

**EXCLUSIVE**

Emotion running high — THONDAMAN

An Interview with Mervyn de Silva



**LANKA**

# GUARDIAN

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## HUMAN RIGHTS AND AID

While our budget deficit may reach 25 billion rupees, the World Bank has pledged assistance to the tune of five billion. It is of course conditional as usual. The aid is for "structural adjustments" which include improvements in the plantation sector, to elimination of waste, inefficiency and corruption in the corporations.

Sri Lanka's difficulties do not arise solely from tougher aid conditions. Aid has dried up, especially in I.D.A., the "soft" loan agency. More and more poor nations are being forced to enter into bilateral negotiations with donor countries. As any aid negotiator knows, many western donors make the human rights performance of a recipient a criterion in their aid policy. While the U.S. and U.K. are less stringent than some European countries, the EEC has a fair number of member states whose parliaments insist on the importance of the human rights record. At the UN session this year, Sri Lanka it was announced is one of four countries which have been asked to submit a report on human rights.

## SANER COUNSEL

Will the calmer voices of sanity prevail over the shrill voices of racial prejudice and discord? The battle is on. "Although it's a tiny gem, we must remember that people of many races and religions live here. Everyone has a right to do so," said Mr. President Jayewardene at a school function. "An eye for an eye" code was firmly rejected by Prime Minister Premadasa whose recurrent theme on public platform is the multi-racial and multi-religious character of our society.

Justice Wimalaratne, also at a high school ceremony, called upon the new generation to "respect all religious faiths and have an abiding love for the motherland". Only then said the judge would Sri Lanka overcome what the President had described as "a crisis of civilisation".

Having traced the causes of the July horror and tragedy (moral decay socio-economic disparities breakdown of law and order, political patronage to goon squads) the BMICH Declaration by religious and community leaders identifies the most important need for recovery from the present malaise as the preservation and practice "at all costs" of the fundamental rights enshrined in our constitution and the UN's Universal Declaration of Human Rights.

## FRENCH CONNECTION

In an editorial on the massive budget gap, the DAILY NEWS wrote:

"As it was proved in France before the revolution, there is a definite limit to the burdens that any State can heap on the lower sections of the community... we seem dangerously close to the French precedent in exempting some classes, huge capitalists masquerading as new investors, the public service and the tax dodgers from tax liabilities..."

## DEDICATION

Sri Lanka could not have afforded to lose a man of Bishop Lakshman Wickremesinghe's exceptional qualities at the best of times. In these grave, disquieting days, the loss is indeed irreparable. An outstanding scholar, Bishop Wickremesinghe came to be better known, loved and respected as a citizen of conscience and courage, devoted to his people and to humanity. It is a privilege to dedicate this issue of the LANKA GUARDIAN to his memory.

## Sri Lanka's foreign image

I have read in the newspapers the statement of Mr. Douglas Wickramaratne, President of the Sinhala Association of Sri Lankans in the UK, and who was recently in the island. In it, he says that there was a flood of anti-government propaganda in the UK during the recent disturbances in Lanka; and that the claims ranged from murder and rape to genocide!

What is Mr. Wickremaratne trying to tell us — that these things did not happen? Yes. Murder, rape and genocide? Not only that. Even burning alive of people and Tamil patients being killed in their hospital beds as well as the killing in cold blood of 53 Tamil prisoners in Welikade jail on two successive days! Or, is he going to tell us that these things did not happen at the hands of a section of the Sinhalese people who were chauvinists and racialsists!

I am amused at the attempts in the press to fault the foreign correspondents and dissident North Lankans for apparently wanting to tarnish the fair name of Sri Lanka. But, who did the tarnishing? Was it the Sinhala racist goon who killed Tamils and destroyed their property in the most horrid manner or

(Continued on page 2)

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## Letters . . .

(Continued from page 1)

the correspondents and/or North Lankans who reported these terrible events which must have revolted any normal human being.

The irony is that people are not finding fault with the perpetrators of the worst horror in our history. Mr. Wickremaratne, himself, has not a word of condemnation for the looters, the arsonists and murderers. But they want to pick holes in the way it was reported.

At best, when pressed, they say that the violence was a reaction to the activities of the northern Tigers. If the entirety of the Sinhala Buddhists cannot be held responsible for the actions of about 50,000 extremists in their midst, how can you hold the entire Tamil people responsible for the actions of less than 200 Tigers. In any case, the Tigers did far, far less damage—even if you add the bank robberies and the burning of a train, buses etc.—than the Sinhala mobs in July, 1983.

Will Mr. Wickremaratne dismiss what I say as anti-government propaganda by a North Lankan? I am not writing this as a North Lankan but as a Sri Lankan Communist who, for many years, has led an organisation in which there are more Sinhalese than Tamils. I have never belonged to a communal organisation. Nor will I ever—unlike Mr. Wickremaratne.

**N. Sanmugathasan**

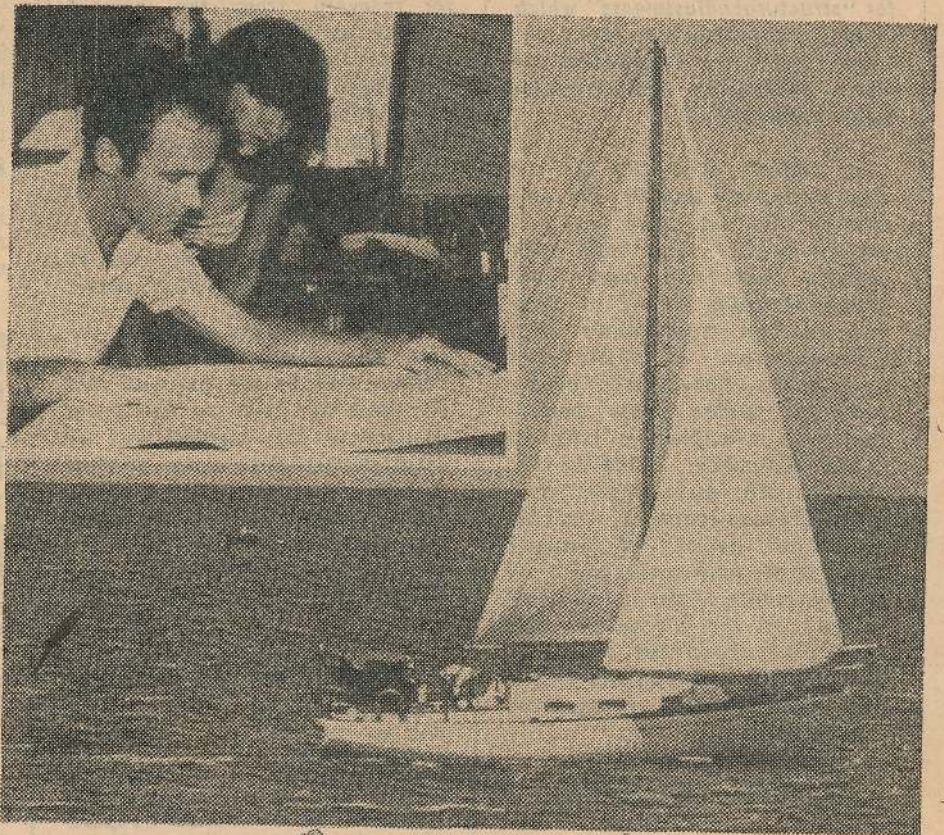
### Foreign Service changes

I read with interest the letter of H. N. Ahangama (Trends & Letters—L. G. 1st October) on the subject "Foreign Policy Decision making" and wish to endorse his view that the image of the Foreign Ministry should be improved. I wish to suggest that the now defunct Overseas Information Service too should be reintroduced.

**V. K. Wijeratna**

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# While the politicians play party games

NEWS  
BACKGROUND

**M**r Winston ("Blood, sweat and tears") Churchill whose qualities of leadership in a national crisis of the most challenging kind, were so warmly extolled by Agriculture Minister Gamini Jayasuriya, remarked once that "Jaw, Jaw" was always better than "War, War". The "Jaw-Jaw" which the UNP election manifesto recommended vis-a-vis the "grievances" of the Tamil speaking people never did come to the stage of the "all party roundtable conference" that the victorious UNP had envisaged.

When that matter is raised what we have had for the past six years are mutual accusations and recriminations on the part of both the UNP and the TULF. Let us call it

so much water under a Mahaveli bridge.

What is far more disappointing is the abortive multi-party (all save the TULF and the two banned parties) of last month where the UNP faced a solitary MEP, now described by government spokesmen as 'the only other democratic party'. So, while the SLFP used all sorts of arguments (Trade Minister Athulathmudali called them "piffling excuses") to keep away from the talks, the UNP has put the main opposition party beyond the pale of democracy. And it was the SLFP's decision not to attend the talks until the "clarifications" it sought from the UNP were received that in effect kept the LSSP away. The CP was will

ing but its Central Committee had not met in a full session.

The end result was that the roundtable conference remains an ill-fated idea. Party politics and debating points had prevailed over the need for a national response to what is universally accepted as a 'national crisis'.

While the political parties play their party games, is time running out? Or have we become hypersensitive and needlessly nervous after the catastrophic events of July? Commonsense suggests that it is wiser to be over-vigilant than purblind.

"To prevent violence is a difficult task. But it must be done at any cost. Not only because violence will provide India with a tailor-made reason to intervene but primarily because Lanka will not survive another catastrophe" writes the WEEKEND columnist Don Mithuna.

"A repetition of the July disturbances could lead to the total dislocation of the economy of the country" warns Finance Minister Ronnie de Mel. (See "Ronnie's grim words.")

## Eastern Province

The well-informed Don Mithuna not only identifies the Eastern province as the "foremost flashpoint of fresh ethnic violence" but cites "senior Intelligence analysts" who predict that Batticaloa will 'face the same fate as Jaffna perhaps in three months time'.

The sensitivity of the situation does not arise only from the mixed character (Sinhalese, Tamils, Muslims) of the Eastern province population. The problem of "settlers" or "illegal encroachments" on the banks of the Maduru Oya touches the Mahaveli project, the great white hope of Sri Lanka's economic planners.

(Continued on page 6)

## RONNIE'S GRIM WORDS

DUE to the fact that the World Bank, the IMF and the IDA are having difficulties of their own prospects for future aid to Third World countries like Sri Lanka appear to be somewhat 'dim' said Mr. Ronnie de Mel, Minister of Finance and Planning.

Third World countries like Sri Lanka which used to receive a considerable amount of development assistance from the World Banks soft loan window known as the International Development Agency (IDA) will also be seriously affected' Mr. De Mel said in an interview with the 'Sunday Observer'

The resources of the IMF has been drastically curtailed by the hardline attitude taken by the United States Congress regarding enlarged funding for the IMF.

It is understood that if the funding is not forthcoming the IMF will have to curtail its credits to support countries' balance of payments from 1984.

'Fortunately for us our present Standby Credit of SDRs 100 million will be exempt from this cutting down of IMF credits' Mr. de Mel said.

Access to IMF credits by member countries will also be seriously curtailed as a result of the decision taken by the Interim Committee this year

that such access for any country will be reduced from 150 percent of quota to 102 percent of quota. Sri Lanka's quota which could have been SDR 268 million per year will be reduced to SDR 223 million per year.

Mr. de Mel said 'future prospects for aid from the World Bank, the IMF and IDA are therefore not at all rosy. We are somewhat fortunate that we managed to get IMF approval for our Standby Credit of SDR 100 million a short time before this. We can also obtain a Structural Adjustment loan of US dollars 200 million from the World Bank if we agree to certain conditions like the complete rehabilitation of our plantation sector improvement of efficiency in the public sector corporations rationalization of agricultural prices to give further incentives to producers general increase of industrial production and exports. tax and tariff reforms with a view to collecting more revenue, more systematic steps for energy conservation and control of government expenditure.

'In the short term therefore Sri Lanka will be able to tide over its present difficulties but the future will be bleak unless we increase our production and exports' Mr. de Mel said.

— Sunday Observer, 23.10.83

# Climate for talks conducive — but time is running out — THONDAMAN

“I am a trade unionist and forty years of trade unionism have also made me an optimist. I have never given up faith in negotiations and negotiated settlements” said Mr. Thondaman, the CWC leader (and Minister of Rural Industrial Development) in an exclusive interview at his Reid Avenue home the day after his return to the island.

Mr. Thondaman had already seen President Jayewardene and briefed him on his talks in India and elsewhere on the Sri Lankan situation and was scheduled to make a formal report to the Cabinet on Wednesday Oct. 26.

“The serious problems which have arisen here after July are no longer the concern of just the Sri Lankan and the TULF, or between the government and the Tamils, it is a matter of great concern to the international community,” he told me.

*Q: You were in India and met Mrs. Gandhi, the Tamilnadu leaders and other prominent personalities*

*in that country . . . while Indian concern is obvious, why do you speak of the international community ?”*

A: I also attended the AFL-CIO convention in Florida. There I met with the top US trade union leaders. You know, I am sure, that the AFL-CIO is the huge US trade union federation and a powerful organisation in the States. The conference was attended by union leaders from U. K. to Australia, and many leading trade unionists from Western Europe and the Scandinavian countries. From 1980 onwards, these leaders, some of whom are very influential figures in their countries, have been worried about restrictions on trade unionism in Sri Lanka . . . the erosion of trade union rights . . . of course, this is seen in the broader context of fundamental rights . . . human rights, political rights and freedom. They were unhappy about this because they have always had a high regard for Sri Lanka, for its democracy and so on . . . they were glad when fundamental rights

were enshrined in the constitution but after 1980, they always asked questions about the rights of trade unions here . . . rights of national minorities also come under this concern . . . so when the Tamils were attacked in July, they have become very worried. In fact, at the November conference of the ICFTU, the world body, there will be a discussion on Sri Lanka . . . it is an item on the agenda . . . that's why I spoke of the international community.”

*Q: To turn to the impressions you gathered during your stay in India, could you say something about that in general before I raise specific issues ?*

A: In the last 40 years I have never seen such intense emotion . . . as you know there have been communal violence before and both Tamils in the south and north, and Tamils in the plantations were victims . . . but this is different. Everywhere I went in India, they speak with such strong feeling . . . they even blame me for staying in the government, they say this is all part of a systematic plan by all governments here to destroy or crush the Tamils.

*Q: Surely, Mr. Thondaman, this state of high emotion is prevalent in Tamilnadu only . . .*

A: I agree that it is particularly intense in Tamilnadu . . . and I can assure you that I don't go to Madras only or to Madras to give a press conference . . . I travel everywhere . . . in my old village, Trichy, Madurai, so many places and meet people of all walks of life, not just politicians and journalists . . . but don't get the idea that the rest of India, whether it is Delhi or Bombay or Calcutta, is not deeply agitated . . . there is agitation, strong feelings . . .

## TIME TO TALK TO THE T.U.L.F.

The question now before all thinking people who genuinely desire a lasting solution to the National Question is whether the time has not come for the Government to include the TULF among the political parties invited for the Roundtable conference. If a Roundtable conference inclusive of the TULF is held again the country can be optimistic of a different response from the other political parties too. Even more, the national interest demands such statemanship on the part of the Government.

“The Island” stands uncompromisingly for the territorial integrity

and the unitary nature of the Sri Lankan state and there can be no departure from that. But we would be myopically foolhardy if we do not realise that no lasting solution can emerge without the participation of the TULF. All parties must come to the conference table and work out a solution which would take into account the interests and rights of all communities in the country. For this, all political parties, interest groups and lobbies must abandon intransigent postures and unreasonable demands and think beyond narrow communal allegiances.

“ISLAND” 25.10.83

If you are trying to say there is a difference between South India and North, you are right, but if you are trying to say that this is only a problem of Tamilnadu and you don't have to worry, if you keep friendly with Delhi, that's a very foolish view . . . like saying President Jayewardene's nose and Mrs. Gandhi's nose are similar because they are both Aryans . . .!

In Delhi too feelings are strong. . . we are fortunate because MGR is extremely popular in Tamilnadu and he is controlling the situation and Mrs. Gandhi is also containing these passions . . . otherwise, there would be serious trouble, and I don't want to see that, happening to Sri Lanka . . . do you know what I heard in India? They were saying that the Sri Lankan government closed its eyes while Tamils were being massacred, so Delhi should do the same and allow the Tamil people in South India to settle the matter in their way.

*Q: You were reported in the Indian press as saying that CWC and the TULF, the plantation workers and the Jaffna Tamils, had different interests and separate problems. At the same time the HINDU, which is Madras-based, said that all of you were evolving a "common strategy". If this is correct, how do you reconcile these divergent views?*

A: I don't know about a 'common strategy'. But a common

cause, yes, and it is the extremist Sinhala groups and various governments here that have brought about this position. In 1948, they robbed us of citizenship and then afterwards our representation in Parliament. As a result, a large number of persons are still "stateless". President Jayewardene said in Delhi at the NAM summit, he will resolve the matter . . . leave it to me, he said. And I for one fully believed in his bona fides, because he is the first Sinhalese leader who has been publicly sympathetic to the plight of these poor workers. He repeated this when the Indian foreign minister, Mr. Narasimha Rao came here. Then what happened? Extremist elements, racist groups who think they represent the Sinhala people created a situation where the President's good plans have been wrecked and thousands are now fleeing to India. Similarly, look at what these regimes and extremist groups have done to the Jaffna Tamils. First the B-C pact and regional councils. Bandaranaike was not allowed to implement it. Then the Dudley-Chelvanayakam pact for District Councils. Torn up. Not implemented. Then District Development Councils under this regime. Less and less, and nothing seriously done! Now, a law is passed, a Sixth Amendment whereby it becomes impossible for the TULF to remain in parliament. The same thing that happened to the CWC in the 1950's. So are you surprised when a feeling of common cause grows?

*Q: Nevertheless, Mr. Thondaman there is a basic difference. The CWC and you have never advocated separatism nor violence. So you must . . .*

A: Correct. But when did the TULF advocate separatism? When did the Eelam cry start? After the 1972 constitution. That's a fact and we can't be blind to that. And when did this violence start? Remember the first satyagraha on Galle Face Green by the FP leaders? What happened? They were assaulted by thugs . . . organised violence . . . Yes, you are right, the CWC is totally against violence, but I have always said that if violence is unleashed on you, . . . I have told my people . . . you can use violence in self-defence and I will support you . . . in self-defence . . . that's a human right . . .

*Q: When Mr. Amirthalingam and Mr. Sivasithamparam met you, didn't the question of a 'common strategy' come up?*

A: No. The TULF MP's who came to see me had a cup of coffee and left. May be it was a courtesy call. As for Mr. Amirthalingam, he told me that with the TULF out of Parliament, I should watch their interests too.

*Q: When Mr. Amirthalingam met Mr. Prabhakaran it was suggested by certain sections of the press here that this showed "an identification between the TULF and the terrorists". Could not the same be said of you after your meeting with Mr. Maheswaran?*

A: Whether it is Amirthalingam or the CWC or Maheswaran, I told you, earlier, that an identification has been created by the manner in which all Tamils have been treated in the past. We have different organisations, different policies, different problems but when there is a determined policy to discriminate, to harass, to persecute, to crush, then all Tamils whether in Tamilnadu or here or anywhere in the world, feel that injustice is done.

*Q: You have claimed that the climate is conducive to negotiations . . . on what do you base this view?*

## THE CLOUDS ARE CLEARING

NOBODY will dispute that the absence of the major opposition parties at the old parliament by the sea, so familiar to many of the political veterans who should have been there at Wednesday's peace talks, was a considerable setback.

Parties like the LSSP and CP from the old left who have commanded the support of the Tamil people in the past, and the SLFP which is the alternative government of this country, could have strengthened the negotiating hand by being part of the consensus President Jayewardene is seeking.

One reason for satisfaction was that the debate in parliament on Thursday clearly indicated that there was no hardline favouring boycotting the efforts to resolve a grave national problem that transcends all political boundaries. In this climate, it is necessary that neither the Government nor Opposition seek to score debating points over each other and snag the way forward to a settlement.

Prime Minister Premedasa has suggested that the opposition could serve as a bridge between the Government and the TULF.

'Daily News' 25. 10. 83

A: The TULF is ready to drop the separatist demand if they are offered viable alternative... Mrs. Gandhi has offered her good offices and is prepared to help...

Q: *In what way can she help?*

A: The Tamils will feel confident if a third party like Mrs. Gandhi "accept what the government has offered you... it is reasonable..."... And now even Maheswaran tells me that he is prepared to cooperate...

Q: *How?*

A: He says that in the past all promises, all talks, all negotiations have failed. He has no faith in it. But he told me that if I am convinced that negotiations can produce a reasonable solution then he is ready to cooperate.

Q: *Is he ready to give up armed struggle...*

A: He didn't tell me that in those words. But my impression was that he would suspend his line of action if serious negotiations are on.

Q: *But all this is rather academic because the TULF will not agree to the government's pre-condition... surely, that is the cause of the deadlock...*

A: If one is genuinely interested in serious negotiations then there should be no pre-conditions...

Q: *What is your view on a roundtable conference... a Parliamentary Select Committee etc.*

A: If you want to postpone these matters, and that's dangerous, then you can think of such methods... in the interests of Sri Lanka and all its people, I think, the President who was elected by the people with such a large majority should take the initiative.

Q: *On behalf of the CWC itself, you have placed some demands...*

A: Yes, we are talking about it with the President... but the situation is such that even if our demands were conceded, there's still the whole Tamil issue, with all its facets and complexities.

Q: *The government complains that despite talk of Indian cooperation extradition procedures are not changed to hand over convicted terrorists. What is the attitude in India?*

A: Especially in Tamilnadu, these men are not regarded as terrorists but as men fighting oppression.

Q: *You met Maheswaran... what is your personal impression of him?*

A: I must say I was quite surprised by his manner. I expected a different type of person. I am used to fiery political types. But he was so polite and pleasant, very respectful to me and calm and collected.

Q: *One final question, Mr. Thondaman, How would you sum up, after your visit and wide-ranging talks, the whole situation, which you yourself say is very complex.*

A: From Mrs. Gandhi to the Tamil Nadu leaders, there is a strong conviction that the Tamils will give up their separatist demand if all the Tamils in Sri Lanka can live here in peace, dignity and equality. I fully share this conviction. The only question is, there must be firm guarantees of this, guarantees, that will be honoured in letter and spirit.

— Mervyn de Silva

## While politicians...

(Continued from page 3)

The new issue of several thousand 'squatters' has already resulted in the extraordinary action of Home Minister Devanayagam, in summoning a press conference in which he openly criticised the Lands Minister, his colleague who is in charge of the Mahaveli ministry. It produced a clash of words between the newly appointed Polonnaruwa District Minister, Mr. Paul Perera and the Chief Incumbent of the Dimbulagala temple who threatened to crown the District Minister with his personal umbrella! Mr. Perera withdrew hurriedly from the argument but not before he claimed that these squatters consisted of IRC's, JVP'ers and kassippu dealers. Mr. Devanayagam one of the UNP's Tamil leaders claims that the entire lot are Sinhalese and the Chief Incumbent is mainly responsible for their presence, which changes the ethnic balance in his area. The Dimbulagala monk says that he has helped settle Sinhalese, Tamils and Muslims, and 80% of them are UNP supporters.

### Mahaveli Threatened

The Mahaveli is a multi-purpose project — power, irrigation, settlement. On October 25, the CEB warned of an impending power crisis and the pressing need to conserve energy. The energy bill is already a massive burden on the country. On the same day the SUN reported more than 10,000 migrant workers are due to return to the island early next year. Work on many construction projects in West Asia has stopped.

The lead story of the *Daily News* on that day (Oct. 25) read "SQUATTERS THREATEN MAHAVELI SCHEME". It said that the "government was seriously concerned about large scale encroachment on Mahaveli land on both the left and right banks of the Maduru Oya, extending from the Maduru Oya reservoir northwards to Welikanda on the Polonnaruwa-Batticaloa Road.

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# Sri Lanka's ethnic problems: Myths and Realities

EXCLUSIVE

SEMI-TRUTHS tear at the fragile fabric of a united Sri Lanka. In this pamphlet we shall try to examine some key areas that have become a focus of ethnic resentments and hostilities. We shall take up certain widely prevalent myths and contrast them with the realities, which we have endeavoured to discern without prejudice or partiality.

There are two possible ways of looking at how the various ethnic communities have fared in various fields of national life. One is by taking the population figures of each community and measuring them against their share of jobs, university places and their other indexes of social attainment. This method is the one that has most often been used in recent discussion of the subject — sometimes selectively or inaccurately. There is another method that is relevant in certain contexts. This is to take the geographical areas where particular ethnic communities are concentrated and to compare the levels of social attainment in these areas with others. We shall use both these methods of analysis in this pamphlet.

## Population:

According to the Census of Population completed in 1981, the total population of Sri Lanka was estimated to be 14.85 million. The percentage of each ethnic community was as follows:

Table 1

Sinhalese	74.0%
Tamils	18.2%
(Sri Lankan Tamil	12.6%
Indian Tamil	5.6%)
Muslims	7.4%
Others	0.4%

(Source : Census of Population and Housing, 1981)

While the Tamils — Sri Lankan and Indian — are around 18% of the national population, they are

*The government's initiative to convene a conference of several political parties to discuss how best to promote national harmony has been generally welcomed by both representative Sri Lankan organisations and individual Sri Lankans of repute and influence. The national crisis is of such awesome proportions that this discussion cannot and must not be confined to the conference room — The public discussion must go on.*

*No serious or intelligent discussion can be held unless the participants are at least armed with basic data. This of course is particularly true of public issues where there is always room for prejudice, propagandist bias, misrepresentation, wilful or innocent, confusion and simple lack of information.*

*With the "National Harmony Conference" in mind, the Lanka Guardian publishes in full a report prepared by the Committee for Rational Development.*

**The Committee for Rational Development** was formed during the aftermath of the July 1983 violence. Its members include Sinhalese, Tamils, Muslims, and Burghers of different political persuasions. The objective of the Committee is to assist in the finding of solutions to contemporary social problems of Sri Lanka on the basis of strengthening democratic institutions and the rational processes in society.

*We welcome reader opinion on this document.*

92% of the population in the Northern Province and 68% in the Eastern Province. (See the ethnic breakdown, North and East, in Appendix A.) For a correct understanding of our ethnic problems, both these sets of figures must be borne in mind. Ethnic groups diffused uniformly throughout the island do not develop the same consciousness, and do not face the same problems, as those which are highly concentrated in certain areas. Governmental policies must also cope with this reality.

## Geographical zones:

We adopt in this pamphlet the division of the country into five regional zones used by the Central Bank:

**Zone I:** Colombo District (excluding the Colombo Municipality) Gampaha, Kalutara, Galle and Matara Districts. Wet zone, predominantly Sinhala areas.

**Zone II:** Hambantota, Moneragala, Amparai, Polonnaruwa, Anu, radhapura and Puttalam Districts.

Dry zone, predominantly Sinhala<sup>a</sup> areas.

**Zone III:** Jaffna, Mannar, Vavuniya, Trincomalee and Batticaloa Districts. Dry zone, predominantly Sri Lankan Tamil areas.

**Zone IV:** Kandy, Matale, Nuwera-Eliya, Badulla Ratnapura, Kegalle and Kurunegala Districts. Predominantly Sinhala, with a concentration of Indian Tamils in the hill country.

**Zone V:** The Colombo Municipality. Predominantly Sinhala.

## Employment in the State Sector

**Q:** *Why is there a popular impression that Tamils have an unduly high share of public sector jobs?*

**A:** The impression has been created by taking figures in selected Government departments, or in selected fields like accountancy and engineering. For instance, it has been claimed that in these fields the figures are around 22% and 42%

respectively. 'In 1977, 22.6% recruited to the Accountants Service, 42.3% recruited to the Engineers' Service, 21.6% recruited to the Shroffs' Service were Tamils. In 1978 56.5% recruited to the Engineers' Service were Tamils, while only 39.9% were Sinhalese' — (This is the Truth)

**Q:** Do Tamils in fact have a disproportionate share of jobs in the public sector?

**A:** No, the latest published figures — for 1980 — give the following picture: (See Tables below)

**Q:** How do the percentages in Table II and Table III compare with the ethnic breakdown of population?

**A:** Compare them with the figures in Table I. With 74% of the population, the Sinhalese have 85% of all the jobs in the public sector, 82% in the professional and technical categories, and 83% in the administrative and managerial categories. On the other hand, the Tamils, with 18% of the population, have only 11% of all public sector jobs, 13% of professional and technical posts, and 14% of administrative and managerial positions. Confirmation of this position is to be

found in the UNP election manifesto of 1977. That manifesto said :

'The United National Party accepts the position that there are numerous problems confronting the Tamil-speaking people. The lack of solution to their problems has made the Tamil-speaking people support even a movement for the creation of a separate state'.

The manifesto went on to say:

'The Party, when it comes to power, will take all possible steps to remedy their fields in such grievances as . . . ' and it then listed four such fields, of which the fourth was: 'Employment in the Public and semi-public Corporations'.

So, in 1977 the present governing party felt that those who had a genuine grievance regarding public sector employment were the Tamils.

**Q:** Would this position be changed by an ethnic quota for public sector employment, as some people have suggested?

**A:** It could, but since an ethnic quota would have to be applied throughout the public sector, it

would mean that Sinhalese presence in certain sectors would be reduced from its present levels. A few Sinhalese professionals would gain jobs as doctors, professionals or engineers, but a large number of poorer Sinhalese in Government departments, corporations or the armed forces which are overwhelmingly Sinhalese would have to lose their jobs to Tamils.

### General Employment

**Q:** How do the ethnic communities stand in relation to employment in general?

**A:** Table IV gives the relevant statistics.

**Q:** What do these figures show?

**A:** Tamils have a higher proportion of their labour force employed (94.38% of Indian Tamils and 89.21% of Sri Lankan Tamils) than Sinhalese (84.14% of Kandyan Sinhalese and 81.51% of Low country Sinhalese). On the other hand, the Kandyan Sinhalese (34.27%) and the Low country Sinhalese (36.49%) have a larger proportion of the total population in their communities in employment than Sri Lankan Tamils (27.97%), while the Indian Tamils have a still higher proportion (48.96%).

**Q:** What do these last-mentioned facts mean?

**A:** The figures for Indian Tamils are explained by the fact that whole families are employed on the estates, and at the wage levels at which they are employed, the entire family earnings go into their subsistence. On the other hand, in the case of Sri Lankan Tamils, it is evident that the few who do earn have a greater number of individuals to support.

**Q:** What is the unemployment rate for each community?

**A:** Table V gives the figures:

### Table V : Unemployment (1979)

Community	Unemployment rate (% of labour force)
Kandyan Sinhalese	13.9
Low country Sinhalese	18.5
Sri Lankan Tamil	10.9
Indian Tamil	5.6
All-island	14.8

Report on Consumer Finance and Socio-Economic Survey 1978/1979 82 Table 667)

Table II

### State Sector (excluding Corporation Sector)

Category Percentages of:	Sinhalese	Tamils	Others
Professional and technical	82%	12%	6%
Administrative and Managerial	81%	16%	3%
All categories	84%	12%	4%

Table III

### Public Sector (State and Corporation Sectors Combined)

Category Percentages of:	Sinhalese	Tamils	Others
Professional and technical	82%	13%	5%
Administrative and Managerial	83%	14%	3%
All categories	85%	11%	4%

Source: Census of Public and Corporation Sector Employment, 1980 (Department of Census and Statistics and Ministry of Plan Implementation)

**Q:** *If the Tamils have a low rate of unemployment why are the youth so dissatisfied?*

**A:** Though the Tamils have an low unemployment rate on average, The Labour force and Socio Economic survey published by the Ministry of Plan Implementation and the Department of Census and Statistics 1983, show that the unemployment rate among young Tamil males who have passed G. C. E. A/L qualification is 41 percent while their Sinhalese counterparts suffer an unemployment rate of 29 percent (Page 44). This may help us to understand the pheno-

menon of the militant youth movement in the North.

**Q:** *If Tamils are under-represented in public sector employment, why is their unemployment rate lower?*

**A:** This would indicate that Tamils have moved away from employment in the public sector and have had more success in finding employment in the private sector. However, a good deal of this is self-employment, as Table IV shows (27.52 of the labour force in the case of Sri Lankan Tamils is self-employed). Both Jaffna Tamils and Kandyan

Sinhalese traditionally engaged in agriculture have a relatively lower rate of unemployment.

**Q:** *Can a system of ethnic quotas work in relation to employment outside the public sector?*

**A:** Apart from the fact that it would mean again that large numbers of Sinhalese would lose their jobs to Tamils in those sectors where they are overwhelmingly dominant at present (e.g. the Free Trade Zone projects), an ethnic quota would be extremely difficult to enforce in a free economy such as that created under the present government.

Table IV

**Employment by Community — All Island**

	Percent of Labour Force in the Community					As a Percent of the Total Population in the Community				
	Self Employed	Employer	Employee	Unpaid Family Worker	Total Employed	Self Employed	Employer	Employee	Unpaid Family Worker	Total Employed
Kandyan Sinhalese	24.62	1.07	40.12	20.33	86.14	9.79	0.43	15.96	8.09	34.27
Low Country Sinhalese	18.80	1.57	52.17	8.97	81.51	7.03	0.59	19.52	3.35	30.49
Ceylon Tamils	27.52	0.95	51.78	8.96	89.21	8.63	0.30	16.23	2.81	27.97
Indian Tamils	1.80	0.17	91.54	0.87	94.38	0.93	0.08	47.50	0.45	48.96
Moors	25.16	2.58	50.58	7.87	86.19	6.79	0.70	13.64	2.12	23.25
Malays	9.72	1.39	63.89	4.17	79.17	3.14	0.45	20.63	1.35	25.23
Burghers	3.23	0.0	67.74	0.0	70.97	1.22	0.0	25.61	0.0	26.87
Others	33.33	0.0	66.67	0.0	00.00	10.00	10.00	20.00	0.0	30.00
<b>Total</b>	<b>19.59</b>	<b>1.24</b>	<b>52.95</b>	<b>11.49</b>	<b>85.27</b>	<b>7.45</b>	<b>0.47</b>	<b>20.13</b>	<b>4.37</b>	<b>32.42</b>

Source: Report on Consumer Finance & Socio-Economic Survey 1978/1979 p. 72 Table 56

Further, it has been pointed out that many Tamils, because of the language and other barriers to employment in the public sector, are finding self-employment or setting up their own enterprises. Government interference in these sectors would not only be very difficult but would also be immoral. It would also create further bottlenecks in a nation-wide situation of frustrated aspirations.

### Income Levels

**Q:** *What is the position of the different ethnic communities in respect of income levels?*

**A:** It is possible to arrive at an approximate answer by taking the income figures in respect of the different geographical zones listed in the Introduction. Table VI gives the figures.

**Q:** *What do these figures show?*

**A:** The Colombo Municipality has the highest average income level and the predominantly Tamil areas (Zone III) comes next. But averages can be misleading.

**Q:** *Why?*

**A:** The high incomes earned by a small percentage of Tamils who have university degrees skew the figures. This is evident if one looks at the average incomes for people with OL and AL qualifications. Here Zone III ranks fourth, in both cases.

Table VI

Zone	Without Univ. degrees (OL) Rs.	Average income Rs.	Without Univ. degrees (AL) Rs.
I	974.62	631	925
II	909.25	713	768
III	888.11	746	903
IV	770.71	512	987
V	1743.20	1137	4986

(Report on Consumer Finance and Socio-Economic Survey, 1978/1979 p. 115 Table 99)

### Education

**Q:** *That last answer leads one to the subject of education, which has been one of the storm-centres of inter-ethnic controversy. Is it true that Tamils gain admission to the universities far in excess of their proportions population-wise?*

**A:** This is not really true. If we look at the total number of admissions, in the last three years, Sinhalese have averaged around 75%. Let us look at the admission figures in the last three years. (See Admission Figures table)

**Q:** *What do they show?*

**A:** Tamil admissions to University have not been over ten percentage points of their ethnic proportion in the population. Popular perception about Tamil students in the coveted faculties of Medicine, Law and Engineering usually place their participation at 50%.

Secondly, what is also interesting is the except for Engineering, the representation of Sinhalese is near their ethnic proportion in the population. Thirdly, whatever the faculty, Sinhalese participation is always over 60%.

**Q:** *'This is the Truth' and other publications show different figures with a greater concentration of Tamils in Medicine and Law?*

**A:** Those figures is based on the present composition of the student body. In the years 1978 and 1979 before the District quota was imposed, there was a larger Tamils intake to these faculties. However, these two years have not been representative since the year 1974.

**Q:** *Why then is there a popular impression among Sinhalese that Tamils are privileged in respect of university admissions?*

### Admission Figures

	1981			1982			1983		
	S	T	O	S	T	O	S	T	O
	%			%			%		
Arts	82.8	13.3	3.9	79.4	16.3	4.3	77.1	16.4	6.6
Physical Science	63.5	31.8	4.7	61.1	33.5	5.5	73.4	23.1	3.6
Biological Science	72.5	24.3	3.2	71.7	26.1	2.2	70.3	23.1	3.6
Engineering	67.2	28.1	4.7	66.9	28.5	4.5	66.4	28.1	5.5
Medicine	72.7	23.1	4.3	72.4	25.3	2.3	72.8	22.1	5.1
Law	73.0	16.2	10.0	68.8	24.0	7.3	78.5	11.5	10.0
Total	76.4	19.2	4.4	74.3	22.0	3.9	75.0	19.3	5.7

Source : (As released by Division of Planning and Research University Grant Commission 1983)

(Please note, that due to rounding of figures, the percentages do not always add up to 100)

**A:** Because in certain coveted university faculties such as medicine, engineering and the physical sciences, there are more Tamils, percentage-wise, in relation to their proportions in the population.

**Q:** *Aren't these the faculties which matter most?*

**A:** Yes and no. They are the faculties which matter most to elite groups competing in the fields which are most privileged in respect of status and material rewards. But while this is certainly an important part of the social reality, we must also remember what a small part of the nation was engaged in this race. For a complete picture of opportunities and attainments in education in respect of different ethnic communities, we must look not only at the whole range of university education but also at the totality of education, since university students are themselves only the narrow apex of a broad pyramid. For many people, what happens lower down makes a greater impact on their lives than what happens at the top.

**Q:** *But why should Tamil students fare better in the competition to get into certain faculties?*

**A:** In the past historical reasons and the development of educational systems led Tamils to concentrate on certain fields of attainment. At present, however this gap is closing due to concentrated efforts to increase standards in Sinhala areas.

**Q:** *How can the consequent imbalances be remedied?*

**A:** By decentralisation of higher education and the strengthening of regional centres of learning. This would maximise opportunities by enabling regional institutions to cope with the demand for education from a particular region without creating national disgruntlement and communal sense of grievance.

**Q:** *What about ethnic quotas in this field?*

**A:** Any such solution would have to be approached very warily in the light of the fact that

media-wise standardisation between 1970 and 1977 was one of the principal causes of frustration among educated Tamil youth which fueled anti-State violence and the separatist movement.

**Q:** *What about the allegation that Tamil examiners have cheated?*

**A:** When the allegations were first made, a Commission of university dons looked into them, in 1970, and resolved that wide-scale cheating was not a possibility and that these allegations were therefore misconceived. In 1979, when the Minister for Industrial and Scientific affairs put forward further allegations, dons at the University of Colombo (both Sinhala and Tamil) demanded a public commission of inquiry into a matter so as to establish the facts in an objective manner. In this absence of such an inquiry, it is impossible to say whether there have in fact been any cases of false marking in either medium. On the other hand, the slur cast on Tamil examiners as a body, accusing them of cheating has done great damage to relations between the two ethnic groups. The 1975 Report of the Sectoral Committee chaired by Pieter Keuneman, a minister in the government which first introduced the policy of media-wise standardisation said that "Organised manipulation of marks in one whole medium in a deceptive manner is neither possible nor probable, and while the possibilities of correcting examiner variability through standardisation was slight, its contribution both to deepening and indeed institutionalizing suspicion between communities and promoting distrust in the fairness or impartiality of public examinations" was considerable.

**Q:** *The point was made earlier that the educational opportunities available to and the levels of educational attainment of each ethnic community cannot be judged purely on the basis of figures of university students. That is the total picture?*

**A:** First, it must be realised that less than 1% of all students get into the universities. To judge a community's educational levels by this minority alone is to ignore

the needs and aspirations of the other 99%. In fact, the majority of Jaffna Tamils, like their Sinhala counterparts, have only secondary schooling, and 21.60% have no schooling at all. Table VII gives the figures. (See page 12)

There is a further important fact that emerges from this table — that aggregating educational statistics for Tamils is grossly unfair, to the Indian Tamil community, who are the most underprivileged in respect of education. This in spite of the fact that the labour of Indian Tamils estate workers produce a great part of the wealth on which we all live. Consider in Table VII the illiteracy figures for estate populations (43.58%) and the zero figures of AL qualified undergraduates, and degreed persons. All the agitation against an 'excess' of Tamil students in particular faculties never refers to this fact. Nobody who never asks for ethnic quotas in education thinks this principle should apply to Indian Tamils.

**Q:** *Is it possible to measure in some way the general level of educational attainment among each ethnic community?*

**A:** This is done through the Index of Education Attainment. The figures for 1978/9 show that it is the low country Sinhalese who have a better educational level than the Sri Lankan Tamils, and that the Indian Tamils rank lowest in the scale.

**Table VIII**

Index of Education Attainment	
Kandyan Sinhalese	4.40
Low country Sinhalese	5.26
Sri Lankan Tamils	4.94
Indian Tamils	2.10
Moors	3.91
Malays	5.48
Burghers	6.44
Others	6.50

(Source ; Report on Consumer Finance and Socio-Economic Survey, 1978/79)

#### **Agriculture**

**Q:** *Since for most people in this country, farming is still the major source of livelihood, it would be good to take a look at agriculture. How do the different ethnic communities fare in this respect?*

A: Let's start with this fact. Most of the farming in Sri Lanka is carried out in the Dry Zone, and the critical resource needed for farming in the Dry Zone is water. To ensure an adequate water supply, irrigation is of paramount importance. Recognising this fact, successive governments have invested heavily on irrigation in the Dry Zone. The Mahaveli project is the most important of the commitments made to farming and irrigation. However, the Dry Zone Tamil areas lag behind, and appear to have been neglected. This is brought out by Table IX, which shows the extent of land irrigated in key Sinhala and Tamil farming areas in the Dry Zone. (See Table IX on page 13)

**Thesawalamai**

Q: *Is true that Sinhalese cannot buy land in Jaffna?*

A: Muslims, Burghers and Sinhalese have in fact bought land in Jaffna.

Q: *Then why is there a popular perception that Sinhalese cannot buy land in Jaffna?*

A: Under the Thesawalamai, there is a concept of pre-emption under which co-owners, co-heirs and adjacent landowners — who had a mortgage over property located in the Northern province — have the first option of purchase. It is not racial exclusion but an exclusion peculiar to the nature of an agricultural community. Today in fact the owner only need give notice before selling in the open market.

Q: *What is the Thesawalamai?*

A: The Thesawalamai like the traditional laws of the Kandyan Sinhalese is a system of customary law which existed before the colonial era and is applicable to all persons who are "Malabar Inhabitants of the Province of Jaffna"

Q: *Why are there so few Sinhalese settled in the Northern Province in recent years?*

A: Migratory patterns in Sri Lanka have pushed members of all communities who wish to better their prospects into the cities

such Colombo and its vicinity. Besides, land in Jaffna is relatively unfertile and would not have attracted migrants interested in an agricultural livelihood. It could be argued that the paucity of Sinhalese settlers in the Northern province exists for the same reason why there is perhaps a paucity of Tamils settlers in Hambantota.

Trincomalee	56.6	3.1
Batticaloa	30.4	2.7

(Department of censuses & statistics Ministry of Plan, Implementations, Socio. Economic, Indicators of Sri Lanka.) Feb 83 p 283

Q: *What does this table show?*

A: That except for the Mannar District the other Tamil areas have had much scantier irrigation facilities than the Sinhala areas.

Q: *What is the relevance of the figures indicating average size of landholding?*

A: Their significance comes out when you set them side by side with the figures in Table X, which shows the percentage of fallow

**Table VII**

**Percentage of Population Classified According to Educational Status and by Sectors and Zones 1978/79**

Educational Status	Urban	Rural	Estate	Zone	Zone	Zone	Zone	Zone	All island
				I	II	III	IV	V	
No Schooling (Illiterate)	18.57	22.47	43.58	19.47	25.38	21.60	27.10	19.08	23.40
No Schooling (Literate)	1.09	0.92	1.08	0.67	0.70	2.92	0.83	1.25	0.97
Primary	33.89	39.55	47.39	36.70	42.36	37.22	40.94	32.41	38.92
Secondary	31.80	27.12	6.67	31.04	23.72	25.81	22.81	31.76	26.43
Passed SSC/GCE (OL)	12.38	8.60	1.28	10.23	6.58	11.53	7.24	13.11	8.64
Passed HSC/GCE (AL)	1.35	0.84	0.0	1.19	0.64	0.79	0.66	1.36	0.88
Undergraduate	0.18	0.14	0.0	0.21	0.12	0.05	0.10	0.16	0.14
Passed Degree	0.60	0.29	0.0	0.36	0.42	0.18	0.30	0.65	0.34
Other	0.14	0.07	0.0	0.13	0.08	0.10	0.02	0.02	0.08
Total	100	100	100	100	100	100	100	100	100

(Report on Consumer Finance and Socio-Economic Survey 1978/79 P. 28 Table 15)  
(Note Zone I and Zone V have better literacy figures)

(unutilised) agricultural land in each zone. When considering the lack of irrigation, it is not surprising that the proportion of land left uncultivated is highest in Zone III, that is, the Tamil areas of the North.

**Table X**

**Unutilised Agricultural Land (1978/79)**

Zone	Percentage of fallow land
I	10.3
II	11.8
III	20.6
IV	14.5
V	13.8
All island	13.7

(Report on Consumer Finance and Socio-Economic Survey, 1978/1979 p.49 Table 33)

**Central Government Capital Expenditure**

**Q:** *There is an impression that the Jaffna District is specially favoured with regard to Government capital expenditure. Is this correct?*

**A:** No. In the District Budget for the year 1982, the amount allocated to the Jaffna District for new works is only Rs. 27 million. This shows up the smallness of the District Budget and its very limited capacity to spearhead decentralised development.

In the case of the Central Budget, an analysis of the figures in the Ministry of Plan Implementation Performance, 1981, shows that capital expenditure in the Jaffna District was only Rs. 260 million — that is, only 2.6% of the national capital expenditure of nine billion rupees.

**Q:** *How does this work out in terms of per capita expenditure?*

**A:** The per capita capital expenditure in the Jaffna District is Rs. 313, while the national per capita expenditure is Rs. 656. In addition, foreign aid utilisation in the Jaffna District for the period 1977-82 was 0.

(Sources: Analysis from Ministry of Plan Implementation Performance, 1981; Central Bank Review of the Economy, 1981; Government Budget Estimates, 1981.)

**Q:** *Aren't these figures of per capita capital expenditure affected by the fact that national expenditure on special projects such as the Mahaveli, Housing and the Free Trade Zone are targeted for certain areas and none of them are located in the North?*

**A:** That is so, and for the same reason, other areas unaffected by such projects — such as Galle or Kalutara — show figures

similar to those of Jaffna. Also Jaffna District has been unrepresented in successive governments, and therefore has benefited little from Government development policy. However, what the figures do show is that the Jaffna District is clearly not a most favoured district, as some people have tried to make out.

**The Private Sector**

**Q:** *There is an impression that the private sector of the economy is dominated by Tamil interests? Is this correct?*

**A:** In the large public quoted companies there is a diversity of shareholders, interlocking directorates, bank indentures etc. The large industrial houses are not and cannot be run like corner boutiques with a single proprietor making lone profits. The interconnections between different interests are still more difficult to ascertain today because of increasing foreign investment. However, as far as predominantly Sinhala-owned or Tamil-owned enterprises are concerned, the Gnanams and Maharajahs are surely matched by the Upali Group, Dasa Group, B. P. de Silva Group, Maliban Group, Nawaloka enterprises, Ebert Silva, De Soysa's Associated Industries, Wijewardene's Group etc.

**Q:** *Are the sources of credit for business controlled by Tamil interests?*

**A:** No. The main sources of credit are the banks. The Bank of Ceylon, the People's Bank, the State Mortgage and Investment Bank, the Development Finance Corporation, etc, are state enterprises. The primary shareholders of the Hatton National Bank are Browns Ltd., a company with a majority of Sinhala shareholders. All other banks are controlled by foreign shareholders with foreign managing directors who assess projects on viability alone.

**Q:** *What explains the fact that trade and business have been one of the main avenues of social advancement for Tamils?*

**Table IX**

**Land size and percentages of sown land irrigated in the Dry Zone (Maha 1979/80)**

Sinhala Districts	Percentage irrigated	Average size of holding
Puttalam	79.7	3.4
Moneragala	63.2	3.9
Anuradhapura	92.7	4.1
Polonnaruwa	95.3	4.0
Hambantota	92.5	3.0
Tamil districts	Percentage irrigated	Average size of holding
Jaffna	31.6	1.3
Vavuniya	83.4	5.7
Mannar	94.7	3.7

A: The Tamils were never large landowners or estate owners like the Sinhala upper classes. Only a handful were affected by land reform. The most lucrative export sector of tea, coconut, and rubber even before nationalisation, was never dominated by Tamils. It has been observed in many societies that those do not hold land tend to go into professions and business. The Tamils as an ethnic group have followed this path, like many ethnic groups before them in Europe, Asia and Africa. There is nothing sinister, deceptive or exploitative about this: it is an understandable social phenomenon.

Q: Are there any published statistics of the Ethnic Composition of directors and proprietors in private sector companies?

A: No, but an analysis the Commercial Company list in Ferguson's Directors 1979-1981 (pages 1001-1038) shows that 18.62% of Directors, 20.96% of Chairmen, 20.54% of partners/proprietors in these companies are Tamil.

Q: Why should Sinhalese not overreact to Statistics?

A: The recent frenzy over statistics on Tamil dominance avoids one inescapable fact. At present the Sinhalese are in absolute control of the national legislature and therefore in absolute control of national economic policy. Very few Tamils can receive jobs through state patronage, they can only succeed in private self-employment or in the professions. With control over national economic policy the Sinhalese have the absolute power to direct the course of our economic future. Statistics and social figures can be managed and changed over time, to maximize opportunities for all communities. The inability to do so is not the diabolical plot of an ethnic minority but the failure of our political leaders to direct and manage a modern, equitable economy.

#### Political Violence

Q: Isn't the present violence really a product of the movement for a separate state and the use of political violence in the North?

A: The situation is not so simple. Those political developments are often given as the principal reasons for the present crisis. They have to some extent accentuated the crisis but, that is only one side of the story. In 1958, there was no separatist movement. The Tamils were asking for language rights and Federalism and used only non-violent tactics. Violence was still directed at them. For a rational discussion of the facts, we cannot ignore the responsibility that the state must bear for accelerating the cycle for violence.

Q: But hasn't the demand for language rights been settled since 1978?

A: The 1978 Constitution accords Tamil the status of a national language. Yet many government offices continue to send documents only in Sinhala. Anyway the status of national language does fall short of the declared policy of both the UNP and the SLFP until 1955 to make Tamil an official language. We must try to understand the social and historical reasons which gave rise to the above movements if we are to find an effective political solution. We must learn not to give into a blind sense of loyalty without a rational and historical appreciation of the facts. If we do so, we will only help divide the country.

Q: Surely State violence was only in response to Terrorist violence in the North?

A: That is not entirely correct. As far back as 1961, peaceful Tamil satyagrahis were attacked. In 1972 Amnesty International reported the arrest and detention without trial of 42 young members of the Tamil community who were staging peaceful protests, such as the display of black flags against the policy of standardisation and the Republican Constitution. Annual reports from Amnesty International and the ICJ from 1976 detail torture inflicted on Tamil youths held in detention. In December 1974, police opened fire at the scene of a Tamil cultural show held at the closing sessions of the conference of the International Association of Tamil Research. Eight persons died. It was after

1977 that Tamil youths began their systematic campaign of violence.

Q: Are you trying to justify the violence of the Northern militants?

A: No. But we must look at the accelerating crisis with fairness and impartiality. Our media continues to give us only one side of the question. The present situation is a result of many complex factors. It is often difficult to separate cause and effect. Unless we look at the issues with clear-sightedness, we will not be able to provide the social and political solutions necessary for the resolution of the present conflict.

Q: But they, the Tamils are trying to destroy us, how can you be so calm and detached? We Sinhalese have no-where else to go, this is our only home.

A: If we feel we are an united nation, there can be no question of "we" or "they". Justice is not only supposed to be rational but race blind. If we continue to think in terms of "we" and "they" we will turn the present conflict into a savage tribal war. Those who over-react to problems and thereby destabilize the country and the South Asian region, will create the very nightmares they so desperately fear.

#### Decentralisation

Q: Why are the Sinhalese so afraid of conceding regional autonomy to Tamil dominated areas?

A: Because they are afraid that this will be a first step toward Eelam.

Q: Is their fear justified?

A: No, in other countries this has not occurred infact most often the issue subsides. With greater regional autonomy, the Quebec nationalists, the Basque nationalists and even Tamil Nadu nationalists have begun to work within the framework of a united state.

Q: Will the northern extremists be satisfied?

A: Even if they are not, a solution agreed to by a moderate majority in Jaffna and supported by the Indian government will



alienate the users of violence from their own people. This occurred in Quebec and is now happening in the Basque region of Spain. After a period of amnesty, with the help of the Indian government through extradition agreements and the like, it will be easier to control their violent activities.

**Q:** Aren't these "decentralisation" ideas new to Sri Lanka?

**A:** Actually these ideas have been circulated since the beginning of the twentieth century. In 1925, SWRD Bandaranaike himself, put forward a federal structure of government for Sri Lanka with nine separate regional units. Before him the Kandyan leaders in the Ceylon Congress also put forward ideas for a federal structure consisting of three units. In 1940, the colonial government introduced Provincial Councils but though approved in Parliament they were not implemented.

**Q:** Have any of the major Sinhalese parties after independence ever entertained such a scheme?

**A:** Both the UNP and the SLFP had before 1977 negotiated decentralised arrangements but failed to implement them. The Bandaranaike Chelvanayagam Pact for example agreed to the creation of two or more decentralised regions and allowed room for parliament to delegate powers in certain areas. It was a very comprehensive Federal solution. The UNP in 1965 also concluded a fairly similar Pact but it too was not implemented.

**Q:** Why aren't the Tamils satisfied with the DDC scheme?

**A:** The DDC scheme, in some ways, falls short of the other Pacts for the following reasons

a) The District Minister, an appointment of the President — is chairman of the Executive Committee and can block all decisions of the DDC, if he chooses to.

b) The Line Ministries must approve all projects of the DDC, in their area. As we all know, ministers jealously guard their preserves and do not often like to share power and control.

c) The District Budget so far has been very small, 40 million for both old and new works for each District. Considering the wide range of projects that the DDC's may wish to engage in, the budget so far has completely limited their scope.

d) And decision agreed to by the DDC can be overridden by the President and/or Parliament.

e) The DDC is only statutory legislation and has no constitutional validity. It can easily be swept away by a simple majority vote in Parliament.

The DDC's then are mere administrative arrangements vulnerable to the contradictory personalities of ministers and the sudden shifts of Presidential and Parliamentary power.

#### APPENDIX A

#### Ethnic Breakdown — North & East

#### NORTH

	Total	Sinhalese	Tamils	Moors	Indians	Others
Jaffna	831,112	4,615	792,246	13,757	20,001	493
Mannar	106,940	8,710	54,106	28,464	14,072	1,588
Vavuniya	95,904	15,876	54,541	6,640	18,592	255
Mullaitivu	77,512	3,948	58,904	3,777	10,766	117
	1,111,468	33,149	959,797	52,638	63,431	2,453
		2.98%	86.35%	4.73%	5.71%	.23%

#### EAST

Batticaloa	330,899	10,646	234,348	79,317	3,868	2,720
Amparai	388,786	146,371	78,315	161,481	1,410	1,209
Trincomalee	256,790	86,341	86,743	74,403	6,767	2,536
	976,475	243,358	399,406	315,201	12,045	6,465
		24.92%	40.90%	32.28%	1.24%	.66%

#### OVERALL TOTAL

	2,087,943	276,507	1,359,203	367,839	75,476	8,918
		13.24%	65.10%	17.62%	3.61%	.43%

(From Census of Population and Housing 1981)

**Q:** *What kind of schemes do other countries have?*

**A:** In most democratic countries with an ethnic minority which is territorially placed, decentralisation has been the political answer. In addition, for administrative reasons, countries prefer to have a decentralized political structure for effective planning and diverse development. In India, US, Australia, Canada etc... the federal system gives much power to the decentralised units. These units have their own courts, own executive, own legislature, and the federal government can only interfere in situations of national concern such as foreign policy, interstate commerce, defense, currency, taxation, immigration, protection of fundamental rights, the national development plan etc. Except in these specified instances, the decentralised units may govern themselves though they may look to the Central Government for additional financial resources and projects. In other countries of Europe, France, Spain, Federal Republic of Germany — similar arrangements exist.

**Q:** *Aren't those large countries, isn't Sri Lanka far too small for this type of arrangement?*

**A:** No, we have before us the example of Switzerland. In tourist literature we are often called the Switzerland of the East.

**Q:** *What is the Swiss solution like?*

**A:** The Swiss system has some of the following features :-

a) a federal system composed of 22 cantons — each with its own elected Legislature and Executive.

b) The cantons, commune have extensive spending & Taxing Powers. In addition the cantons have legislative powers within their area of jurisdiction.

c) Each canton has its own constitution and its own system of courts but with a superceding Federal Court to determine issues of national importance — or inter-cantonal disputes.

d) Though there are certain national standards, each canton has its

own system of schools and Universities.

e) The Federal Legislature itself contains two houses — the first is like our Parliament and called the National Council, the second contains two representatives from each canton and is called the Council of States.

f) The Federal Assembly only has certain specified legislative powers in the Constitution, all residual powers vest with the cantons. The Federal powers are related to defense, posts, army, national economic policy, foreign policy, currency etc...

g) The Swiss Constitution recognizes three official languages — German, French & Italian. All cantons also have an enlightened policy of extending official recognition to all the spoken languages.

h) Religion — the people of each canton are free to determine the nature of state-religions relations. This is due to the fact that there is a large non-Catholic minority in Switzerland.

i) Each canton is also responsible for public order within its boundaries — own police force and public service.

**Q:** *Isn't that too much for Sri Lanka?*

**A:** We don't have to adopt their model completely but just learn from their example. Switzerland is a country where modern leaders from traditionally warring communities have managed to negotiate an enlightened settlement.

**Q:** *Isn't all this too risky and uncertain, why should we even begin to think in this manner?*

**A:** We stand at the cross-roads of history. We can either become the Switzerland of the East by following the middle path of negotiation, conciliation, and good-will or the Lebanon of South Asia where intransigence, violence and hate have made it a playground for destruction in which all the powers of the world have a stake.



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# THE JULY CRISIS AND CULTURE

A. J. Gunawardana

*"We have, rather, to try to understand in the detail of experience, how the instincts of humanity can break down under pressure into an inhuman paradox;*

*how a great and humane tradition can seem at times, to all of us, to disintegrate into a caustic dust".*

— Raymond Williams

Culture and Society 1780-1950

Driven by an inescapable need to understand, some of us have been looking for such detail of experience in the modern literature and arts of Sri Lanka. Like the writer in 'The Island' who has twice recorded his explorations, most of us have come away greatly disappointed. For our search has yielded only a few meagre specimens of the material we were after: the kind of art that illuminates the dynamics of the immediate historical moment, puts us in touch with the human substance of our present agonies and traumas, and gives us pause.

It is hardly necessary to add that only one linguistic domain was available to us. (The other is *terra incognita*, as the Editors of a recent Sri Lankan anthology point out. However, we are informed on good authority that the situation there is not much different from the one we are about to describe). And having discovered the lacuna in it, we asked ourselves a number of questions. Why is it that the creative sensibility has not responded in more compelling and substantive ways to certain recurrent horrors that sweep our land? Why hasn't the healing impulse expressed itself in creative acts that are proportionate to the severity of the ailment? In short, why haven't the arts taken greater note of the social, political and cultural implications of the majority-minority problem in Sri Lanka?

There are no ready answers for these questions, though several have been suggested. The lack of a strong sense of national identity, the insularity of the culture as a whole, the constraints of censorship, inadequate

support for the arts have been put forward as possible causes. Now there is no doubt that all these have contributed to the present situation. However, they do not, explain everything. There are other causes, less obvious, but probably more important.

Consider, for example, the fact that there is no pervasive, deep-rooted tradition of realism in Sinhala arts and literature. Cannot this be one reason why writers, and artists have proved unresponsive to so many of the country's socio-political actualities, most tellingly those associated with racial tension and strife? A tradition offers both example and sanction; without them, artistic engagement with the disturbing complexities of immediate experience may be difficult, if not impossible,

Realism is a tricky term. Adopting the interpretation of Lukacs, we take realism to signify a "dynamic and developmental" view of the world where "the human significance and the specific individuality of fictional characters cannot be separated from the context in which they are created." To simplify further, in such art, man is conceived as a historical being with a social fate.

Realism in this basic sense is quite new to Sinhala arts. To say this is to rehearse a commonplace of literary history but it is useful to remind ourselves that the first indigenous manifestation of the realistic perspective on man and society is only as old as the novel *Gamperaliya* (1944). Not surprisingly, its author was an evolutionist, in fact the first disseminator of Darwinism in Sinhala.

In *Gamperaliya*, a work which seems an astonishing feat even today, Martin Wickremasinghe brought forth a mature realism untainted by false sentiment or romanticism. In a series of novels that followed, Wickremasinghe broadened and further developed the strain of realism. Unfortunately, Wickremasinghe's achievement did not lead to a flowering of realism either in the novel or in the allied literary arts.

Wickremasinghe gained ample recognition in his day. His literary influence was felt, acknowledged, celebrated. Even so, the line of development he initiated with such striking success was deflected in the work of his successors. Instead of moving outwards and onwards, and enlarging the boundaries of the experiential realm, these later writers, particularly the more gifted among them, registered an inward turn. They began to sketch interior landscapes, often delicately fingering transient states of mind and touching minute nodes of feeling.

Two things happened in consequence. Wickremasinghe's own work come to be endowed with meanings that harmonised with or validated the emerging trend. At worst, he was seen as the presenter of a highly romanticised view of the village as the essential unit of Sinhala culture. Once an innovator, he had now lost touch with the new realities.

More damaging than such interpretations was the devaluation of the perspective that had acted as the central shaping force in Wickremasinghe's work. "In any work of art", as Lukacs points out, "perspective is of overriding importance. It determines the course and content; it draws together the threads of the narration; it enables the artist to choose between the important and the superficial, the crucial and the episodic".

(Continued on page 20)

# FEDERALISM IN YUGOSLAVIA

FOREIGN NEWS

David Buchan

**“WE DO not believe that any of Yugoslavia’s nationalities see a future for themselves outside Yugoslavia,”** said Mrs Planinc in an interview recently.

This seemed to be the Prime Minister’s way of acknowledging: yes, friction between the country’s 18 nationalities had got worse recently, the six republics and two autonomous provinces have been baulking at those central government stabilisation measures which went against their interests, national rivalries have sometimes flared into the open at football matches or in the Press: but no, none of the nationalities or regions seem the slightest bit ready to quit the Yugoslav federation. The very external forces which have aggravated Yugoslavia’s internal problems also make the outside world appear the more hostile.

This even goes for Kosovo, where two years ago demonstrations by many in the province’s ethnic Albanian majority calling for full republican status were bloody suppressed and where tension still runs quite high. Violent incidents between the Albanian majority and the fast-emigrating Serb minority break out sporadically and since March 1981 several hundred Albanians have been sent to jail for long sentences. On the other hand federal politicians in Belgrade now seem more confident that any secessionist tendencies have been stamped on and that the bread-and-water regime of Mr Enver Hoxha has done, and can do, little to attract the Kosovars into pooling their fortunes with neighbouring Albania.

No matter how firm the security policy of her Interior Minister, Mr Stane Dolanc, Mrs Planinc says she is also well aware that “economic problems feed nationalism,” not only the general economic squeeze

on Yugoslavia but also the regional income disparities within it.

In the “poor south,” Kosovo has a per capita Gross National Product of the Yugoslav average, Bosnia-Herzegovina 66 per cent, Macedonia 65 per cent, Montenegro 80 per cent. They all receive money from a central regional fund.

## The North

In the “rich north,” Vojvodina has 121 per cent of the national average, Croatia 126 per cent and Slovenia 198 per cent, Serbia, with 96 per cent of the national average, is a middle case but too large and too proud to accept money from the regional fund.

There are two sources of income redistribution. One is the 0.8 per cent of republic and provincial income which the federal government creams off to boost social services in the poorer areas. The second is the 1.8 per cent of their income which all Yugoslav companies must pay into the regional fund.

Because money “thrown” at the underdeveloped south has frequently been misused and, in aggregate, done nothing to narrow the gap with the north since the regional fund was started in 1966, changes in the fund were made two years ago. The first change was to allot a higher proportion (44 per cent) of direct regional fund grants to Kosovo than earlier.

The second step was to reserve 50 per cent of the development assistance resources to back joint ventures between companies in the rich north and poor south of the country. The aim is to get the more efficient companies from the north to lend a direct hand to those in Kosovo and elsewhere in the south which lack management, technical and marketing skills even more than physical resources.

As Mr Klime Corbe, a regional policy expert in Belgrade, notes the move has only been partially successful. In 1982 and the first four months of this year some 300 joint ventures were set up, involving some 800 enterprises. From the north, Slovene companies led the way, followed by those from Croatia, Serbia and Vojvodina. But the leading location for the new joint ventures was Bosnia-Herzegovina, followed by Macedonia, Montenegro; Kosovo came in last place with only 35 new ventures on its soil. So far, too, only about 25 per cent of the resources have gone into joint ventures instead of the 50 per cent envisaged.

However, it is at least a start. Most of the new investment in the south has been concentrated in labour-intensive industries like textiles, metal processing, agriculture, electronics and care rather than in capital-intensive industries like energy and mining which do relatively little to ease unemployment (particularly bad in Kosovo). One complication is that in the Yugoslav system it is theoretically difficult for one “self-managing” company to hold a long-term stake in another. For this reason the duration of the new investments from the north will generally be 14–17 years, or the maturity of the regional funds credits. But Mr Corbe hopes that within that timeframe permanent habits of co-operation can be forged.

By some social and economic indicators such as health, education, industrial production and energy output per head the disparities between the Yugoslav regions are narrowing, Mr Corbe says. On other criteria such as employment and overall economic growth the gap is at least no longer widening, he claims.

(Continued on page 20)

# Federalism : The Canadian experience

Aideen Nicholson

**S**TRASBOURG — We are seeing a number of phenomena in Western industrial nations which threaten the continued health of parliamentary democracy. Among the most significant are the decline in influence, prestige and efficacy of legislatures and political parties and the concomitant rise in influence and authority of the executive, the bureaucracy and citizen protest outside of the political system.

As legislators lose power to the executive branch, as elected officials lose control over bureaucrats and as citizens lose faith in the political process, citizens increasingly lobby or agitate outside the political system rather than within it. The global recession has hindered the effectiveness of remedial action.

Moreover, the depressed economic climate has significantly increased the gap between developed and developing nations, not only because of the very large debt loads of the latter but also because developed nations perceive themselves to be less able to allocate resources abroad when domestic difficulties are pressing. Thus, at the time when latent and developing democracies are in greatest need of assistance, they are in danger of receiving less aid than before.

These are worrisome factors that have led many to consider that parliamentary democracy is in serious danger. On the other hand, there are also many positive factors.

Technological change and improved information and communications have served to demystify the political system and have provided leaders in the Western democratic nations with new opportunities to encourage greater citizen involvement, understanding and participation and so strengthen the base of

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The writer is a Liberal member of the Canadian House of Commons. This article is adapted from a report prepared for the first Strasbourg Conference on Parliamentary Democracy, held by the Council of Europe from Oct. 4 to 6.

support for parliamentary democracy. The transition of the Greens in the Federal Republic of Germany from anti-parliamentary movement to parliamentary faction is one interesting example.

Opposition is a healthy component of democratic society. One way to prevent or limit political alienation is the active encouragement of opportunities to express legitimate dissent or opposition within the parliamentary system.

Robert Dahl, in "Political Oppositions in Western Democracies," wrote "Of the three great milestones in the development of democratic institutions — the right to participate in governmental decisions by casting a vote, the right to be represented and the right of an organized opposition to appeal for votes against the government in elections and in Parliament — the last is, in a highly developed form so wholly modern that there are people now living who were born before it had appeared in most of Western Europe. Throughout recorded history, it seems, stable institutions providing legal, orderly peaceful modes of political opposition have been rare".

Federalism has traditionally been considered a form of government that can accommodate cultural pluralism on a regional basis and can allow for considerable autonomy within the larger nation-state. Canada has one of the most decentralized federal systems in the world.

Whether because of or in spite of that fact, there have been complaints of rigidity; regional differences were accentuated by economic disparities and there was conflict between the need for a fully integrated national policy in certain areas and the wish of provincial governments to maintain their jurisdiction in these areas.

In the early 1970s Canada had relatively minor and short-lived examples of extra-political activity by the FLQ separatist movement which was soon succeeded by the

democratic parliamentary alternative, the separatist political Parti Quebecois, which eventually took power in Quebec in the provincial election of 1976. The Canadian federal system was able to accommodate this type of democratic dissent, as it had done in Western Canada in previous decades.

Canada has moved in several ways to broaden its democracy. The theoretical conflicts inherent in a British system of cabinet government between access-to-information and the concepts of the closed bureaucracy and ministerial responsibility have posed something of a quandary. Recently, however, freedom of information legislation was adopted and implemented.

Similarly, the past decade has seen the implementation of federal human rights legislation and a Canadian Human Rights Commission as well as the entrenchment of a Charter of Rights and Freedom in the Constitution.

The Official Languages Act and other government statements guarantee all Canadians the right to service by the federal government in the official language of their choice.

Programs have been implemented to improve the representation of disadvantaged groups such as women natives and the handicapped.

Since 1973 the federal government has enunciated an official multi-culturalism policy, which not only recognizes the multi-cultural nature of Canada as an immigrant society but also encourages the preservation and maintenance of various cultural identities — the so-called "mosaic" view of pluralist societies.

The three federal parties have attempted in recent years to increase citizen participation by democratizing the party decision-making machinery. There has been a concerted effort to broaden the base of party membership and encourage participation through such

mechanisms as regular policy conventions.

In promoting democracy abroad, we have learned that we must respect the right of others to choose their own path. We used to assume that the people of the Third World needed and wanted to develop along the industrial pattern of Europe and North America. Underlying this approach was an assumption that the developing countries were a homogeneous group — that a project transposed to Asia was the same as a project transposed to Asia was the same as a project transposed to Africa. Today we are trying to come to terms with the different social and cultural values of the Third World.

The question of tying aid to human rights issues is frequently raised rejecting the argument made by some that this constitutes an intrusion into internal matters of another sovereign state, Mark MacGuigan, the former secretary of state for external affairs said in 1982.

A government that expresses its concerns about violations of human rights by another government is not intervening in an internal matter. Rather it is exercising a legitimate treaty right — and, indeed discharging a treaty obligation to promote universal respect for human rights and fundamental freedoms."

This is a delicate matter. Allan MacEachen, minister of state for external affairs and deputy prime minister, has told the Canadian Human Rights Foundation: "Where gross violations of human rights or conditions of conflict make the provision of an aid program impossible, we are prepared to terminate or suspend our assistance as we did in Uganda under Idi Amin and as we have done in El Salvador and Guatemala.

"But we do not break diplomatic relations, because it would... deny us an important opportunity for contact and limit our abilities to make on-site assessments. Simi-

larly, where our aid programs meet our principal objective of helping the poor, we cannot penalize the less fortunate for the errors of their governments."

Canada has given support to the North-South dialogue and the concept of global negotiations. At the 1981 Cancun meeting Prime Minister Trudeau played a major coordinating role. After the Versailles conference in 1982 the general decline in support for global negotiations among some participating countries prompted the Canadian government to institute certain unilateral initiatives, including the new emphasis on aid to the poorest of the developing nations.

In his budget speech in April, Finance Minister Marc Lalonde announced that lower rates of customs duty would be implemented for a number of imports from developing countries.

I suggest that the most important tasks parliamentary democracies must accomplish in the near future are the rejuvenation of legislatures as decision-making bodies and of political parties as formal organizations for citizen participation.

Increased aid and technical assistance to developing nations are urgent to enable them to establish stable systems.

In the developed nation it is important that we have greater sensitivity to the extra-territorial effect of national policies. The world today is a small place and changes have come faster than our moral philosophy has been able to guide us toward a new perception of the common good, a new morality of interdependence.

In dealing with the balance of nuclear terror, where the issue is in effect the survival of humanity, we are dealing with uncharted territory.

— International Herald Tribune

## Federalism . . .

(Continued from 18)

A key factor in the future of Yugoslav regional policy will be the federal government's current efforts to break down local protectionist barriers, to get a better flow of capital and maybe labour around the country and to recreate a single market. It is theoretically possible that such efforts could aggravate disparities, as has happened in the EEC. To take an extreme example, all capital and labour would flow to Slovenia where it would fetch the highest return and wages. But since many of the poorer regions have large natural wealth, minerals and energy resources coupled with lower wages, the effect of a more unified internal market should, on balance, be positive.

— FINANCIAL TIMES, London

## The July . . .

(Continued from page 17)

Wickremasinghe had followed a perspective which revealed the world in "dynamic, developmental" terms. In the productions of the succeeding generation, this perspective was replaced by another which refined all experience into a universal **condition humaine**. In the critical formulations that buttressed this shift, the concerns of art were re-defined. Art had to move beyond the quotidian flux of life, and focus on the "eternal verities." And character was divorced from history.

To say that Sinhala arts and literature were thoroughly ontologised in the process would be to overstate the case. All we can assert is that there was a weakening an attenuation, of the strain of realism. The principles and perspectives of realism were questioned before they had time to sink deep into the artistic consciousness and organically fuse with it. Incapable of growing into a dominant tendency in our arts and literature, realism became a minor pre-disposition, and sometimes an ideological dismissed with the addition of certain qualifiers.

In these circumstances, is it any wonder that our writers and artists have, on the whole, preferred the "superficial" and the "episodic" to the "important" and the "crucial"?

# Chile cauldron starts to bubble

Mary Helen Spooner

TEN YEARS after the bloody overthrow of President Salvador Allende, head of Latin America's first popular elected Marxist Government, General Augusto Pinochet's solemn patriotism and high hopes of transforming Chile look tarnished.

The people have been urged to celebrate 10 years of "peace, prosperity and well-being" under his regime, yet even his most ardent supporters cannot conceal that the government is under siege.

Amid a wave of popular unrest, Chileans are demanding a quick return to democracy following the giddy experiment of Chicago-style economics which had pushed unemployment beyond 18 per cent and piled up external debts of over \$17 bn (£11.4 bn).

The last four months' protests have cost the lives of more than 40 people with 1,000 wounded and they show no sign of abating. People have now lost some of their fear of Gen Pinochet's repressive military machine, and the protests can no longer be dismissed as a communist-inspired plot when the same members of the middle class who welcomed Sr Allende's overthrow are involved.

Gen Pinochet, aged 67, who insists he will remain in office until at least 1989 has already begun to make concessions by permitting a form of dialogue with Right-wing and Centrist politicians, and by appointing a new Interior Minister, Sr Sergio Jarpa, whose task appears to be to prepare for a controlled return to democracy. The more politically respectable exiles have been given the green light to return and Santiago is pervaded by hope that a form of political transition will take place.

It is a curious irony that Chile, once Latin America's oldest democracy should be ruled by one of the region's most entrenched generals. Gen Pinochet was appointed

army commander by the ill-fated Sr Allende only three weeks before the coup and joined the conspiracy in its closing stages.

He entrusted the economy to the "Chicago Boys," a group trained in the free market theories of Mr. Milton Friedman at Chicago University. Their drastic monetary policies — lowering of tariff barriers and hiving off of inefficient state industries — for a while appeared to work. Inflation came down, foreign credits flowed in, and copper prices held. In 1980, the regime felt confident enough to call a plebiscite to ratify a new authoritarian constitution. Gen Pinochet's presidency was extended until 1989 with an option for another eight years.

But by 1981 the cracks in Gen Pinochet's grand design had already begun to show. Public opinion was perhaps most affected by the 1982 devaluation of the peso, which had been maintained at an artificially high level against the dollar for three years. The devaluation was particularly resented among the middle classes, who had become used to luxury imports.

But a year earlier when copper prices began to fall the fragility of Chile's financial infrastructure had become apparent. A leading food conglomerate, the Crav Sugar group, suddenly declared itself bankrupt.

Crav was revealed to have unprotected liabilities \$100m and 25 banks had outstanding loans to it of \$230m without adequate collateral. This caused a public outcry, forcing the regime to examine the interlocking relationships between Chile's major private banks and companies.

Following the collapse, the regime sought to shore up Chile's private financial system by imposing stricter accounting norms and new collateral requirements. However, the financial institutions found it hard to comply with these requirements, obliging the government in January 1983 directly to intervene by assuming

administrative control over the greater part of the domestic banking system. Nine key banks and finance houses, including the Banco de Chile and Banco de Santiago, were taken over.

The cumulative effects of boom followed by slump and the relaxation of tariff barriers and price controls have been felt throughout society. The average Chilean is not much better off than a decade ago, and in some ways may be in worse straits.

Gen Pinochet's supporters point to the problems inherited from the Allende regime such as an inflation rate of 500 per cent — but most Chileans feel that after ten years in power the regime ought to have been able to devise successful economic policies.

If Gen Pinochet is to remain in power, backing from the military is vital and in the face of continuing popular unrest, he can no longer take such support for granted.

Politically, the Christian Democrats remain by far the strongest force: but neither of their two leaders, Sr Gabriel Valdes, a former Foreign Minister and UN assistant under-secretary and Sr Andres Zaldivar, the former Finance Minister and president of the World Christian Democratic Union, command a sufficiently strong personal following to be an immediately credible alternative.

Gen Pinochet has brought in Sr Jarpa, the founder of the Right-wing National Party which is divided between supporters and opponents of the regime, to prepare the ground for a move to greater political freedom.

Sr Jarpa has begun to hold talks with the Centre-right coalition of moderate politicians forming the Democratic Alliance, but there is no evidence that he can control this dialogue or keep pace with popular demands for greater liberalisation.

(Continued on page 24)

# The contradictions of U.S. hegemony

Philp Mc Michael

For the purposes of our argument, the contradictions underlying U.S. hegemony need only be outlined, as we are interested primarily in their effect on the internationalization of productive capital on the one hand, and the break-down in the hierarchical inter-state structure which marked the formal aspect of U.S. hegemony.

While the reconstruction of Europe and Japan constituted a growing source of economic, and hence political, rivalry to U.S. global dominance, these trends have not been sufficient reasons for the decline of U.S. hegemony. The U.S. continues to maintain its dominance as a world-economic power witness dollar hegemony in 1970s) and continues (through its military power) to exert leadership among the Western allies, particularly as we have seen recently in the politics of NATO. However, U.S. power does not now reflect the **Internationalism** of the post-WWII period, rather, the intransigence of a more **nationalist** foreign policy of a global power bargaining from relative strength with its allies. (Calleo, 1981) And clearly the structured political hierarchy among states has disappeared with (a) the defeat of U.S. imperialism in Vietnam, which ushered in the period of successful Third World anti-imperialist politics in the 1970s; and (b) the greater bargaining power of European and Japanese states in the world-economy and in the context of detente-like politics with the Soviet Union and China. It is sufficient to stress the break-down of consensus and the growth of inter-state rivalry ("pluralism") as the mark of U.S. hegemonic decline.

The reconstruction of European and Japanese economies precipitated other contradictions with even more profound long-term consequences for the political structure of the interstate system, with the decline

of U.S. hegemony. These amounted to the following:

1) the growing financial deficit of the U.S., resulting from the expenses of imperial power (first evident in 1958), and, in the 1960s, a deteriorating trade balance (in some respects indicative of rivalry to U.S. capital). The deficit not only undermined dollar convertibility in the long-run, but it induced U.S. policy of capital controls, which, in the latter half of the 1960s, "added immeasurably to the fragility of the world economy by elevating the shaky Eurodollar market to the role of dominant international capital market." (Block, 1977: 162)

2) The rise of the Eurodollar market both reflected and advanced the process of internationalization of capital. The universalization of the TNC in the competitive activities of European and Japanese capital generated international banking capital, and hence international credit creation on demand, as the dollar lost its world reserve-currency status.

In short, as revealed in the rise of the Eurocurrency system, the decline of U.S. hegemony devolved a growing power to the international capital market as a force shaping global economy. And, as we have seen in the 1970s, this market determinant imparts a tenuous unity to world political-economy.

## **Tendencies in Global Political-Economy in the Crisis of U.S. Hegemony**

The decline of U.S. hegemony has created a profound crisis in capitalist world-economy, in the elevation of private international capital to the potentially dominant structuring force in global political-economy. Because of this, the traditional relationship of the state to capital accumulation is being fundamentally transformed. The creation of an economic/market

sphere transcending national capital circuits and political regulation (such as the traditional role of the state in fiscal policy, production policy, etc.) clearly reduces what we refer to as the 'relative autonomy of the state'. Hymer describes the resulting "privileges of foreign capital" thus:

"... Although every state is absolutely sovereign with regard to national property within its borders, foreign capital is protected by the rule of no confiscation without reparation. . . . Freedom to intermingle and compete in the world capital market allows (multinational capitalists) to diversify their holdings and escape supervision of national governments, that is, control by the majority. It thus protects them from the vagaries of specific markets and specific governments and gives them diversified, general interests in the maintenance of the capitalist system as a whole. (Hymes, 1972: 102)

What new global unity is possibly emerging is being constituted by the interpenetration of circuits of international capital, so that the inter-state system faces reconstruction. The previous role of nation-states was as political scaffolding in constituting the world market. Given the particular features of U.S. hegemonic decline, the structuring of global economy is undertaken increasingly by trans-national capital, which internalizes world exchange relations as one of its circuits, at the same time as it realigns (subordinates?) states as vehicles of the organization of labour markets. That is, states continue to play a fundamental role in the process of capital accumulation — but where that is internationalized, they become **embedded** in a global social economy through their role of mediating world capital accumulation and domestic political stability.



To establish the implications of this tendency for the role of the NIEO, we need to examine the concrete processes of internationalization of capital. Returning to the phenomenon of the absorption of Third World export-manufacturing into the circuits of TN capital, I shall outline developments over the last decade.

Two observations are necessary to begin with:

i) At this stage this is by no means the overwhelming tendency — one estimate for 1974 is that “The total figure for Asian exports generated by direct foreign investors or multinational firms does not exceed 10%; the importance of processing zones has been exaggerated and the impact of electronics, only 8–10% of 1972 exports from the region, similarly distorted”. The same author argues that the expansion of manufactured export capacity has its dynamic increasingly in the organized domination of the circulation sphere by giant trading houses on the Japanese *zaitbatsu* model, concluding that:

“This concentration of buying power and competition between retailers in Japan, U.S.A. and Europe has helped to expand Asia’s manufactured exports more than has any multinational or foreign investment.” (Hone, 1974, 148–9)

In other words, the absorption of Third World manufacturing for

export production occurs through both productive and trading capital — each part of the growing international circuits of capital. It is difficult to assess the extent to which this kind of production will increase as a proportion of Third World manufacturing generally, i.e., to what extent it will dominate industrialization patterns. Nayyar has noted that in 1974 89% of all sales of foreign manufacturing affiliates of U.S. companies in the Third World constitute import-substituting local sales. (Nayyar, 1976: 21)

However difficult the actual measurement of involvement of trans-national capital in Third World manufacturing exports, it is important to stress that TN capital has superimposed itself on an existing industrial base in certain regions of the Third World — with either industrial or trading capital integrating those circuits of industrial export commodities into the global economy. And, as I shall suggest below, we are seeing a process of increasing co-option of Third World export-manufacturing bourgeoisies by financial capital by means of ‘putting out’ system.

ii) The second observation concerning the incorporation of Third World export-manufacturing into international capital circuits relates to the **differentiation** among industries and states involved. A basic differentiation is that between the semi-industrial, or sub-imperial,

states such as Argentina, Brazil, Mexico and India — where export-manufacturing proceeds from a relatively mature industrial base, and those states such as the South-east Asian newly-industrializing countries (NICs) that have based their industrial sectors on supplying the world market.

The sub-imperial states anchor the presently expanding South-South trade, and account for the expansion in capital-goods trade. The World Bank Report states that:

“... trade between developing countries accounted for barely more than a greater of the increase in their manufactured exports during 1963–73, but almost half in 1973–77... In the composition and characteristics of the products south-south trade differs significantly from developing countries’ manufactured exports to industrialized countries; in particular it is more skill — and capital-intensive, with a higher proportion made up of engineering and chemical items. Trade in capital goods, including turnkey plants is expanding very rapidly; but its value is still small.” (World Bank, 1980b: 24)

From another angle, the increase of South-South trade in manufactured goods (excluding machinery and transport equipment) between 1970–77 was 370% in value, composed to an increase of 250% in manufactured exports to the world. (U.N., 1978b: 472, 476) We do not know what proportion of this growing S-S trade is part of the trans-national division of labour.

For some more specific data on sub-imperial states see Tables below.

The export manufacturing of the sub-imperial states originated in traditional resource-based manufacturing — products made from foodstuffs, tobacco, wood, textiles and leather. As their industrial bases have expanded, and industrial growth has extended in other regions of the Third World, the manufactured exports of these states have grown more sophisticated as the above data shows.

However, the faster growth in manufactured exports has occurred

(i) Export composition (% of total merchandise export 1960–1977:)

	Primary		Mineral, fuels		Machinery & Equipment		Other Manufactures	
	1960	1977	1960	1977	1960	1977	1960	1977
Brazil	87.6	64	9.2	10.1	1	11.5	2.2	14.5
India	49	35.2	7.9	8.6	0.6	6.3	42.4	49.9
Mexico	60	42.1	24.4	28.7	1	7.2	14.6	22

(World Bank, 1980a: 399)

(ii) Destination of Exports (Value as % of total)

	Developed Market Economies (DME)		Developing Countries (DC's)		LA		Asia		Africa	
	1969	1978	1960	1978	1960	1978	1960	1978	1960	1978
Brazil	79	67	15	25	11	14	3	6	0.5	5
India	61	54	21	30			15	23	5	6
Mexico	89	79	11	12	10	11				

(UN, 1978a: 292, 589, 770)

subsequently (in the later 1960s), in the S. E. Asian states such as Hong Kong, Malaysia, Singapore and South Korea, which have specialized in modern industrial products such as clothing, engineering goods and light manufacturing. The difference between these states and the sub-imperial ones is that the S. E. Asian NICs "... have few natural resources, small domestic markets, and little infrastructure," and their success in export-manufacturing has been achieved "... by rooting their industrial base in the needs and logic of the international capitalist economy." (Landsberg, 1979: 54) The differentiation between these two sub-groups of NICs is reflected in the following early 1970s data:

"Mexico, Brazil, Argentina and India... accounted for over 55% of all Third World industrial production but only about 25% of all Third World manufactured exports (narrowly defined). Hong Kong, Malaysia, Singapore, and South Korea... were responsible for less than 10% of Third-World production but 35% of all Third World manufactured exports (narrowly defined). (Landsberg, 1979, 52, 54)

In other words, the 1970s have witnessed a process of universalisation of global capital accumulation patterns utilizing cheap Third World labour for assembly-type operations, producing light consumer items and components for industries like electronics. At the same time as these labour forces have been integrated into global economy, the earlier S. E. Asian NIC's have followed the path of the semi-industrial NICs, namely, the growing use of capital-intensive technologies for world production, as their wage levels have risen and labour-intensive production is less competitive. Thus:

#### Share of World Exports

Area of Origin	1963	1970	1976
World	100	100	100
Industrial Countries	67	72	65
Less Developed Countries	21	18	25
Centrally Planned Economies	12	11	10

(Fabel, et al., 1980, 53)

"Singapore, Hong Kong and Taiwan have moved systematically into more sophisticated types of manufacturing for export to developed countries; indeed, to some extent they have been driven in that direction by their rising unskilled wage rates. The peculiar attractions of these countries for the next few decades may prove to be cheap skilled labour rather than cheap semi-skilled and unskilled labour." (Helleiner, 1976: 252)

It is clear, then, that the phenomenon of Third World export-manufacturing has proceeded through stages that have been determined by the conjunctural factors of failure of import-substitution industrialization, and the growth of a global economy as the internationalization of productive capital has proceeded. It is necessary now to account for, rather than describe, this international conjuncture, keeping in mind that the export-manufacturing phenomenon constituted one of the major pillars of the NIEO programme, where Third World states saw their greater labour market 'flexibility' as a new 'comparative advantage' in world-economy.

At the aggregate level, if we chart the share of world exports by regions, from 1973-77, we can see that the significant features are:

1. The growth in the share of world trade in manufactured goods from the Third World, which occurred at the expense of the Developed Market Economies, and the Centrally Planned Economies.
2. The predominant role in this expansion of the S. E. Asian NICs.
3. The timing of this relational change, that is, its coincidence with the beginning of a recession in 1973.

In a longer-term perspectives it is worth noting that 1970 was the low point in share of world trade, and exports, for the Third World, and that the 1970s were a marked upswing. (Frank, 1980:4) See Table 'Share and World Exports'.

If we then examine the data for direct private investment by DAC members in the Third World, we find a correspondence with the pattern of export-manufacturing growth in the Third World:

#### Direct Private Investments of Member Countries of the DAC in Developing Countries

(millions of U.S.\$)

Annual Average	
1956-1964	2,200
1967	2,105
1968	3,043
1969	2,910
1970	3,543
1971	3,632
1972	4,474
1973	6,711
1974	6,060
1975	10,199
1976	7,592
1977	8,791

(Nukhovich, 1980, p. 60-1)

The upward shift in investment in 1973 coincides with the expansion in Third World export-manufacturing in the same year, within a general upward trend after 1967. In other words, the growing crisis in Western capitalism, and the beginnings of the early 1970s recession encouraged a decentralization of capital to regions of the Third World. (McEachern and O'Leary, 1979) At the same time, it appears that this movement of private capital was matched by public aid from the parent states

To be continued

#### Chile . . .

(Continued from page 21)

The momentum of change has already built up a sufficient head of steam for repressive action to create more problems than it solves. The question now is whether the regime can control the pace and nature of the change. The lid appears to have been blown off Chile's long simmering political cauldron.

— FINANCIAL TIMES, London.



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