the supporting services like the delivery of inputs, and implements are dispensed, are infiltrated by the wealthy social strata (Selvadurai, 1977: 195) they become major beneficiaries of the governments' agricultural development programmes. Symbiotic relations between the rural elites and the government officials of the departments which provide services such as agricultural extension, credit and marketing make it easier for the elites to gain unfair advantage, by their control over the goods and services provided by the central government (Alexander, 1981:120).

The extra demand created for agrochemicals and agricultural implements such as sprayers, water pumps and small tractors by the introduction of High Yielding Varieties has opened up lucrative entrepreneurial opportunities for the rural capitalists (Amerasinghe, 1977; Selvadurai, 1977). Although the introduction of High Yielding Varieties appears not to have directly led to increase in tractorization in Sri Lanka, the mechanization of agriculture in recent years has been beneficial to the rural

---

1. A portion of the loans raised by poor peasants, ostensibly for agricultural activities, is often spent on consumption needs whereas the wealthy farmers are able to invest the whole amount raised. Therefore the wealthy farmer is always likely to gain high returns.

capitalists. (Harriss, 1977:168). A group of researchers observed: relatively well-off businessmen, plantation owners and village entrepreneurs own a major proportion of all tractors and have almost total monopoly on the more efficient tractors (Hameed et al., 1977:43).

The loans granted by the government to prospective buyers of tractors, further, are tailored to suit the requirements and capability of the wealthy and the high-value collaterals required by the banks which advance credit have prevented the small farmers, from receiving credit to purchase tractors (Gooneratne, 1975:31). Harriss (1977) found that in Hambantota, the pattern of tractor ownership, dominated by businessmen who charged extremely high hire-rates, reflected an oligopolistic market and the non-tractor owning farmers were in an extremely weak bargaining position. In the Dry Zone it is reported that 'tractor owners have doubled their command of paddy land since the acquisition of tractors' (Harriss, 1977:176). Jayaweera (1973:43) sums up the plight of the peasant:

in the tractor owner who is invariably an affluent farmer the subsistence farmer has acquired a new oppressor... A new feudalism of technology has grown up around tractor owners.

The increased use of chemical fertilizer, agrochemical and implements such as water pumps and sprayers created a lucrative market for the multinational corporations in Sri Lanka. The green revolution package, in contrast to the policy of self-reliance, is a programme which particularly benefitted the multinational corporation controlling and trading modern agricultural technology.

The preceeding discussion shows that the 'green revolution's' benefits have been unequally distributed in favour of the rural capitalists. In turn this fact leads to increased class polarization.

The post-independence national regimes in Sri Lanka have not brought about fundamental changes in the peripheral capitalist structure in the country. As the above discussion on the strategies and selected policy programmes has demonstrated,

they have contributed to reinforce the peripheral position of the country in the world capitalist economy. The elite strata have benefitted from the pattern of development which the government strategies have promoted since independence. Griffin's comments highlight an important aspect of the government development policies:

It is hardly plausible that the policies are based on ignorance... The ends as well as the means of government policy usually are largely determined by the government's source of support... In most states this support comes from local elites and economic policy is designed to further their interests (Griffin, 1974:172).

Therefore it is of crucial importance to analyse class alignments and alliances of the post-independence regimes to fully understand their strategies and consequent patterns of development.

The persistence of extraversion in the economy testifies to the continuity of a peripheral capitalist structure. Statistical information pertaining to the period after 1948 shows this continuity well in the post-colonial period. The high degree of specialization in, and dependence on, only three export commodities is revealed in the ratios of specialized exports to total exports. The export of tea, rubber and coconut accounted for 90% of the exports from Sri Lanka in 1968 as was the case in 1948 (I.L.O., 1971:10). As Table 7.6 shows, the value of tea, rubber and coconut exports together constituted a very high 88.9% of the total value of exports in 1971 and 75.8% and 55.5% in 1975 and 1980 respectively. Further, around 90% of the total production of both tea and rubber was designated for export markets. Thus the extraverted nature of the Sri Lankan economy remains fundamentally unaltered. It should be recalled this structural feature is argued to be associated with the unequal exchange (Amin 1976).

The peripheral capitalist pattern of development has led to an increase in poverty, marginalization and inequality in Sri Lankan society, despite successive governments' development programmes. Lee (1977), interpreting data from the Consumer Finance Surveys of 1963 and 1973, argues that income inequality in Sri Lanka either remained unchanged or increased slightly

**Table 7.6 : Volume and Value of Tea, Rubber and Coconut Exports from Sri Lanka, 1971 - 1980**

Product	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Exported Volume as a Percentage of the Total Production										
Tea	95.4	89.2	97.6	86.2	99.7	N.A.	89.2	96.9	91.0	96.8
Rubber	91.4	92.3	N.A.	96.7	N.A.	90.0	92.0	88.7	83.8	91.0
Coconut	56.3	60.3	38.4	40.6	48.9	47.0	31.0	42.1	45.6	34.6
Value of Tea, Rubber and Coconut exports as a percentage of the total exports										
Tea	88.9	34.2	76.3	71.8	75.8	70.0	71.8	71.1	62.2	55.0
Rubber										
Coconut										

SOURCE: Central Bank of Ceylon (1978 and 1980).

during the period. Lakshman (1980:35) has pointed out that the shifts in economic and social policy since 1977 have created 'disequalising tendencies' and the net impact of the new policies has been towards greater inequality in the pattern of income distribution in Sri Lanka'. Data on the level of poverty in the years 1969 and 1977 show a significant increase in the percentage of population in poverty. For instance, as shown in table 7.7, the percentage of the total population in acute poverty more than doubled from 18% in 1969-70 to 38% in 1977-78.<sup>1</sup> These trends indicated by the national level data are consistent with the findings of many village studies which unanimously report increase in marginalization of sections of the rural population, increasing poverty and inequality.<sup>2</sup>

---

1. See Chapter One, p.8, footnote 1.

2. See Chapter Five, p.122 .

**TABLE 7.7 : Estimated Population by Poverty Level**  
Sri Lanka, 1969-1970 and 1977-1978 (Millions)

	Urban Sector	Rural Sector	Estate Sector	Total	Total No. in Poverty as a % of total Population
<b>Acute poverty</b>					
1969-70	0.345	1.923	N.A.	2.268	18
1977-78	1.099	3.835	0.474	5.408	38
<b>Other Poverty</b>					
1969-70	0.632	2.105	0.768	3.505	29
1977-78	0.636	3.248	0.499	4.383	31
<b>All Poverty</b>					
1969-70	0.977	4.028	0.768	5.773	47
1977-78	1.735	7.083	0.972	9.791	69

SOURCE: Colombo Plan (1978).

## CHAPTER 8

### CONCLUSION

The object of this thesis has been to analyze the pattern of development in Sri Lanka and to examine causes and consequences of that pattern. This thesis has attempted to interpret the Sri Lankan development experience from a theoretical stance sensitized by elements of the 'neo-Marxist' and 'underdevelopmentalist' perspectives. It has been argued that the development experience cannot be explained by focussing merely on exchange relations in the world market but requires analysis of internal structures of the society and their articulation with the world market forces.

The modernization perspective has been shown to be inadequate to explain the pattern of development particularly in the colonized societies of the third world. The dependency and the world system perspectives are useful insofar as they expose the weaknesses of the modernization theory by bringing into focus the penetration of capitalism into the peripheral societies. These perspectives give an adequate account of the absorption of peripheral societies into a world capitalist economy which is dominated by the core economies and of the eventual influences these factors have been exerting on the pattern of development in the peripheral societies. However, world system and dependency schemes are not adequate to analyze the changes in the structures internal to the formation of peripheral societies and therefore require supplementation. It is necessary to combine elements of the dependency and world systems paradigms with that of the 'Marxist' analyses in order to obtain a fuller understanding of societal change in the periphery. While the dependency and world systems approaches throw light on the external forces and transnational structures which shape and influence the course and pattern of development in the periphery,



the 'Marxist' approaches emphasize the analysis of internal structures of peripheral societies. It has been argued that in order to be fruitful any theoretical perspective which aims at interpreting third world development must be one which looks at the nature of internal structures of peripheral societies and the way in which they are located within the world market or within transnational forces.

The central issue to be addressed is the nature of the interaction between the internal and external forces and the consequent conditions and patterns of development. In carrying out such an analysis the main questions to be addressed relate to the transformation of the peripheral societies under the influence of contact with the now advanced industrial societies, the class and state formation consequent upon this contact, the changes in the world economy and the relations between the peripheral societies and the metropolitan societies which dominate the world economy, and the consequent conditions of development.

And so it has been argued that the development experience of Sri Lanka cannot be explained in terms of the movement from a 'traditional' to a 'modernized' society but rather in terms of the interaction between colonial capital and the structures internal to the Sri Lankan social formation. It is shown that the pre-colonial 'feudal' social formation was transformed, under the impact of colonial capital, into what may be described as a 'peripheral' capitalist formation which may be distinguished from the 'metropolitan' capitalism of the core. It has been argued that characterizing contemporary Sri Lankan social formation as 'feudal' or 'semi feudal' is a misconception because those social relations and social institutions which appear superficially as unaltered continuations of the 'feudal' society actually have been structurally transformed. Insofar as they have remained they have assumed new meanings and operate under conditions of capitalism not under those of feudalism.

It follows that the penetration of colonial capitalism and

the subsequent integration of Sri Lankan society into world capitalism as a 'peripheral' society marked the beginnings of the present pattern of development. In that process of integration the physical as well as the social organization of production typical of the pre-colonial formation underwent a transformation. Establishment of specialization in peripheral types of economic activities, coupled with a de-industrialization policy, created an extraverted and lopsided economy. As distinct from metropolitan capitalism, sectors of Sri Lanka's economy came to be internally disarticulated and commodity production became externally articulated or dependent on the links with the metropolitan economies. The outcome has been a pattern of 'externally dependent development' as opposed to an 'autonomous' or self-sustaining one.

Labour and land became commodified in this process. The dispossession of the direct producers of the primary means of production and the monetization of exchange relations followed the transformation of production relations. The bases of production relations assumed a capitalist character.

The formation of bourgeois political, legal and administrative structures completed the establishment of a superstructure ancillary to the existence of this peripheral capitalist social formation. While the peasantry underwent a process of differentiation, an indigenous bourgeoisie linked with the metropolis economically as well as socially and culturally, emerged at the national level. The national class structure in Sri Lanka is characterized by the dominance of this indigenous bourgeoisie including the 'national' and 'comprador' fractions, the politico-administrative elite and the metropolitan bourgeoisie. The reproduction of the geographically split circuit of generalized commodity production under peripheral capitalism is aided by the powerful structural presence of the metropolitan bourgeoisie and a liaison or comprador groups in the peripheral society.

The alliances of classes dominating the state have defined the nature of strategies of accumulation or 'development'. Since independence these strategies have ranged between the

'national bourgeois developmentalist' (operationalized for instance through import-substituting industrialization) and the 'neo-colonial' (operationalized for instance through export-oriented industrialization). The 'national' bourgeoisie has not been able to sustain a 'national developmentalist' strategy and the tendency has been to realign their populist and nationalist strategies closer to a neo-colonial strategy which means a close alliance with the metropolitan bourgeoisie. However, the competing interests of the fractions of the bourgeoisie provide an arena for shifts in class alliances and consequently in development strategies.

No post-independence development strategies have been able to fundamentally change the economic structure. The overall outcome of the strategies has been deeper integration and dependence on the metropolitan economies. The adoption of a 'neo-colonial strategy' particularly has been marked by increasing class polarization, widening economic inequality, and the marginalization of poorer social strata. The transformation of sections of the population into 'super-exploited' part-life-time proletarians and the adoption of a more authoritarian political machine have been trends associated with the neo-colonial strategy in Sri Lanka.

The policy programmes targeted at the development of the rural or the peasant sector have benefitted most those social groups at the top of the rural socio-economic hierarchy. Categories of capitalist landowners and merchant and usurer capitalists have immensely benefitted from programmes such as the 'green revolution'. The programmes have failed to reach the poorer strata by penetrating the agrarian power structure. With the further subsumption of rural producers by capital, categories such as poor peasants, landless labourers and tenants have become marginalized. The failure to see that problems of rural society are rooted in the agrarian structure largely explains the ineffectiveness of the reformist policies. The reformist (as opposed to a transformationist) character of the programmes of the national regimes in turn reflects the class composition and alliances of a given political regime.

Sri Lankan society retains a peripheral character. This character will continue to be reproduced unless, at the macro level, the national government pursues a strategy based upon a policy of 'autochthonous' or autonomous development. The aim of such a development policy would be to break from dependent external relations with the metropolitan economies and also to overcome internal as well as external forces which produce destabilizing influences. In order to remove the extraverted, internally disarticulated and externally dependent economic strait-jacket, economic activity would need to be reoriented mainly towards internal markets, and towards 'essential' products.

It is of crucial importance that the class configuration of the state should be one which is conducive to, and willing to bring about, specific structural changes. It has been argued that the refusal of the interlocking classes to effect fundamental structural changes is responsible for the failure of reformist policies. Policy models are derived from distinct normative and empirical (causal-conceptual) paradigms that specify the values defining, for instance, an acceptable degree of social inequality or inequality in the distribution of power and opportunity in society (Herring, 1983:4). The normative and empirical paradigms in turn are defined and determined by the prevailing social formation and its related class structure. As Petras (1978:68) points out: 'Policy decisions reflect the efforts by different social interests within the class structure to shape specific allocation of state resources to improve their relative position'.

In Sri Lanka policy models are being derived from a class structure of a peripheral capitalist formation. Structural changes therefore depend on changes in the class configuration of the state. Changes in the class configuration will follow corresponding changes in the normative paradigm from which the state policies are derived. 'Progressive' class alliances and major ideological and value changes play crucially important roles in such a transformatory exercise. The mass organization of rural strata, including poor peasants, agricultural workers and tenants, would be a necessary step in this direction. A

programme of rural decentralization leading to the direct participation of these rural strata in determining the development strategy (as opposed to their mere political representation in centralized structures through the elite dominated political parties) would also be necessary to change the course of rural development.

The implication that any primordial conditions or traits inherent in 'traditional' social formation in societies such as Sri Lanka prevent their 'development' is misconceived. To view the 'development' of these societies in terms of the public policies which are seen as attempts to break down traditional 'barriers' to modernization by the 'modernizing elites' is also incorrect. Indeed the presence and spread of many of the attributes of modernization can be found in third world societies. Yet, the outcome of this process of 'modernization' has not been desirable for a significant portion of the population who remain in poverty. Hence it may be called 'modernization without development'. The groups which form the 'modernizing elites' are in fact often create and benefit from the uneven and inequitable pattern of development of the third world societies. For instance Petras (1978:74), using the term modernization to describe 'the conversion of autonomous agro-subsistence economy to a dependent non-industrial society', calls for the 'demodernization' of peripheral societies as a prerequisite for 'socialist development'.

Modernization comes into conflict with the development of the productive forces, forcing an increasing share into non-productive activities as well as facilitating the outflow of capital and importation of nonessential goods. Rather than being considered a prerequisite for 'development', 'modernization' should be seen as a major obstacle to the rational allocation of resources and manpower involving gross class, regional, and sectoral imbalances (Petras, 1978:77).

Indeed the unique cultural, social and geographical features of a given peripheral society and the nature of contact with colonial capitalism together influence the pattern of development in that society. In the case under study, the Sri Lankan caste system and Sri Lankan Buddhism, for instance, have been such influences. Yet overriding this uniqueness are

some principles of societal transformation under colonial capitalism which take a more general character and are applicable to more than one colonized society. Peripheralization of the economies, the class and state formation, and the nature of articulation of the internal structures with the external forces in the peripheral capitalist society and the consequent patterns of development reflect a greater similarity and generality.

The failure of the modernization perspective in explaining the development experience of third world societies having been amply exposed, the next task confronting the social scientist is to formulate an alternative theoretical framework. While the dependency, the world system, and the variety of 'Marxist' approaches noted in the first chapter are advances along this line, the level of their development and refinement is less than complete. A general theory of socio-economic transformation of peripheral societies requires more research. This task calls for further studies of the various aspects of the internal structures of different third world societies under the influence of the expansion of capitalism. The present thesis is but an attempt to examine Sri Lankan case from this expanded view point.

Although the newer theoretical perspectives have been widely utilized in the study of societies in Latin America and Africa their application to the study of societies in the Indian subcontinent is relatively limited. This is particularly so in the case of Sri Lanka. Therefore this thesis contributes towards filling a vacuum and is an addition to the presently small but growing body of research within these perspectives which attempts to re-examine and interpret the development experience of Sri Lanka.

## B I B L I O G R A P H Y

- Abeysinghe, Ariya. 1979. *Ancient Land Tenure to Modern Land Reform in Sri Lanka. vol 2: Since Independence*. Colombo: Centre for Society and Religion.
- Agrarian Research and Training Institute. 1975. *Agrarian Situation Relating to Paddy Cultivation in Five Selected Districts of Sri Lanka, Part VI: Comparative Analysis*. Colombo: Agrarian Research and Training Institute.
- Alavi, Hamza. 1972. "The State in Post-Colonial Societies: Pakistan and Bangladesh." *New Left Review*, No. 74: 59-82.
- \_\_\_\_\_. 1973. "Peasants and Revolution." In Kathleen Gough., and Hari P. Sharma, eds. *Imperialism and Revolution in South Asia*. New York: Monthly Review Press, pp. 291-337.
- \_\_\_\_\_. 1975. "India and the Colonial Mode of Production." In Ralph Miliband., and John Saville, eds. *Socialist Register*. London: Merlin Press, pp. 161-197.
- \_\_\_\_\_. 1980. "India: Transition from Feudalism to Colonial Capitalism." *Journal of Contemporary Asia* 10: 359-399.
- \_\_\_\_\_. 1982a. "The Structure of Peripheral Capitalism." In Hamza Alavi, and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing Societies'*. London Macmillan, pp. 172-194.
- \_\_\_\_\_. 1982b. "State and Class under Peripheral Capitalism." In Hamza Alavi, and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing Societies'*. London: Macmillan, pp. 289-307.
- Alexander, Paul. 1981. "Shared Fantasies and Elite Politics: The Sri Lankan Insurrection of 1971." *"Mankind"* 13: 113-132.
- \_\_\_\_\_. 1982. *Sri Lankan Fishermen: Rural Capitalism and Peasant Society*. Australian National University Monographs on South Asia No.7. Canberra: Australian National University.
- Allain, Annelies. 1984. "The Seeds of Wrath." *Development Forum*, January-February, p.15.
- Amerasinghe, N. 1977. "The Minipe Colonization Scheme." In N.D. Abdul Hameed, et al. *Rice Revolution in Sri Lanka*. Geneva: United Nations Research Institute for Social Development, pp.75-115.
- Amin, Samir. 1974. *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment*. Sussex: Harvester.

- Amin, Samir. 1976. *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism*. Sussex: Harvester.
- \_\_\_\_\_. 1982. "Crisis, Nationalism and Socialism." In Samir Amin., Giovanni Arrighi., Andre Gunder Frank., and Immanuel Wallerstein, eds. *Dynamics of Global Crisis*. London: MacMillan, pp. 167-233.
- Apter, David. 1965. *The Politics of Modernization*. Chicago: University of Chicago Press.
- Arasaratnam, S. 1971. "The Indigenous Ruling Class in Dutch Maritime Ceylon." *Indian Economic and Social History Review* 8: 57-71.
- Atukoralage, Premachandra. 1981. "Import Substitution, Structural Transformation, and Import Dependence: A Case Study of Sri Lanka." *Developing Economies* 19: 119-141.
- Bagchi, Amiya Kumar. 1982. *The Political Economy of Underdevelopment*. Cambridge: Cambridge University Press.
- Balakrishnan, N. 1977. "Industrial Policy and Development Since Independence." In K.M. De Silva, ed., *Sri Lanka: A Survey*. Honolulu: University Press of Hawaii, pp. 191-212.
- Balakrishnan, N., and Gunasekera, H.M.. 1977. "Statistical Appendix." In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu: University Press of Hawaii, pp. 257-280.
- Balasuriya, Tissa. 1982. "Free Trade Zone: Breeding a White Elephant." *Weekend*, 23 May, p.10.
- Bandarage, Asoka, 1982. "The Establishment and Consolidation of the Plantation Economy in Sri Lanka." *Bulletin of Concerned Asian Scholars* 14: 2-22.
- Bansil, P.C. 1971. *Ceylon Agriculture: A perspective*. Delhi: Oxford and IBH Publishing Co.
- Baran, Paul A. 1957. *The Political Economy of Growth*. New York: Monthly Review Press.
- \_\_\_\_\_. 1982. "A Morphology of Backwardness." In Hamza Alavi., and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing Societies'*. London: MacMillan, pp.195-204.
- Bardhan, P. 1982. "Agrarian Class Formation in India." *Journal of Peasant Studies* 10, No.1: 73-94.
- Barratt-Brown, Michael. 1982. "Developing Societies as Part of an International Political Economy." In Hamza Alavi., and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing Societies'*. London: MacMillan, pp. 153-171.
- Barron, T.J. 1977, "Before the Deluge: Leonard Woolf in Ceylon." *Journal of Imperial and Commonwealth History* 6: 47-63.



- Beteille, Andre. 1974. *Studies in Agrarian Social Structure*. Delhi: Oxford University Press.
- Black, Cyril E. 1966. *The Dynamics of Modernization: A study in Comparative History*. New York: Harper.
- Bottomore, T.B. 1964. *Elites and Society*. London: C.A.Watts.
- Bottomore, T.B., and Rubel, Maximilien, eds. 1963. *Karl Marx: Selected Writings in Sociology and Social Philosophy*. Harmondsworth: Penguin.
- Brenner, Robert. 1977. "The Origins of Capitalist Development: A critique of Neo-Smithian Marxism." *New Left Review*, No. 104: 25-92.
- Central Bank of Ceylon. 1978. *Economic and Social Statistics of Sri Lanka*, Vol.1, No.1. Colombo: Central Bank of Ceylon
- \_\_\_\_\_. 1980. *Economic and Social Statistics of Sri Lanka*, Vol. 3, No.1. Colombo: Central Bank of Ceylon.
- \_\_\_\_\_. 1981. *Annual Report for the Year 1981*. Colombo: Central Bank of Ceylon.
- Ceylon. 1951. Kandyan Peasantry Commission. *Report of the Kandyan Peasantry Commission*. Colombo: Ceylon Government Press.
- Chandra, Bipan. 1981. "Karl Marx, His Theories of Asian Societies, and Colonial Rule." *Review* 5: 13-91.
- Chase-Dunn, Christopher. 1978. "Core Periphery Relations: The Effects of Core Competition." In B.H. Kaplan, ed. *Social Change in the Capitalist World Economy*. Beverly Hills: Sage, pp. 159-176.
- Clarkson, Stephen. 1978. *The Soviet Theory of Development: India and the Third World in Marxist-Leninist Scholarship*. London: Macmillan.
- Colombo Plan. 1978. *Special Topic Papers*. 27th Committee Meeting, Washington, D.C., 28 November to 6 December 1978. Colombo: Colombo Plan Bureau.
- Desai, A.R. 1976. "Need for Revaluation of the Concept." In Cyril E. Black, ed. *Comparative Modernization*. New York: Free Press, pp. 89-103.
- De Silva, Colvin R. 1942. *Ceylon Under the British Occupation 1795-1833*. 2 Vols. Colombo: Apothecaries.
- De Silva, K.M. 1977. "Historical Survey." In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu: University Press of Hawaii, pp. 31-85.
- De Silva, S.B.D. 1982. *Political Economy of Underdevelopment*. London: Routledge and Kegan Paul.

- Diamond, Stanley. 1979. "Introduction: Critical versus Ideological Marxism." In Stanley Diamond, ed. *Toward a Marxist Anthropology: Problems and Perspectives*. Hague: Mouton, pp. 1-12.
- Dias, H.D. 1977. "Selective Adoption as a strategy for Agricultural Development: Lessons from Adoption in S.E. Sri Lanka." In B.H. Farmer, ed. *Green Revolution?*. London: Macmillan, pp. 54-84.
- Dias, H.D. and Wickremanayake, B.W.E. 1977. "The Gambara System in the Hambantota District." In S.W.R. de A. Samarasinghe, ed. *Agriculture in the Peasant Sector of Sri Lanka*. Peradeniya: Ceylon Studies Seminar, pp. 143-154.
- Eisenstadt, S.N. 1966. *Modernization: Protest and Change*. New Jersey: Prentice-Hall.
- \_\_\_\_\_. 1973. *Tradition, Change, and Modernity*. New York: John Wiley & Sons.
- \_\_\_\_\_. 1979. "Some Reflections on the Dynamics of International Systems." *Sociological Inquiry* 49: 5-14.
- Evans, Peter. 1979. "Beyond Center and Periphery." *Sociological Inquiry* 49: 15-20.
- Evers, Hans-Dieter. 1969. "Monastic Landlordism in Ceylon." *Journal of Asian Studies* 28: 685-693.
- Far Eastern Economic Review. 1983. *Asia 1983 Yearbook*. Hong Kong: Far Eastern Economic Review.
- Farmer, B.H. 1977. "Technology and Change in Rice Growing Areas." In B.H. Farmer, ed. *Green Revolution?*. London: Macmillan, pp. 1-6.
- Fernando, Tissa. 1968. "The Development of a New Elite in Ceylon With Special Reference to Educational and Occupational Background 1910-1931." Ph.D. thesis, Oxford University.
- \_\_\_\_\_. 1973. "Elite Politics in the New States: The case of Post-Independence Sri Lanka." *Pacific Affairs* 46: 361-383.
- Fitzgerald, Frank. 1981. "Sociologies of Development." *Journal of Contemporary Asia* 11: 5-18.
- Foster-Carter, Aiden. 1973. "Neo-Marxist Approaches to Development and Underdevelopment." *Journal of Contemporary Asia* 3: 7-33.
- \_\_\_\_\_. 1978. "The Mode of Production Controversy." *New Left Review*, No. 107: 47-78.
- Frank, Andre Gunder. 1967. *Capitalism and Underdevelopment in Latin America*. New York: Monthly Review Press.

- Frank, Andre Gunder. 1969. *Latin America: Underdevelopment or Revolution*. New York: Monthly Review Press.
- \_\_\_\_\_. 1971. *Sociology of Development and Underdevelopment of Sociology*. London: Pluto Press.
- \_\_\_\_\_. 1979. "Unequal Accumulation: Intermediate, Semi-Peripheral, and Sub-Imperialist Economies." *Review* 2:281-350.
- \_\_\_\_\_. 1981. *Crisis in the Third World*. London: Heinemann.
- Frobel, Folker, Heinrichs, Jurgen., and Kreye, Otto. 1980. *The New International Division of Labour*. Cambridge: Cambridge University Press.
- Fuentes, Annette., and Ehrenreich, Barbara. 1984. "Women at Work." *Development Forum*, January-February, p.15.
- Germidis, D. 1980. "International Sub-Contracting and Industrialisation of the Third World: Problems and Perspectives." In Dimitri Germidis, ed. *International Subcontracting* Paris: OECD, pp.10-33.
- Giner, Salvador., and Sevilla-Guzman, Eduardo. 1980. "The Demise of the Peasant: Some Reflections on Ideological Inroads into Social Theory." *Sociologia Ruralis* 20: 13-27.
- Gold, Martin E. 1977. *Law and Social Change: A Study of Land Reform in Sri Lanka*. New York: Nellen.
- Gooneratne, Wilbert. 1975. *Land Tenure Problems and Land Reforms in Sri Lanka*. Tokyo: Institute of Developing Economies.
- Goonesekera, Kumari. 1983. "Sneezing and Wheezing at F.T.Z." *Weekend*, 17 July, p.16.
- Goonetilleke, Susantha. 1975a. "Not where the Action is." *South Asian Review* 8: 147-151.
- \_\_\_\_\_. 1975b, "Development Thinking as Cultural Neo-Colonialism." *JDS Bulletin* 7, No. 2: 4-10.
- Greater Colombo Economic Commission. 1982. Letter. *Weekend*, 6 June, p.4.
- Griffin, Keith. 1974. *The Political Economy of Agrarian Change*. London: Macmillan.
- Gunasekera, H.M. 1977. "'Foreign Trade of Sri Lanka.'" In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu: University Press of Hawaii, pp. 172-191.
- Guanasinghe, Newton. 1975a. "Social Change and the Disintegration of a Traditional System of Exchange Labour in Kandyan Sri Lanka." *Ceylon Studies Seminar* 6: 1-14.

- Gunasinghe, Newton. 1975b. "Production Relations and Classes in a Kandyan Village." *Modern Ceylon Studies* 6: 116-139.
- \_\_\_\_\_. 1984. "Open Economy and Racial Strife." *Lanka Guardian* 1 January, pp. 6-8.
- Gunawardena, R.A.L.H. 1971. "Irrigation and Hydraulic Society in Early Medieval Ceylon." *Past and Present*, No. 53: 3-27.
- \_\_\_\_\_. 1976. "The Analysis of Pre-Colonial Formations in Asia in the Writings of Karl Marx." *Indian Historical Review* 2: 365-388.
- Hameed, N.D. Abdul., Amerasinghe N., Panditharatna, B.L., Gunasekera, G.D.A., Selvadurai, J., and Selvanayaham, S. 1977. *Rice Revolution in Sri Lanka*. Geneva: United Nations Research Institute for Social Development.
- Harriss, Barbara. 1977. "Tractors, Profits and Debt in Hambantota District, Sri Lanka." In B.H. Farmer, ed. *Green Revolution?* London: Macmillan, pp. 168-181.
- Herring, Ronald J. 1981. "Embedded Production Relations and the Rationality of Tenant Quiescence in Tenure Reform" *Journal of Peasant Studies* 8, No. 2: 131-172.
- \_\_\_\_\_. 1983. *Land to the Tiller: The Political Economy of Agrarian Reform in South Asia*. New Haven: Yale University Press.
- Hettige, S.T. 1980. "Wealth, Power and Prestige: Emerging Patterns of Social Inequality in a Sinhalese Village in North-Central Sri Lanka." Ph. D. thesis, Monash University.
- Hindess, Barry., and Hirst, Paul Q. 1975. *Pre-Capitalist Modes of Production*. London: Routledge and Kegan Paul.
- Hobson, J.A. 1948. *Imperialism: A Study*. rev. ed. London: Allen and Unwin.
- Hoogvelt, Ankie M.M. 1982. *The Third World in Global Development*. London: Macmillan.
- Hopkins, Terence K. 1982a. "The Study of the Capitalist World-Economy: Some Introductory Considerations." In Terence K. Hopkins and Immanuel Wallerstein, eds. *World-Systems Analysis: Theory and Methodology*. Beverly Hills: Sage, pp. 9-38.
- \_\_\_\_\_. 1982b. "Notes on Class Analysis and the World-System." In Terence K. Hopkins and Immanuel Wallerstein, eds. *World-Systems Analysis: Theory and Methodology*. Beverly Hills: Sage, pp. 83-90.

- Hopkins, Terence K., and Wallerstein, Immanuel. 1982a. "Patterns of Development of the Modern World-System." In Terence K. Hopkins and Immanuel Wallerstein, eds. *World-Systems Analysis: Theory and Methodology*. Beverly Hills: Sage pp. 41-82.
- Hopkins, Terence K. and Wallerstein, Immanuel. 1982b. "Structural Transformations of the World-Economy." In Terence K. Hopkins and Immanuel Wallerstein, eds. *World-Systems Analysis: Theory and Methodology*. Beverly Hills: Sage, pp. 121-142.
- Howard, Rhoda. 1978. *Colonialism and Underdevelopment in Ghana*. London: Croom Helm.
- International Labour Office. 1971. *Matching Employment Opportunities and Expectations: A programme of Action for Ceylon*. Geneva: ILO.
- Jayasuriya, s., Barlow, C. and Shand, R.T. 1981. "Farmers' Long Term Investment Decisions: A study of Sri Lankan Rubber Smallholder." *Journal of Development Studies* 18: 47-60.
- Jiggins, Janice. 1979. *Caste and Family in the Politics of the Sinhalese 1947-1976*. Cambridge: Cambridge University Press.
- Jupp, James. 1978. *Sri Lanka: Third World Democracy*. Studies in Commonwealth Politics and History no. 6. London: Frank Cass.
- Karunaratne, Neil Dias. 1972. "Techno-Economic Survey of Industrial Potential in Sri Lanka." Ph.D. thesis, University of Sussex.
- Kay, Geoffrey. 1975. *Development and Underdevelopment: A Marxist Approach*. London: Macmillan.
- Kearney, Robert N. 1973. *The Politics of Ceylon (Sri Lanka)*. Ithaca, New York: Cornell University Press.
- Kelegama, J.B. 1959. "The Economy of Rural Ceylon and the Problem of Peasantry." *Ceylon Economist* 4: 341-370.
- Knox, Robert. 1681. *An Historical Relation of Ceylon*. London: Richard Chiswell.
- Laclau, Ernesto. 1971. "Feudalism and Capitalism in Latin America." *New Left Review*, No. 67: 19-38.
- Lakshman, W.D. 1980. *Income and Wealth Distribution in Sri Lanka: An Examination of Evidence Pertaining to Post 1960 Experience*. Tokyo: International Development Centre of Japan.
- Leach, E.R. 1959. "Hydraulic Society in Ceylon." *Past and Present*, No. 15: 2-26.

- \_\_\_\_\_. 1961. *Pul Eliya: A Village in Ceylon*. Cambridge: Cambridge University Press.
- Leaver, Richard. 1973. "Samir Amin on Underdevelopment." *Journal of Contemporary Asia* 9: 325-336.
- Lee, E.L.H. 1977. "Rural Poverty in Sri Lanka." In International Labour Office, ed. *Poverty and Landlessness in Rural Asia*. Geneva: ILO, pp. 161-184.
- Lehmann, David. ed. 1974. *Agrarian Reform and Agrarian Reformism*. London: Faber and Faber.
- Lenin, V.I. 1973. *Imperialism, The Highest Stage of Capitalism*. Peking: Foreign Language Press.
- Lerner, Daniel. 1958. *The Passing of Traditional Society*. New York: Free Press.
- Levy, Marion J., Jr. 1969. *Modernization and the Structure of Societies*. New Jersey: Princeton University Press.
- \_\_\_\_\_. 1976. Review of *Tradition, Change, and Modernity* by S.N. Eisenstadt, *American Political Science Review* 70:1261-1264.
- Lichtheim, George. 1973. "Marx and the Asiatic Mode of Production." In T.B. Bottomore, ed. *Karl Marx*. Englewood Cliffs, New Jersey: Prentice-Hall, pp. 151-171.
- Lipton, Michael. 1975. "Comments on Goonetilleke." *JDS Bulletin* 7, No. 2: 11-14.
- Ludowyk, E.F.C. 1966. *The Modern History of Ceylon*. London: Weidenfeld and Nicolson.
- Magdoff, Harry. 1982. "Imperialism: A Historical Survey." In Hamza Alavi and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing' Societies*. London: Macmillan, pp. 11-28.
- Mandel, Ernest. 1975. *Late Capitalism*. London: New Left Books.
- Mao Tse-Tung. 1955. *Selected Works of Mao Tse-Tung*. Vol. 1. London: Lawrence and Wishart.
- Marga Institute. 1981. *An analytical Description of Poverty in Sri Lanka*. Colombo: Marga.
- McClelland, David C. 1961. *The Achieving Society*. Princeton, N.J.: Van Nostrand.
- McEachern, Doug. 1976. "The Mode of Production in India." *Journal of Contemporary Asia* 6: 444-457.
- \_\_\_\_\_. 1982. "Capitalism and Colonial Production: An Introduction." In Hamza Alavi., P.L. Burns., G.R. Knight., P.B. Mayer., and Doug McEachern. *Capitalism and Colonial Production*. London: Croom Helm, pp. 1-22.

- Mills, Lennox A. 1964. *Ceylon Under British Rule, 1795-1932*. London: Frank Cass.
- Mitter, Swasti. 1977. *Peasant Movements in West Bengal: Their Impact on Class relations Since 1967*. Department of Land Economy Occasional Paper no. 8. Cambridge: University of Cambridge.
- Moore, Barrington., Jr. 1967. *Social Origins of Dictatorship and Democracy*. Harmondsworth: Penguin.
- Moore, M.P., and Wickramasinghe, G. 1980. *Agriculture and Society in the Low Country Sri Lanka*. Colombo: Agrarian Research and Training Institute.
- Morrison, Barrie M. 1980. "Rural Household Livelihood Strategies in a Sri Lankan Village." *Journal of Development Studies* 16: 443-462.
- Morrison, Barrie M., Moore, M.P., and Ishak Lebbe, M.U., eds. 1979. *The Disintegrating Village: Social Change in Rural Sri Lanka*. Colombo: Lake House Investments.
- Murphy, Rhoads. 1957. "The Ruin of Ancient Ceylon." *Journal of Asian Studies* 16: 181-200.
- Muller, Viana. 1979. "The Revolutionary Fate of the Peasantry." *Dialectical Anthropology* 4: 225-236.
- Navarro, Vicente. 1981. "The Limits of the World Systems Theory in Defining Capitalist and Socialist Formations." *Science and Society* 46: 77-90.
- Narayanasamy, C. 1978. *Rural Organizations and Rural Development in Selected Sri Lankan Villages*. Kuala Lumpur: Asian Pacific Development Centre.
- Nugawela, Patrick. 1980. "International Sub-Contracting and Free Trade Zones: Perspectives in Sri Lanka." In Dimitri Germidis, ed. *International Subcontracting*. Paris: OECD, pp. 170-184.
- Obeyesekere, Gananath. 1967. *Land Tenure in Village Ceylon*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 1974. "Some Comments on the Social Background of the April 1971 Insurgency in Sri Lanka." *Journal of Asian Studies* 33: 367-384.
- Ohrling, Staffan. 1977. *Rural Change and Spatial Reorganization in Sri Lanka: Barriers Against Development of Traditional Sinhalese Communities*. London: Curzon Press.
- Oliver, Henry M., Jr. 1957. *Economic Opinion and Policy in Ceylon*. Durham: Duke University Press.

- Palma, G. 1978. "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?" *World Development* 6: 881-924.
- Paranavitana, S., ed. 1959. *University of Ceylon History of Ceylon*. Vol. 1. Pt. 1. Colombo: Ceylon University Press.
- Patnaik, U. 1983. "Classical Theory of Rent and Its Application to India." *Journal of Peasant Studies* 10, Nos. 2 and 3: 71-87.
- Pearce, R. 1983. "Sharecropping: Towards a Marxist View." *Journal of Peasant Studies* 10, Nos. 2 and 3: 42-70.
- Peebles, Patrick. 1976. "Land Use and Population Growth in Colonial Ceylon." *Contributions to Asian Studies*. 9: 65-79.
- Peiris, G.H. 1975. "The Current Land Reform and Peasant Agriculture in Sri Lanka." *South Asia* 5: 78-89.
- . 1978. "Land Reform and Agrarian Change in Sri Lanka." *Modern Asian Studies* 12: 611-628.
- Perera, P.D.A. 1968. "Some British Agricultural Policies and their Effects on Peasant Agriculture of the Wet Zone of Ceylon During the 19th Century." *Vidyodaya Journal of Arts, Science and Letters* 1: 37-52.
- Perera, U.L. Jayantha., and Gunawardena, P.J. 1980. *Hired Labourers in Peasant Agriculture in Sri Lanka*. Colombo: Agrarian Research and Training Institute.
- Petras, James. 1978. *Critical Perspectives on Imperialism and Social Classes in the Third World*. New York: Monthly Review Press.
- Pieris, Ralph. 1950. "The Sociological Consequences of Imperialism with Special Reference to Ceylon." Ph.D. thesis, University of London.
- . 1956. *Sinhalese Social Organization: The Kandyan Period*. Colombo: Ceylon University Press Board.
- . 1964. "New Elites in Ceylon." *Transactions of the 5th World Congress of Sociology, Washington, D.C., September 2-8, 1962*. Louvain: International Sociological Association.
- Prebisch, R. 1950. *The Economic Development of Latin America and Its Principal Problems*. New York: United Nations.
- Putnam, Robert D. 1976, *The Comparative Study of Political Elites*. Englewood Cliffs, N.J.: Prentice-Hall.
- Ramanujan, S. 1982. "Untold Hardships at a Garment Factory." Letter, *Weekend*, 28, February, p. 16.



- Ranasinghe, S.W. 1982. "Plantation Economy and the Marginalization of Labour with Special Reference to Sri Lanka." *Labour, Capital and Society* 15: 64-79.
- Rastiannikov, V.G. 1962. "On Evolution of Share-Cropping Tenancy in India." *New Age* 11, No.9: 12-20.
- Reimers, Edmund. 1928. "Feudalism in Ceylon." *Journal of the Royal Asiatic Society* (Colombo Branch) 31: 17-54.
- Roberts, Michael. 1969. "Grain Taxes in British Ceylon 1832-1878: Problems in the Field." *Journal of Asian Studies* 27: 809-834.
- \_\_\_\_\_. 1974. "Problems of Social Stratification and the Demarcation of National and Local Elites in British Ceylon." *Journal of Asian Studies* 33: 549-577.
- \_\_\_\_\_. 1982. *Caste Conflict and Elite Formation: The Rise of a Karava Elite in Sri Lanka, 1500-1931*. Cambridge: Cambridge University Press.
- Rosenberg, David A., and Rosenberg, Jean G. 1978. *Landless Peasants and Rural Poverty in Selected Asian Countries*. Ithaca: Cornell University, Rural Development Committee.
- Roxborough, Ian. 1976. "Dependency Theory in the Sociology of Development: Some Theoretical Problems." *West African Journal of Sociology and Political Science* 1: 116-133.
- \_\_\_\_\_. 1979. *Theories of Underdevelopment*. London: Macmillan.
- Rubinson, Richard. 1978. "Political Transformation in Germany and the United States." In B.H. Kaplan, ed. *Social Change in the Capitalist World Economy*. Beverly Hills: Sage, pp. 39-74.
- Ryan, Bryce. 1953. *Caste in Modern Ceylon*. New Brunswick, New Jersey: Rutgers University Press.
- \_\_\_\_\_. 1958. *Sinhalese Village*. Florida, Coral Gables: University of Miami Press.
- Sanderatne, Nimal. 1972a. "Tenancy in Ceylon's Paddy Lands: The 1958 Reforms." *South Asian Review* 5, No. 2: 117-136.
- \_\_\_\_\_. 1972b. "Sri Lanka's New Land Reform." *South Asian Review* 6, No.1:7-19.
- Sarkar, N.K., and Tambiah, S.J. 1957. *Disintegrating Village*. Peradeniya: Ceylon University Press.
- Saul, John S. 1974. "The State in Post-Colonial Societies: Tanzania." In Ralph Miliband, and John Saville, eds. *Socialist Register*. London: Merlin Press, pp. 349-372.

- Seers, Dudley. 1981. *Development Options: The Strength and Weaknesses of Dependency Theories in Explaining a Government's Room to Manoeuvre*. Discussion Paper DP165. Sussex: Institute of Development Studies.
- Selvadurai, J. 1977. "Palannoruwa Village (Western Province)." In N.D. Abdul Hameed. et al. *Rice Revolution in Sri Lanka*. Geneva: United Nations Research Institute for Social Development.
- Shanin, Teodor. 1982. "Class, State, and Revolution: Substitutes and Realities." In Hamza Alavi and Teodor Shanin, eds. *Introduction to the Sociology of 'Developing' Societies*. London: Macmillan, pp. 308-331.
- Shanmugaratnam, N. 1981. "Impact of Plantation Economy and Colonial Policy on Sri Lanka Peasantry." *Economic and Political Weekly*, 17 January, pp. 69-80.
- Shivji, I. 1976. *Class Struggles in Tanzania*. New York: Monthly Review Press.
- Silva, K.Tudor. 1979. "Welivita: The Demise of Kandyan Feudalism." In Barrie M. Morrison, M.P. Moore, and M.U. Ishak Lebbe, eds. *The Disintegrating Village*. Colombo: Lake House, pp. 47-70.
- Singer, Marshall. 1964. *The Emerging Elite: A Study of Political Leadership in Ceylon*. Massachusetts: MIT Press.
- Skocpol, Theda. 1977. "Wallerstein's World Capitalist System: A Theoretical and Historical Critique." *American Journal of Sociology* 82: 1075-1090.
- Smelser, Neil. J. 1967. "Processes of Social Change." In Neil J. Smelser, ed. *Sociology*. New York: John Wiley & Sons.
- Smith, Sheila. 1980. "The Ideas of Samir Amin: Theory or Tautology." *Journal of Development Studies* 17: 5-21.
- Snodgrass, Donald R. 1966. *Ceylon: An Export Economy in Transition*. Homewood, Illinois: Richard D. Irwin.
- Sobhan, Rehman. 1979. "The Nature of the State and its Implications for the Development of Public Enterprises in Asia." *Journal of Contemporary Asia*. 9: 410-433.
- Sri Lanka. 1979. *Statistical Pocket Book of the Democratic Socialist Republic of Sri Lanka*. Colombo: Department of Census and Statistics.
- \_\_\_\_\_. 1980. *Census of Agriculture 1973 Sri Lanka: General Report*. Colombo: Department of Census and Statistics.
- \_\_\_\_\_. 1981. *Statistical Pocket Book of the Democratic Socialist Republic of Sri Lanka*. Colombo: Department of Census and Statistics.

- Strauss, Murray A. 1951. "Mental Ability and Cultural Needs: A Psycho-Cultural Interpretation of the Intelligence Test Performance of Ceylon University Entrants." *American Sociological Review* 16: 371-375.
- \_\_\_\_\_. 1954. "Subcultural Variation in Mental Ability: A Study in National Character." *Journal of Social Psychology* 39: 129-141.
- Strauss, Murray A., and Strauss, J.H. 1956. "Personal Insecurity and Sinhalese Structure: Rorschach Evidence for Primary School Children." *Eastern Anthropologist* 10: 97-111.
- Tennent, J.E. 1859. *Ceylon*. 2 Vols. London: Longman, Green, Longman and Roberts.
- Tipps, Dean C. 1976, "Modernization Theory and Comparative Societies." In Cyril E. Black, ed. *Comparative Modernization*. New York: Free Press, pp. 62-88.
- United States Agency for International Development. 1979. *Agricultural Sector Assessment Sri Lanka 1979*. Colombo: USAID.
- Vanden Driesen, I.H. 1956. "Plantation Agriculture and Land Sales Policy in Ceylon - the First Phase, 1836-1886." *University of Ceylon Review* 14, Nos. 1-2: 6-25.
- Valenzuela, J. Samuel., and Valenzuela, Arturo. 1979. "Modernization and Dependence: Alternative Perspectives in the Study of Latin American Development." In Jose J. Villamil, ed. *Transnational Capitalism and National Development*. Sussex: Harvester, pp. 31-65.
- Varma, B.N. 1980. *The Sociology and Politics of Development*. London: Routledge & Kegan Paul.
- Wallerstein, Immanuel. 1974. "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis." *Comparative Studies in Society and History* 16: 387-415.
- \_\_\_\_\_. 1976. "A World-System Perspective on the Social Sciences." *British Journal of Sociology* 27: 343-352.
- \_\_\_\_\_. 1978. "World-System Analysis: Theoretical and Interpretative Issues." In B.H. Kaplan, ed. *Social Change in the Capitalist World Economy*. Beverly Hills: Sage, pp. 219-236.
- \_\_\_\_\_. 1982. "Crisis as Transition." In Samir Amin, Giovanni, Arrighi., Andre Gunder Frank and Immanuel Wallerstein. *Dynamics of Global Crisis*. London: Macmillan, pp. 11-54.

- Wanigaratne, R.D. 1977. *Family Dominance in a Village Society: The Mahantegama Village*. Colombo: Agrarian Research and Training Institute.
- Wanigaratne, R.D., Gooneratne, W., and Shanmugaratnam, N. 1979. *Policies and Implementation of Land Reform in Selected Villages of Sri Lanka*. Colombo: Agrarian Research and Training Institute.
- Warren, Bill. 1973. "Imperialism and Capitalist Industrialization." *New Left Review*, No. 81: 3-46.
- Weerarwardane, I.K. 1975. *Lessons of an Experiment: The Paddy Lands Act of 1958*. Colombo: Rural Institutions and Productivity Laws Division, Ministry of Agriculture and Lands.
- Wesumperuma, D. 1969. "Land Sales Under the Paddy Tax in British Ceylon." *Vidyodaya Journal of Arts, Science and Letters* 2 :No.1: 19-35.
- Wickremaratne, L.A. 1977a. "The Economy in 1948." In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu, University Press of Hawaii, pp. 131-143.
- \_\_\_\_\_. 1977b "Planning and Economic Development." In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu: University Press of Hawaii, pp. 144-171.
- \_\_\_\_\_. 1977c. "Peasant Agriculture." In K.M. De Silva, ed. *Sri Lanka: A Survey*. Honolulu Press of Hawaii, pp. 236-256.
- Wilson, A. Jeyaratnam. 1979. *Politics in Sri Lanka 1947-1979*. 2nd ed. London: Macmillan.
- Wittfogel, K.A. 1957. *Oriental Despotism*. New Haven: Yale University Press.
- World Bank. 1981. *World Development Report 1981*. New York: Oxford University Press.
- Worsley, Peter. 1980. "One World or Three: A Critique of the World System of Immanuel Wallerstein." In Ralph Miliband and John Saville, eds. *Socialist Register*. London: Merlin Press, pp. 298-338.
- Wriggins, Howard. 1960. *Ceylon: The Dilemmas of a New Nation*. New Jersey: Princeton University Press.
- Yalman, Nur. 1967. *Under the Bo Tree*. Berkeley: University of California Press.