

# The WAY AHEAD

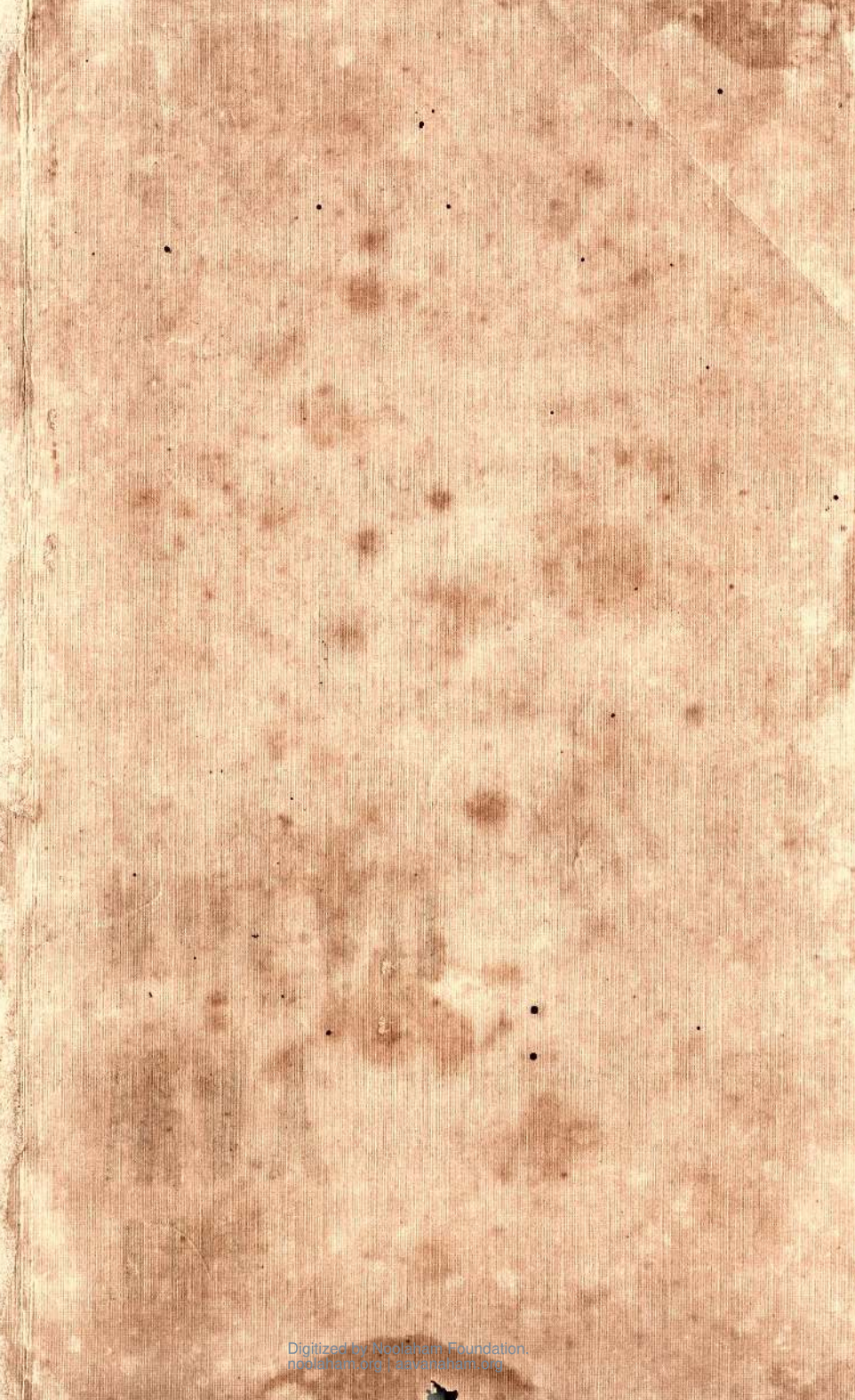
*An Economic  
Policy  
For Ceylon*

By

Dr. S. A. Wickremasinghe

Re. 1/-







T. S. Kumaran

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## CHAPTER I

### The present crisis

OF all countries in South and Southeast Asia, Ceylon has the most unstable economy. The present crisis in the country exhibits many features born of this instability.

The present crisis is different in character from the earlier economic crises. Earlier crises were mostly caused by a fall in the demand for our exports or in the prices, sometimes by difficulties in obtaining our essential supplies or, by a rise in the prices of imports. They lasted only for a short period till improved conditions brought things gradually back to normal.

The present crisis arises from a deeper cause. Our population increase has become unprecedentedly high — the annual rate of increase being 2·8%—and will reach a total of 10 million in 1962. Production of wealth, however, has not risen. It has remained more or less static. The consequences have been, firstly, that the share that each person gets of the national wealth has decreased and there is greater poverty, and secondly, that employment opportunities do not expand, with the result that unemployment threatens to become a deadly menace to established governmental order.

The point has been well summarised in a recent editorial in the Ceylon Daily News:

“The traditional avenues of economic expansion are closing . . . Limits of expansion here are rapidly being reached and already a rapidly mounting rural population is pressing on a cultivated area whose growth cannot keep pace with it . . . Ceylon can neither satisfy the aspirations of higher living standards of the newly conscious under-privileged, nor can it maintain its welfare services for long, even at their present level . . . The possibilities of redistribution by higher taxation are reaching exhaustion themselves . . . If no way is found out of this dead-end of economic stagnation, the final result must be political explosion”.



The present crisis is much more serious and much less temporary than earlier ones. It is not a passing disturbance capable of adjustment. It is not possible to meet it with relief schemes or other ad hoc remedies. In fact, it is fundamentally different. It is of the greatest importance to understand this new fact about the crisis. It is not caused by prices or demand for our goods, but by lack of produced wealth.

The question we have to ask is this: Why is production remaining static? Why do we not produce more?

Before we attempt an answer, let us see what the U. N. P. government has done about this state of affairs and what its plans are to solve the crisis.

The U. N. P. government's plan for economic development is based on the assumption that our present colonial economy must continue as the basic pattern of our economic structure. To them, in the words of the World Bank Mission report on Ceylon, "export agriculture must certainly continue as the mainstay of Ceylon's economy". Their hired spokesman, Ivor Jennings observes in a school textbook: "The present wealth of the country lies in its plantations. It is impossible to foresee and almost impossible to imagine the development of conditions in which this situation would be altered". (The Economy of Ceylon)

Colonial economy is accepted as part of our destiny.

To mitigate some of the dangers of this economy, development plans were drawn up. To quote the official statement: "The main objective of the Government's program is to bring about increased economic stability by reducing Ceylon's dependence upon factors outside its control. To achieve this aim, it is proposed to diversify the economy by some increase in food production and by the creation of other forms of employment". (Report on the Colombo plan, 1950. p.28.)

Two plans were drawn up. The six-year plan (1947—53) is now completed. The other, the Colombo plan began in 1951 and ends in 1957. These plans have failed. The crisis is now more acute, and would have been worse but for the kindly assistance given



to this country by Peoples' China through the rubber-rice trade agreement. Some measure of relief has also been made possible by the rise in recent months in the prices of our exports.

The government's reaction to this failure is one of despair and helplessness, and sometimes, of a pathetic complacency. Mr. Bulankulame Minister of Lands, confessed recently in a speech at Dickella (Kegalle) "Landlessness is the most acute problem in Ceylon. There are only 3 million acres of cultivable land . . . . The population is increasing by leaps and bounds whereas the area of cultivated land remains static. It is impossible for anybody to solve this problem unless he had miraculous powers". (Times of Ceylon, 19.1.55.)

It is argued by the government that the plans have failed because Ceylon is too poor to save the capital necessary to finance the plans of development. So foreign capital is necessary. The new Industries Minister thus states his government's policy: "Foreign capital would naturally concern itself almost exclusively with large-scale industries, factories and marketing, all fields in which it has already been demonstrated that Ceylon's technology and methods are quite inadequate. . . I repeat that it is of unquestionable importance to encourage foreign enterprise to demonstrate the best use of our national resources. We cannot forget that Ceylon's present economic prosperity is almost entirely due to the adventurous spirit of the foreigners who pioneered the major industries which are today the backbone of the country".

The crisis is becoming so acute that the U. N. P. has redoubled its efforts to get foreign capital. The terms offered are so favourable to the alien investor and so damaging to the property of this country that it would seem to be more than a mortgage of Ceylon. It becomes, if the government succeeds, a sell-out of our motherland to international capital, the price being that the organisers of the sale, the U. N. P. government and the narrow group it represents will be helped to remain in governmental power and also to earn the usual brokerage on the loans.

The terms of the sale are officially stated to be the following concessions to the foreign investor.



- (a) Sanction to bring in capital and essential technical personnel from any foreign source.
- b) the right to repatriate capital and reasonable profits in the same currency at the same parity as when this capital entered the country.
- (c) right to re-invest surplus money within Ceylon and to expatriate it under general terms and conditions.
- (d) management control at least proportionate to the capital invested.
- (e) guarantee against nationalisation
- (f) guarantee against discrimination

What, one must ask, is the difference between the position now offered to the foreign investor and the position an imperialist country occupies in its colonies? Imperialism does not ask for or receive any more favourable concessions from its colonies.

It is true that imperialism exercises over its colonies a political control to enforce these economic concessions. Already such political control has been conceded by the U. N. P. government to the British by allowing them to occupy all our military, naval and air bases.

Are we again to become a colony proper? This means that foreigners will again dominate our economy. It means that to protect their capital they will aim to protect the government which assures their economic domination. Should public opinion, through democratic methods, overthrow that government, and replace it with a national government, the imperialists will attempt, with their military power, to destroy democracy and our freedom. A repetition of the example of Guatamala is the end of the path now chosen by the U. N. P.

The country is faced with the dead-end of bankruptcy. The creators of this bankruptcy, the U. N. P., now suggest a sell-out of our assets and of our lives as the only way out.



It is necessary to ask: Why are our capitalist rulers who are, after all, nationals of this country, so anxious to sell our freedom? Have we not suffered hard and long, and moaned in humiliation as a subject people. The choice before us is not between poverty and political subjection. Why, then, do our rulers in their attempt to avoid poverty, offer the millions of our people the fruits of bondage?

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## CHAPTER II

### The role of our rulers

To answer these questions, it is necessary, briefly, to describe the character of the small group of capitalists which now rules Ceylon.

The capitalists of this country are not the industrial capitalists of a modern society. Our capitalists are the side-growth of a colonial economy controlled by foreign imperialists. Till very recently their income came largely from the subsidiary services they rendered to the British owners of Ceylon's wealth - in the plantations, in trade and commerce, transport and administration. Their loyalties were to the foreign masters from whom they earned their income, and their interests also, lay in the continuation of foreign exploitation.

The modern industrial capitalist class is different in character. It consists of people who have built national industries, the architects of the industrial order. Generally, as a result, they have experience, skill, determination, strength, and above all, independence. To some extent therefore, in promoting their own self-interest, they do advance their national production, national wealth and national stability.

Our capitalists are of a different sort. They have engaged, not in production, but in the provision of services. Small men that they are, they lack skill, vision, experience, and prosper only so long as those on whom they depend also prosper. The soil in which they grow is the soil prepared by the alien exploiter for his



own benefit. In any other soil they wither. Their interests lie in the continued prosperity of, that is, in the continued exploitation of our resources by, the foreign imperialists.

The Asian capitalist, admits Mr. R. Stein, a spokesman of American economics, "is a mystery. That he is an entrepreneur is beyond question when considered in terms of profit maximisation. One needs only to consider the Indian entrepreneur not merely in Asia but in Africa as well, who has frequently accumulated vast fortunes from minor processive and distributive activities.....In one significant respect however the Asian entrepreneur fails to fulfil the functions of his historic counterpart in the West. The Asian entrepreneur is not a "multiplier". By his activities which are often prodigious beyond belief, he does not create any important or expanding forms of employment for others.....The Ceylonese entrepreneur reflects most of the characterisation above." (The Ceylon historical journal, Volume 3, Nos. 3 and 4, April 1954.)

Our capitalists are really not organisers of production but holders of capital. They are a class of parasites in the literal sense. To distinguish them from the industrial capitalist class, we call them comprador capitalists.

They are the channel through which foreign imperialism now controls our economy. You will find in them the loudest advocates of western imperialist ideas. In cultural outlook, these "little Englanders" ape their masters with a perfection worthy of a better cause.

This comprador capitalist group has close financial relationships with imperialist monopolies, whom they serve. In recent years, they have invested their surplus wealth, not in industries, but in tea and rubber plantations, which they have bought over at inflated prices from the foreign owners, assisted in this process by easy credit facilities provided by the State Exchequer which they largely control. They are thus becoming a powerful land owning class as well, and thereby wield considerable political influence. It is to them that political power was transferred when the foreign ruler surrendered his power of direct rule over Ceylon. The phenomenon of this transfer of a proportion of the most deteriorated estates to



Ceylonese ownership has deceived certain sections of our people into believing that it is a sign of our real independence. What in fact has happened is that it has made dependence of the local capitalist class on their foreign masters even greater than before.

Their reaction, when faced with an economic difficulty or crisis, is not different from the reaction of any indolent absentee landowner, when faced with a mounting debt. He borrows from richer folks, or intensifies his exploitation of those over whom he has power. Since the people of this country are not prepared to be more tightly exploited, the U. N. P. capitalists go round the world with requests for loans, the security being not the property of the capitalist class but the present and future assets of Ceylon.

Similarly, their reaction when the export commodities fetch a big income abroad, is to fritter away most of it in empty show and expensive luxury. The thought that it would be wise to put back into production a portion of the big earning does not occur to them. They live for the day.

When such personal practices continue unchecked, they may ruin only individuals. But when such habits influence the organisation of the government and economy of a nation, the whole people are placed in jeopardy.

A capitalist class of such a character is incapable of even attempting a planned change from the present stagnant colonial economy to a developing progressive national economy of rising industrial and agricultural production.

A change to a national economy implies a clash with foreign imperial interests. It implies a removal of a number of obstacles on which imperialist exploitation of Ceylon is now founded. It implies a deprivation and also a denial of a large number of opportunities to imperialists. In these recurring clashes our comprador capitalists will not be able to take an anti-imperialist national stand, without, at the same time destroying the very basis of their own wealth and power. They will be as they are now, ranged on the side of the foreign rulers. This is natural for a class that is exclusively dependent on the foreigner for the maintenance of its own privileged position.



The example of the comprador capitalists and feudal land owners of Chiang-Kai-Shek's China is appropriate. They planned to sell all China to U. S. A. in order to be the first among the servitors. The people drove them out into Formosa where they now gather, thanks to U. S. protection.

National treachery is part of this class's physical make-up. The chief hindrance to economic progress in Ceylon today is the presence in the seats of power of this small, parasitic group of comprador capitalists and land owners who constitute the leadership of the U. N. P. Their opposition to plans of national development is the main political cause of this country's economic instability. The removal of this class from power is a condition precedent to any genuine economic progress.

## CHAPTER III

### End of "Welfare" State

What is the nature of the present economic crisis? Simply stated it is this. Population has been increasing and with it the demand for employment. Production has remained practically static. It is the widening gap between population and production that has caused the present economic crisis.

Our population has increased by over 2 million during the last 12 years. Calculated on the basis of existing yields, an increase of 7,20,000 acres under paddy would be necessary to feed this increased population. The actual acreage under food during this period has been less than 75,000 acres. During the same period, a large area has gone out of cultivation due to water-logging, silting, increased salinity, damage to irrigation bunds, erosion, the occurrence of drought and floods and other unfavourable natural causes. Government statistics are inadequate, but it is probably correct to estimate that the nett increase to the cultivated area over the last 10 years has not been more than 60,000 acres.



The volume-index for exports is a safe guide to estimate national production. Based on the average for 1934—38 as 100, the export-volume index for 1942 was 127, and for 1953 only 120, Tea alone had increased from 291 million lbs to 335 million lbs. Products like rubber and coconut have decreased in volume. Cinnamon, citronella, cocoa have also decreased in volume. Graphite has also decreased. So has livestock.

There has been no industrial expansion whatsoever, except in regard to cement. The Minister of Industries said in 1954 that "We are still importing rupees 1,700 million worth out of our needs of 2,200 millions of consumer products."

Although agricultural and industrial production has remained stagnant at a very low level, the national commitments have increased far out of proportion to the increase in national products. The number of pupils in schools has increased from 7,40,000 in 1938 to 1,475,000 in 1952. The number of teachers has increased from 20,619 to 44,553. In spite of this increase about 40% of the children of compulsory school going age do not attend school. 80% of the schools are incapable of providing a secondary education because of lack of trained teachers, equipment and proper accommodation.

The amount spent on health has increased from Rs 9,400,000 in 1933 to Rs 96,000,000 in 1953. But the morbidity rate is very high and preventible suffering is increasing. This demonstrates the result of applying the bare minimum of modern scientific knowledge to combat disease, without changing the pattern of economy. In other words the population has been encouraged to increase without a corresponding increase in wealth production thereby provoking a further deterioration of the standard of life and exhaustion of the developed natural resources.

Out of the increased earnings during the war and the immediate postwar period, minor economic concessions were made to the mass of the population. Provision of subsidies for rice and flour, extension of medical and educational services, the grant of public



assistance to destitute people and free meals to school children were made available' and the illusion of a democratic welfare state was sought to be created by the UNP. All this was done without a corresponding increase in the country's national income. The State exchequer could no longer pay for these concessions. So they were abandoned in 1952 and '53 and the "welfare state" thus ended. •

Why has production remained stagnant? Why has the advice of numerous experts from abroad not resulted in an increase in production? The Report of the Colombo Plan Committee states "Ceylon yet leads the other C. Plan countries in the number of requests for experts and the number of requests that have been granted ..... of a total of 502 applications made for experts up to June 1954, 169 were from Ceylon and a 104 requests were granted". Why has not this assistance of experts increased national production? All the loans that the Government has asked for have been over subscribed both here and in London. Why has not all this money increased national production?

To answer that the cause is lack of enterprise in our people, lack of capital, lack of resources, paucity of skilled personnel, ignorance of know how, is to beg the question. The answer is that the environment provided by the present pattern of economy is an impediment to the appearance of these factors. The present restrictive pattern of colonial economy has to be totally changed and a new pattern of expanding economy has to be raised. It is only then that these factors would be forthcoming. Production can under no circumstances be substantially increased if the present pattern is unchanged. That is why all the grandiose schemes of the government—even the Six Year plan—have produced so little effect.

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## CHAPTER IV

### Factors of Instability

Ceylon's economy is popularly called an agricultural economy. We must note however, that our agriculture is of a peculiar character, Ceylon is deficient in regard to its foods and we have to import



the larger portion of our food requirements. We are perhaps one of the very very few "agricultural" countries in the world which import most of their foods.

The basic pattern of Ceylon's economy is easily described. The bulk of our wealth is derived from three commercial crops. From them and from the services associated with them this country gets over two-thirds of its national income. From them Ceylon earns nearly all of its income from foreign trade. In them nearly 65% of the working population find employment. They utilize about 70% of the developed agricultural land and contribute over three-fourths of the total value of agricultural production.

On the income from the export of these commodities depends this country's livelihood. The extent of this dependence is incredible. Over 60% of the rice, all of the sugar and flour, most of the dairy produce in the form of dried milk and butter, a considerable proportion of meat, dry fish and subsidiary foods have to be imported. Over two thirds of our imports consist of grains, textiles and other consumer goods. We also import all manufactured goods and fuels.

Thus, our entire economy is shaped by the fate which the three commercial crops meet with in the markets provided and controlled by two or three major colony-owning countries of the world. Both our export and import trade are controlled by foreign markets over which we cannot exercise any control or influence.

Other features of our colonial economy are,

- (1) stagnation and deterioration of non-plantation agriculture
- (2) absence of industry,
- (3) lack of diversification and,
- (4) total dependence on Anglo-American markets and sources and their patronage.

Another significant aspect of a colonial economy is that a colony is poor, its little wealth is concentrated in the hands of a few plantation owners, and its capital resources for investment are very meagre.



All these factors make our economy very unstable. Behind these factors and dominating them are the basic, foundational realities that shape our present economic condition. On them is raised the structure of our backward economy.

They are:

- (1) The permanent damage done to the country's resources by the unscientific cultivation of plantation crops in the Hill Country;
- (2) Lack of irrigated water for cultivation.
- (3) Continuous floods and droughts.
- (4) Extensive soil erosion.
- (5) Non-utilization of the existing water for the production of cheap electric power.

It will be readily seen that all these five factors are closely inter connected and must be viewed as different parts of a single subject. They constitute the basic factors of our instability.

Other countries in South East Asia may be under - developed and some of them may be poorer than Ceylon. The main difference between them and Ceylon is that the bulk of their natural resources has been left untouched and only waits to be developed. The great rivers in these countries can be harnessed to provide multi-purpose schemes for irrigation, flood protection and production of Hydro-electricity. The mountains and valleys in the upper regions of these great rivers have not been devastated by the extensive cultivation of tea or other commercial crops. Such commercial crops do not form the dominant sector of agricultural production in these countries. Multi-purpose projects can be carried out in the Nilgiri Hills or in the valleys of the Indus, Damodara or other rivers without opposition from vested interests.

In Ceylon, the position is fundamentally different. The resources of the Central Hills have been ravaged by the indiscriminate opening up of most of this area for plantation crops. Permanent damage has been already done. Supply of irrigated water, prevention of flood and soil erosion, production of Hydro



electricity, - all these depend on a co-ordinated, scientific policy of land utilisation in the hill areas, providing for extensive reforestation schemes. Opposition to such land use will come from the plantation vested interests. More-over the U. N. P. Government which regards the plantations as the mainstay of the country's economy and which represents the Ceylonese plantation owners will not permit any interference with these interests. The bulk of the resources of other South East Asian countries is untapped and wait to be freely exploited, whereas the most precious of our resources have already been ravaged, and any progress in the future means that we must stop this act of devastation and rectify the damage already done. Therein lies the difference between our country and other South East Asian countries, and therein lies the chief cause of our poverty. We have now to build on wasted assets.

We can now answer the question with which we began. Why has production remained stagnant ?

Within the limits set by the unstable conditions of colonial economy, no progress is possible. Within those limits almost all the development that can take place has taken place. There is room for greater efficiency in the present fields of production. There is room for patchwork remedies to minor economic ailments. But there is no room for a significant or decisive advance in production.

The so-called development plans of the government failed because they worked within the distortions of a colonial economy. It is by questioning the premises of that economy and by changing it that stagnation can be ended and progress assured. Let us take the examples of erstwhile colonies which have now advanced. In this century there are the instances of Australia and Mongolia and the countries of Soviet Asia. In recent years, we see the examples of New China, North Korea, and Eastern European democracies like Poland, Bulgaria and Albania. In each case, economic progress has meant a clean break with economic subservience to an alien economy.

The present crisis and our economic instability raise the fundamental question of the adequacy of the country's economic structure.



## CHAPTER V

### Relief of Ceylon

The study of the problem of agriculture and industry necessarily involves the study of the relief of the country before a comprehensive scheme could be intelligently planned for agriculture and industry.

In the centre of the island is the hill country over 1000 ft. elevation. The rest of the country is lowlands or plains which can be subdivided into 3 sections, the South East Plain, the South West Plain and the Northern Plain.

The hill country consists of mountain ranges rising up to 8000 ft. Most of the rivers in Ceylon take their source from this region. The Mahaveli Ganga and its tributaries form the main streams of this region. In this region there are over fifty waterfalls; the main waterfalls are the Aberdeen Laxapana falls at an elevation of 3000 ft., the Devon and Ramboda falls at an elevation of 5000 ft; and the Diyaluma, Kurunduoya, Manawela and Dunhinda falls which are some of the more important falls. Only the Aberdeen Laxapana falls has been harnessed for hydro - electric power so far.

The South West Plain extends from the hill country to the west coast between the Deduru Oya in the North and Walawe Ganga in the South. This plain has the largest and most populated river valley settlements. Except for the Deduru Oya all the rivers have their upper catchment areas in the hill country. The Maha Oya, Kelani Ganga, Kalu Ganga, Gin Ganga are the main rivers. All these rivers in their lower reaches form extensive flood plains. The Rakwana and Deniyaya Hills are separated from the main hill country by the Kalu Ganga and Walawe Ganga Valleys.

The South East Plain lies between the Walawe Ganga and the Mahaveli Ganga. The Walawe Ganga, Kirindi Ganga, Menik Ganga and Kumbukkan Oya directly drain the hill country in the south.

The Central region of the South East Plain is a high plateau extending from the Badulla hill range to almost the eastern sea



coast. This region includes the fertile and historic Wellassa region and Buttala Wedirata. The Gal Oya, Heda Oya and other small rivers drain this region to the sea. On either side of this plateau are the plains of Mahaveli Ganga and some of its tributaries and the basins of Walawe Ganga and Kirindi Ganga.

The central plateau and the flat river valleys provide enormous possibilities for water conservation, hydro-electricity and extensive irrigation schemes with diversion of water from one river basin to another.

The east coast is studded with lagoons, some of which are silted and now cultivated with paddy. By deepening of the rivers and by building a network of canals along the coast, we could easily provide drainage, water transport and irrigation for these low lying coastal plains extending from Tangalle through Ambalantota, Hambantota, Batticaloa, Trincomalee, and Mullativu right up to the Jaffna lagoon. Water conservation and diversion of water from one river basin to another, would mean the harnessing of the waters of the Mahaveli Ganga and its tributaries the Laggal Oya, Badulu Oya, Uma Oya and Kotmale Oya, and the Walawe Ganga, Kirindi Ganga, Menik Ganga and Kumbukkun Oya with the rivers in the Eastern Coast which dry up in the dry seasons, partially or completely. These include Wil Oya, Heda Oya, Karanda Oya, Gal Oya, Andolla Oya, Munderi Oya, Maduru Oya, Pankulam Aru, Yan Oya, Mee Oya and several other streams. These rivers can be made permanent streams feeding millions of people in this plain. The benefits of such a grand scheme must stir the enthusiasm of every patriotic citizen to unite for the struggle to overthrow this reactionary U.N.P. Government, which shamelessly continues to defend its policy of selection of an uneconomic project for the development of only the lower basin of one river, the Gal Oya, with the help of the American experts at a prohibitive cost.

The Northern Plain extends from the Matale hills in the central region and lies between the Deduru Oya and the Mahaveli Ganga. From the Matale hills in the South the plain slopes away towards the West, North West, North East and East, thus providing



a remarkably favourable natural relief for the diversion of the Mahaveli Ganga through a main canal for irrigation and water transport and for feeding the rivers that flow fanwise from the centre of this plain to the West and East coasts. Such a scheme involves several dams and reservoirs in the middle and upper catchment areas of the Mahaveli and its tributaries, including the Amban Ganga.

Such a scheme can feed all the streams in the Northern Plain that flow westwards and eastwards but now dry up for greater part of the year. Such a scheme which could be economically developed with Soviet and Chinese technical aid and essential equipment, will be able to irrigate over 3 million acres. Additional advantages will be production of Hydro-electric power at points where the water level changes and provision of cheap water transport. We also secure permanent protection of the country from floods and soil erosion by the scientific harnessing of flood waters and protection of the rivers from silting.

**The natural relief of our country indicates that the central hilly region which is less than 5000 square miles or one fifth of the entire country, control the future destiny of our people.**

Effective control of all our big rivers can only be carried out by the building of big dams in this region in order to conserve water in big reservoirs. We thereby augment water supply for hydro-electricity and also make it possible to divert water from one basin to another. The numerous waterfalls can only be harnessed to provide maximum hydro-electric power by such a comprehensive scheme for water conservation which will ensure a steady flow of water even in the dry seasons of the year.



## CHAPTER VI

### Have we the resources ?

"The mineral wealth, the water supply, the biological possibilities of the soil, the capacities of its inhabitants, are not something given and unalterable, but need to be transformed in a way that will secure not only the best use of each but also the best combination of all."

—Bernal, *Science in History* 1954

No adequate information of the country's total resources is available. This is not surprising. The concern of the planters who have ruled and still rule Ceylon is only the plantations. They do not intend Ceylon to possess any economy other than the plantation economy, and accordingly for them there is no need for the study or use of other resources. It will be the first duty of a national government to undertake a study of the actual and potential resources of this country.

The resources that we already know we have are adequate for the steps to be taken to diversify our agriculture and develop our industries with cheap Hydro-electric power.

**Labour.**—Our adult population—those between the ages of 18 and 65—number 4 million. Of this number, it can be estimated that 2 millions are more or less unemployed, in the sense that what partial employment they have contributes nothing to national production which will remain undiminished even if they did not exist. At least as big a proportion is unemployed as is employed—an altogether startling fact that shows more than anything else the poverty and weakness of our economy.

Dr. Sarkar, the Ceylon University economist, in his recent valuable articles in the Ceylon Daily News, estimates that the surplus rural population has increased from 660,000 in 1891 to 2,776,000 in 1946. This will give a figure of about 3,250,000 in 1954. He adds that the possibility of absorbing at least a portion of this surplus in the plantations seems to have been exhausted. What are we going to do with this surplus number—surplus in relation to the closed economy of ours? They are our most valuable wealth.



**Land**—The land-resources present the most conflicting and the least reassuring picture, though they should have been the brightest feature. Out of the total land area of 16 million acres, 3½ million acres are now under cultivation. Officials state that another 3¼ million acres are available for cultivation. Both the cultivated and the uncultivated areas present problems of the greatest urgency.

The cultivated part is mostly in the hills and in the wet zone. Tea and rubber estates have deteriorated greatly. Holdings have not expanded. Free and suitable land is not available for expansion. Moreover, "rising labour costs and prospects of capital investment make tea and rubber cultivation much less attractive for both private and government operation..." (Stein—Problems of economic development of Ceylon p. 291.) The position in regard to coconut is worse. In the whole hill country, soil erosion has now become a permanent phenomenon. Soil is washed away, leaving the rocks behind.

In regard to other cultivation in the wet zone—chiefly paddy—the damage to crops from floods is great. Also, water-logging and the spread of marshy swamps which is common in the lowlying areas, remove from cultivation large tracts of land. Together they are the cause of low agricultural yields.

The new land available for cultivation is stated to be 3¼ million acres. It is not known how this figure was arrived at. It is almost certainly a guess. However, let us accept this figure for what it is worth. All this land is in the dry zone. It cannot be cultivated without irrigation. But according to government experts, "the limit has now been reached to the extension of irrigation by the available water resources of our country". (Abhayaratne in *Tropical Agriculturist*, Dec. 1953) The restoration of all the ancient schemes are now nearing completion and with 'the completion of Galoya, Walawe scheme and the Malwatte scheme, there will be hardly any extension possible". A government expert says "in spite of the annual rainfall of 50 to 75 inches, water is the limiting factor to the extension of human settlements".



The Director of Agriculture comments; "We have about 3 million acres of highland which cannot be irrigated according to irrigation authorities and these have to be utilised to the best effect. Rs. 6 million grant which the New Zealand government has now given us will serve as the foundation on which this great development will take place. The director refers to dry farming as "this great development"!

The government experts have concluded that most of the land in the dry zone cannot be cultivated and that the only possible alternative is to try dry farming methods. Thus ends this great crusade for agricultural regeneration of Ceylon under the U. N. P. Having first set an arbitrary limit of 3 million to the cultivable area, U.N.P. experts now say that most of it cannot be cultivated because of lack of water for irrigation. Could irresponsibility go further? Must you have expert opinions to arrive at this profound wisdom? Is it lack of water or lack of skill to conserve water and direct it to irrigation—which worries our "experts"?

The truth is, of course, different,. Not 3 million acres but probably double that area could be added to the cultivable area, provided that we (1) conserve most of the rain water, and (2) apply scientific methods of soil cultivation. **In a country blessed with so much rain and so many rivers, it is not correct to say that potentialities of irrigated cultivation are over, when not a single river has been fully harnessed for that purpose.** Modern irrigation has hardly begun in Ceylon.

The land crisis in Ceylon seems, therefore, to arise from the following factors. (1) Low productivity in the wet zone, due primarily to erosion, floods and poor drainage. (2) Impossibility, under U. N. P. guidance, of expanding cultivation in the dry zone. These two factors effectively close the road to any further expansion. Factors like land tenure, primitive methods of cultivation, important as they are, are quite subsidiary aspects of the crisis. Reforms in regard to them will not cure the disease, though they will, perhaps, mitigate its rigours here and there,



**Minerals:—** The observations of Dr. Kularatnam, University lecturer in Geography are worth quoting. He says: 'Iron ore exists in superficial concentrations. The total extent is 5 to 6 million tons of ore. Ceylon's annual requirements of steel is estimated at 30,000 tons. Ceylon ore contains about 50% iron and being confined to surface obviates mining . . . . it is best suited for electro-smelting in small furnaces for direct conversion into high-grade steel'

He further says, "The most serious handicap is the lack of power, minerals, coal . . . . Fortunately geological structure and climate have generously stepped in to make good this deficiency by providing nearly 50 waterfalls . . . . There is a similar deficiency in the agricultural minerals, nitrates, phosphates and potash. But here too water power would in the future ameliorate this situation through the production of synthetic nitrates and other fertilisers...."

"Ceylon is favoured by a suitable climatic regime, a long extent of appropriate coastal features, lagoons and backwaters for the harvest of salt produced by solar evaporation. Among the by-products the scope for the manufacture of calcium sulphate, epsom and magnesium chloride is considerable. Among the by-products chemicals which are expected to be produced on a large scale are caustic soda, chlorine gas, bleaching powder, magnesium sulphate, sodium sulphate etc . . . ."

For some of these cheap power is an essential pre-requisite"

The graphite industry which is more or less a monopoly of the Kotelawala-Senanayaka-Jayawardena family group is the subject of an interesting comment by Dr. Kularatnam. He states: 'This is the mineral in which the island is particularly gifted. It is also the mineral which undergoes much wasteful handling by man. The unsatisfactory feature of graphite mining in Ceylon in general is the shallow nature of the workings without any system of lateral drives'.

"He describes how pits are abandoned while considerable reserves are left untouched, and how reopening becomes impossible owing to water-filled uncharted channels. He then adds: 'This valuable mineral for over a century has been allowed to leave the



country in its crude 'minimum value form' by private enterprise..... In short the principal long-established mineral industry epitomises all the defects in our mineral outlook"

**Hydro-electricity:**— Our waterfalls if properly harnessed and our rivers, if multipurpose schemes were constructed, are estimated to generate an additional 1,000,000 kw. If multipurpose schemes are constructed, our main rivers will be able to provide even more than this 1,000,000 kw. We have a potential supply of cheap power to meet all our needs in all fields of economic activity, including all forms of transport.

We cannot stay to consider the methods by which all these resources could be brought into production. This subject is too complex to be treated as part of this general survey.

But, in view of the common, official complaint about lack of capital, it is necessary to state briefly the premises that today should govern the economic development of backward countries. By capital is meant social saving; that is, the margin between income and consumption. It is often said that in a poor country, social savings are meagre, and therefore high investment is impossible unless the country is willing to adopt coercive measures to reduce absolutely the standard of life of the mass of the population. In recent years, this pre-existing savings fund is growingly regarded as a myth, Maurice Dobb, the Cambridge economist states the view clearly, and it is important that we should understand its full meaning. He says: "..... the margin between income and consumption may be enlarged by augmenting income as well as by lowering consumption;..... the carrying out of plans of capital construction will augment income from the moment of their inception. While the margin between income and consumption will thereby be widened, this can occur without any absolute fall in the consumption either of the community as a whole or of any individuals in it. This latter conclusion depends on the assumption that the economic system contains elements of reserve productive capacity (unutilised or under utilised labour and resources) which can be mobilised for constructional work without competing with the production of consumption goods. Subsequently, as the capital equipment under construction comes i



operation, it will have the positive effect of facilitating consumption; new sources of power or new technical equipment will raise the productivity of labour already engaged in the production of consumers' goods." ( *Soviet Economic Development Since 1917: Page 23* )

He emphasises further a point of crucial significance to us. He says that the experience of the U. S. S. R. seems "likely to be true, at least to a very large extent, of backward agricultural countries in general when they embark upon the first stages of industrialisation; and that the previous backwardness of industrial development in such regions has not been due in the final analysis to any financial deficiency (inadequate savings or the absence of financial means for their mobilisation) but to a **deficiency of economic organisation**. It is characteristic of such countries that they tend to have a large 'rural over population' consisting of persons who are either landless, and gain such livelihood as they may by intermittent employment, mainly seasonal, or are cultivators of small plots of land by primitive methods and with inadequate equipment. In either case the productivity of their labour is exceedingly low and their transfer to the work of industrial construction would involve a negligible fall in the output of food." —*ibid* P. 23.

There remains only the problem of machinery and industrial raw materials. These, given a plan for production, can be procured in the normal way by importing them and paying for them with our exports or by loans. In any case, machinery and raw materials are the smallest of the factors and the easiest to acquire.

We have the resources; what we do not have is an economic organisation, an economic plan. It must be asserted categorically that without such a plan and defined aim, no backward country can develop its full resources and take the road to industrialisation.

We now proceed to study the main plank of such a plan—the multi-purpose scheme.



## CHAPTER VII

### Water and power

“Working with each other, and with water, light, and soil men can change a valley’s face and its life”.

— *On the Tennessee Valley Project.*

The development that has already taken place has been confined to the uplands and the wet zone, and to the production and processing of cash crops. Any future development can be only in the dry zone, in the cultivation of food crops and industrial raw materials, and in the building of modern industry. A study of the relief and resources of Ceylon and of the foundational realities of our economic structure points to one and only one conclusion—that for such development, (1) cheap hydro-electric power must be developed, (2) water must be conserved and made available for irrigation, and (3) soil erosion, floods and drought must be prevented. These three are the basic essentials for future development, and without them no progress is possible, in agriculture or in industry.

Multi-purpose schemes will not only provide these three essentials, but also simultaneously provide ample water for domestic and industrial use in urban areas, help tame rivers and build canals for cheap inland water transport, and facilitate drainage and reclamation of marshy lands. We must, therefore, as the first step and as the keystone of the plan for the development of the country’s wealth, build as many multi-purpose schemes as expert opinion will recommend. It is essential that such schemes should be not partial or piece-meal ventures but parts of a co-ordinated, comprehensive, all-island plan.

Precisely how does a multi-purpose scheme work? When the monsoonal rains occur in the hills the waters collect and rush to the lower basins and thence to the sea. In doing so the waters carry large amounts of top-soil, thus causing erosion in the hills and floods below. If we can prevent this flow we can conserve all this water for irrigation of the dry zone and at the same time prevent erosion and floods. To do this, dams must be built across the rivers at suitable sites and at all elevations, and reservoirs must be built. This stored water can be let through turbines and electricity produced, and can also be used for irrigation.



Moreover, the question of irrigating the dry zone becomes very simple. The present difficulty is that the tanks and rivers in the dry zone dry up in the rainless months. This difficulty can be easily overcome by supplying them with water from the main rivers Mahaveli Ganga, Walawe Ganga, Gal Oye etc., all of which have their catchment areas in the wet zone which is richly endowed with rains for most of the year. Where necessary, lift irrigation system can be used, and water pumped by electricity from these rivers to reservoirs in the high lands in the dry zone. The Mahaweli Ganga and its tributaries alone could supply the entire northern plain with all the water it needs throughout the year.

The possibilities opened up by such multi-purpose schemes are enormous. The entire country can have all water all the time it needs. The dry zone need never be dry. Food and all possible industrial raw materials can be grown. Electricity will be available cheaply and in plenty, for our domestic and industrial use. Multi-purpose schemes are the key to our economic future.

The Tennessee Valley Project of the United States illustrates the purpose and character of a multi-purpose scheme. A recent publication of the American Embassy describes the conditions which prompted this project in the following words :

‘ Anxious to prosper quickly the early settlers had sowed cash crops . . . . . They take all the nourishment from the soil and give no thing back. . . As the years pass, the farmer got a little fertilizer which helped keep up his yield. . . The forests were almost gone. . . There were no roots to hold water in the soil. Eighty inches of rain fell every year in the hills of east Tennessee. When it fell on the naked ground, it flowed away down the furrows, as it does in flood-plagued valleys all over the world. The water flowed down the little hill streams, down the tributaries of the Tennessee River and was lost irretrievably. The main river, gorged with rain, over flowed its banks and flooded . . . When it retreated again, it left a thick layer of mud to be cleared away - the fertile top soil of the upland farmer.

‘It was necessary to control the destructive floods of the Tennessee Valley. It was necessary to improve the farmers’ land and



living conditions Only a program which developed the Valley as a whole could accomplish these things.'

The program decided on by the US government in 1933 aimed to secure the following ends:

- (1) The maximum amount of flood control.
- (2) The maximum development of the rivers for navigation purposes.
- (3) The maximum generation of electric power consistent with flood control and navigation.
- (4) The proper use of marginal land.

These aims have now been achieved. "The first attempt to develop in unity all the resources of a river valley an idea which can work in hundreds of valleys the world over" has succeeded. The picture we see today is that "of an angry river tamed within its banks, of light striking into the darkness of lonely farms, of power driving the machines of new factories, of a crop of clover on a barren field, of people working together... The dams on the Tennessee Valley, nine on the main river and twenty one on the tributaries, today stand like a flight of steps leading the river gently in its curving path... Behind each TVA dam is a man-made lake whose level is kept low in winter to receive the spring floods. Water flowing into the lake is guided through the dam, and turns the turbines which generate electricity. It flows down the river into other lakes, through other dams and turbines . . . . Each of these dams in the main river is provided with a lock through which barges are let down to the calm water below. . . . The river is directed in its path, like a flock of sheep guided by many shepherds. . . . The dams not only control the floods in the valley; but store water in the lakes and, in time of drought, save the rich bottom land of a farmer down the river." *TVA, the Rebirth of a River Valley - American Embassy, Colombo.*

We are now able to visualise the significance of a multi-purpose scheme, and to appreciate the vital need for such schemes in a community such as ours. The conditions in the basins of the rivers in Ceylon are almost identical with those in



the Tennessee Valley. It is, of course, not necessary that projects in Ceylon should be as large or as expensive as the TV scheme.

Why has not this government initiated the construction of such multi-purpose schemes? Why did not American experts and engineers recommend projects on the lines of the T. V. scheme?

The answer is that such schemes meet with the vigorous opposition of the plantation owners and their UNP government, and from those who wish to perpetuate the colonial economy. Multi-purpose schemes involve (1) reforestation of considerable areas in the uplands now under tea and rubber; and (2) the application of soil conservation measures. The government argues that these measures will reduce acreage of tea and rubber and inflict a fall in the immediate profits of the planters. They say; "Our country is so much dependent on the plantation crops that it would be most foolish to take any step that is likely to injure them."

The World Bank Mission Report is even more frank in the advice it gives the government. It says; "Reservoir construction would swallow up land now under tea rubber and other crops". So, they advise: "The best course would seem to be the unheroic one of accepting the fact that floods will occur, abandoning the idea of preventing them by reservoir construction (which would sacrifice an annual value in agricultural production far greater than the average annual loss by flooding) and concentrating on mitigating the effects of floods in populated areas. To this end, **villages especially endangered should where possible be relocated . . .**"(op. cit. pp 209 and 210.) (emphasis mine.)

It is on the basis of such false, pernicious pleas - that floods will always occur, that they are part of our destiny, that villages should be relocated as if they were herds of animals - that the UNP and its imperial advisers seek to perpetuate the plantation economy.

Is there any truth in this argument? It is correct that there will be a reduction in the present acreage under tea and rubber. But it is productivity, not acreage, that counts.



Scientific cultivation, proper soil conservation and better fertilizers can increase the yields. In fact, the plantations are deteriorating so fast that even the present acreage and production cannot be maintained for long without reforestation and soil conservation. In Soviet Georgia tea is cultivated only in those areas where soil erosion can be avoided, and with modern methods, the average annual yield is about 17,000 lbs of green tea per acre while in Ceylon it is about 4000 lbs. So, the total quantity could be increased while acreage decreased. What the planters fear is that modern methods will involve additional capital investment and thereby reduce the rate of profit. They would much rather take all the profit they can, without returning any of it to the soil. Capitalists know no other way of extracting wealth. Large exposed tracts of the earth's surface bear witness to their actions of soil-ravage.

A much more important fact must be recognised. The prosperity from the plantations reaches in the main only one class though a part of it passes to others indirectly. It is wrong to regard the prosperity of one small class as the prosperity of entire society. In deciding on a path of economic development, we have to weigh the total economic effect, **on the entire society**, in terms of employment, income, production and satisfaction of alternate economic policies.

For example, it was thought at one time that more sheep farms for wool would bring a greater aggregate income to Australia. But this increasing income did not help the thousands of urban dwellers who were poor and workless. So, the policy of more sheep farms was abandoned in favour of a policy of industrialisation, though the income accruing to the country from these farms was greater in the short run than the income from industry. The final result today is that industrialisation has brought greater economic stability and prosperity to the entire Australian people.

Which of the alternatives should this country choose? Is it the plantation economy, with its fluctuating prices, its dependence on imports, its heavy damage to our soil causing floods and drought, depriving the lowland dry zone of irrigable water, depriving



millions of our people of employment, keeping arid and unplanted millions of acres of potentially cultivable land providing wealth to a few estate owners and consequently depriving the many of the means of livelihood ?

Or, is it a balanced, equitable economy, where the plantations do continue but are not allowed to decide the fate of the entire people, where the importance of estates declines not absolutely but relatively to the other types of wealth production to be yet developed under new economic plan ?

**The argument today is, therefore, not whether plantations, should continue. It is whether they should dominate the economy.** If the decision is that they should not, then several implications follow that decision. All these implications must be reflected in the new economic policy.

The U. N. P. view is that the plantations should dominate. Their present and future economic plans revolve round the plantations. The plans are **supplementary**. That is why the U. N. P. does not wish to build multi-purpose schemes. That is why their various economic projects are piece-meal, sectional and therefore wasteful undertakings. That is why, also, these projects fail

The Communist Party fights for a different policy. We say that plantations can, and must, fit in their existence with the building of multi-purpose and associated schemes. They will have to accept soil conservation and reforestation schemes. We say that our economy must be based on a modern industry and scientific, productive agriculture, and **in this plan the plantations cannot play a primary role.**

The choice must be made. Work, land, food and shelter, an opportunity to our intelligentsia and middle class to use their talent and resources in profitable production—these can be provided only if the path shown by our Party is taken. There is no doubt that only our economic policy will secure the interests of the people of Ceylon of all classes.



## CHAPTER VIII

### Soil Erosion

One direct result of the dominance of our present commercial crop economy is the extensive soil erosion from which we suffer today. It is most urgent that we should direct the attention of our people to the continuing permanent damage to our land resulting from soil erosion.

In 1873 Thwaites, Director of the Royal Botanical Gardens, Peradeniya, made the following report to Government:—

“It must have made itself painfully evident to many of the older residents of the Island that great changes have been brought by the deforesting of large areas of land, particularly so in the central districts. From the deforesting has resulted much washing away of valuable surface soil which cannot be replaced, and which has found its way into the rivers . . . . injuriously interfering with native cultivation.”

In 1875, Lewis, Assistant Conservator of Forests, in advocating the opening of a railway line for the Kelani Valley gave his reasons as follows:—

“River transport, which has hitherto been of the chief lines of communication between the Kelani Valley and Colombo was fast becoming impossible owing to accumulation of silt in the Kelani Ganga, . . the increased area of land in tea is distinctly the cause for the silting of the river.”

In 1916, another expert, Howard reported:

“In the hill tracts in the centre of Ceylon which is now covered with tea gardens, the original forest canopy was removed . . . . .

The loss of soil has been enormous and is still going on . . The agricultural capital of the Island has been allowed to run to waste and can never be replaced by any system of manuring.”

In 1925, G. D. Hope, Chief Scientific Officer to the Indian Tea Association, stated: .



"In certain districts complete denudation has been reached and during heavy rainy weather the rivers are running red all over the colony carrying away masses of the soil . . the hill sides will eventually not be able to grow anything at all".

In 1928, A. W. Hall, F. R. S., Director of the Royal Botanical Gardens, Kew, dramatically warned the Government :

"Your island seems to be slowly washing away into the sea".

A Committee that was set up by the Government in 1930 to consider the problem of soil erosion made the following comments on the remarks made by Howard in 1916 :—

"The picture painted above is tragic enough but the devastating effects of soil erosion do not stop at internal destruction . . . . . water is removed rapidly instead of being temporarily detained . . . . . the flow of streams become irregular . . . . . choking of irrigation channels and rivers, irrigation works destroyed by rush of water . . . . . aggriculatural works below the eroded land ruined by deposition of sand and silt . . . . . Damage to major and minor irrigation works . . . . . flooding of roads necessitating additional bridges and culverts, enlarging of existing ones . . . . damage to railway lines and roads . . . . siting of paddy fields and silting of tanks. . . . ."

The Report by Lushington in 1921 makes the following comments :—

"No greater condemnation of the forest policy can be made than that Nature herself affords in the state of the principal rivers. Even after prolonged drought rivers run mud not water. The main catchments of this river (Mahaveli Ganga) are not included in the forest area but in the large estates above Hatton and Talawakelle. The main streams and rivers do not arise as a rule in the forest land but in the area outside the forest". (*Sessional Paper 12 of 1921*)

The comment of the Director of Agriculture on this report is :—

"I entirely agree with the views expressed that opening of land in river catchments in coffee, tea and rubber have caused



considerable soil erosion and consequently silting and floods. I entirely agree that steps must be taken to check soil erosion if the productivity of Ceylon is to be maintained and if further silting of rivers is to be prevented. Forest cover is the most efficient protection..... The whole question is bound up in a progressive forest policy”.

In his Report in 1949, Mr. E. V. Richardt, the flood protection expert, makes this comment :—

“ That soil erosion on a large scale is taking place in the catchment of the four rivers examined in the report is certain. (Mahaveli Ganga, Kaluganga, Nilvala Ganga and Gin Ganga). In a most interesting report issued by the Committee on Soil Erosion in February 1931, various suggestions are put forward for checking soil erosion, but from inquiries made, it would appear that little if any effective action has been taken.”

As if tea and rubber planting has not done enough damage to the soil, the American Tobacco companies in Ceylon have now begun the cultivation of tobacco in the central regions in the same indiscriminate way. In the Hanguranketa and Kurunegala districts they have set up their centres for growing and curing tobacco. The poverty-stricken villagers were given seeds and fertilisers and induced to exploit the soil for maximum profit. Of course, the price of the tobacco leaf was completely controlled by the Company, and the villagers were reduced to the position of feudal serfs. In Hanguranketa area, already damaged by soil erosion, the introduction of tobacco cultivation on the hill slopes has made the problem worse and whole villages have been faced and now face extensive landslides. Here is another instance of an industry undertaken in Ceylon by foreign imperialist interests, and enormous profits from it go to them.

This American tobacco monopoly is actively encouraged by the Ceylon Government to repeat the same method of tobacco cultivation which brought disasters to the Tennessee Valley necessitating the costly T.V. A. project to rehabilitate the valley. Protective tariffs with absence of protective labour legislation have enabled this foreign monopoly to establish complete



control of import, manufacture, cultivation and distribution of tobacco in Ceylon, while our soil is being devastated and the State exchequer deprived of income from a heavier tax on imported tobacco.

The conclusion can be simply stated: No agricultural development is possible unless urgent and comprehensive measures to prevent soil erosion are under taken immediately.

## CHAPTER IX

### The menace of flood

Recurring floods and drought are problems closely connected with soil erosion. In his administration report for 1949 the Director of Irrigation makes the following observation:

“The annual visitations of floods is a menace to the country and it will be in the interest of the country to find a satisfactory solution to this problem. The flood expert Mr. E.V. Richards who was specially recruited for this purpose has submitted his report... The implementation of his recommendations will it is hoped provide at least to some extent a lasting solution to what has been regarded as one of the major problems of the country. This expert's recommendations have been almost entirely rejected by the government.

All the major and minor flood protection schemes so far planned by the government have been abandoned either before the execution or after completion.

(1) The Gampola flood protection scheme was abandoned not only as unworkable but also as having disastrous consequences, inevitable in such a scheme, to the villagers along the Mahaveli Ganga below Gampola.

Mr. Richards, the British expert, in his report, He describes the Mahaveli ganga which is 190 miles long with a catchment area of 4000 square miles as a heavily siltladen river with large beds of silt both on the banks and in the bed of the river. He adds: "while storage reservoirs would provide the best solution of the flood problem, protection of the whole river length below Gampola at present do not appear to be an economic possibility.



Eventually control of the river by dams may have to be carried out. Examination of the upper reaches has shown that there are possibilities for a large dam a few miles up stream of Gampola. *Storage of a large volume of water in the upper reaches when combined with the development of hydro-electric power would lead to the provision of extensive irrigation works in the dry zone.* (Italics mine)

2) The scheme for Raknapura was abandoned as unsound; and decisions have been taken to transfer the town to the hills. The first step was taken by rebuilding the hospital on a hill top at a prohibitive cost, and the entire basin of the Kalu Ganga has now been abandoned to the devastation of annually recurring floods, except for a few thousand acres partially protected by the Bolgoda scheme. The flood damage to the rest of the lower basin has become greater.

On this scheme, Mr. Richards has observed as follows: "Eventually the river may have to be controlled by storage reservoirs.....Possible sites for dams have been located in the Kalu Ganga and Wey Ganga in the upper reaches...These two rivers are heavily silt laden due to serious soil erosion which has and is still taking place in the upper reaches. It is suggested that the question of soil erosion and soil conservation should receive the serious consideration of the authorities concerned."

The authorities are guilty of criminal neglect in regard to this warning. Even after the extensive earth-slips in Haldummulla, that is, on the other side of the watershed where the waters drain into Walawe Ganga, the government has agreed to the stupid plans of the so-called American experts to build a dam across the Walawe Ganga in the lower reaches of that river without making any effort to prevent the soil erosion now taking place on a colossal scale and which will silt the Embilipitiya reservoir within a few years.

3) The Nilwala Ganga flood protection scheme was abandoned as useless immediately after its completion. This project is a living monument to the folly of attempting flood protection in the lower basin without a comprehensive scheme for water and soil conservation in the upper catchment area.

On this, Mr. Richards comments: "Sites for dams (for reservoirs) were located in the streams above Bopagoda...The serious



soil erosion which is still taking place in the catchment is a matter which should receive attention. The gradual choking of the river channels by sand and silt occasioned by this erosion will tend to increase the intensity of the floods."

A portion of the water from the upper catchment area of one of the main sources of the river was already diverted in the 19th century to irrigate the dry zone in the Walasmulla Tangalla-area. In the middle of the 20th century, in spite of the phenomenal advance of hydrotechnology, this government confesses inability to tackle a small problem. A large volume of monsoonal flood waters of this river can be stored in reservoirs and diverted to the dry zone. Dams can be built across all the three main tributaries; and suitable sites for dams have been located. Such a scheme will protect the lower basin from floods, provide gravitation water schemes for the coastal towns, supply cheap electricity for pumping schemes to drain the marshes along the coastal belt.

4) The Gin Ganga scheme was completed this year. This has increased the damage from major floods in the area which occur twice every three years. The scheme consisted of building bunds along the banks of the main river in the lower reaches in order to help the rapid discharge of flood water from the upper regions—the tea and rubber districts—into the sea. The scheme, however, has increased the flood menace in the lower basin, injuring paddy cultivation in the area. The tributaries of the main river that flow into it in the lower basin have extensive catchment areas in the hills in Udugama and Elpitiya districts. This large volume of water from these tributaries now inundate these low-lying plains, their easy passage to the sea being blocked.

If water conservation schemes were carried out in the upper regions of the Gin Ganga, namely the Hiniduma and Deniyaya hill ranges, and in the upper reaches of the tributaries—the Elpitiya and Udugama hills—then not only would floods be prevented effectively but water conservation for hydro-electricity, irrigation and domestic use to Galle and other coastal towns would have been possible. This would have caused an almost revolutionary change in the economy of the entire Galle district by providing cheap power for the existing plywood and other factories and for new industries that could be developed. Effective drainage of water-



logged areas and filaria-infested swamps would have been also possible.

The existing Hiyare reservoir in the upper catchment area of a small tributary now supplies water to Galle town and provides irrigation and protection from flood to paddy fields below the dam. This is a good example to show that similar schemes on a comprehensive scale could be built all over the country.

5) The flood protection and irrigation schemes along the Polatu Ganga in Weligama district have increased the flood danger in that area. This stream too has an extensive catchment area in the Udugama hills, now almost completely denuded of forests, and consequently the whole of the lower section of the river has become badly silted.

6) Among the many misdeeds of this government was the decision to abandon the flood protection schemes for Ambatalen Pahale along the Kelani Ganga. This government was not prepared to investigate possibilities of water conservation in the upper catchment areas of the main river and of its main tributaries, the Maskeli Oya, and the Sitawake Ganga. Here lay the field and the need for one of the grandest multipurpose schemes of the island.

Of all the misdeeds of the U.N.P. government, its total failure to prevent floods is to be most condemned. A government that cannot solve this simple problem has no right to continue.

This government has rejected the advice given by its experts. It has rejected the warnings of the experts and the appeals of the people. Surely it is not beyond the comprehension of even the dullest that the only way to prevent floods is to hold the flood waters in the upper catchment areas of the main rivers and tributaries; sites for dams have been located by experts. This policy has been rejected in favour of a policy of non-intervention with the immediate profits of the tea and rubber planters. What has been attempted have been extremely inadequate, costly, wasteful and unscientific schemes described above. This treachery is the direct result of the policy of subservience to the planters' empire.



The declared policy of the Government today is to abandon all plans of protection from major floods and to carry out only partial schemes of protection from minor floods. Regarding major flood schemes, Mr. Kahawita, the Irrigation Engineer, states the Government policy thus: "Floods are not entirely due to the denudation of forest cover of the higher elevation. This theory has been flogged to death half a century ago. Floods are due to a combination of other causes over which man has so far found no remedies or control." To preach to such "experts" the elements of flood protection is a thankless task; to them floods are not remediable. Has not Mr. Kahawita, one wonders, even heard of the American Tennessee Valley Scheme?

The report of the Ceylon delegation to the International Forestry Conference for Asia and Pacific gives the lie direct to Mr. Kahawita's pretences. It says: "It is one of the first principles of land-use that the upper catchment areas of rivers should be earmarked as closed forests. The vegetative mantle provided by a dense forest in catchment areas is the most efficient agent in retarding run-off. Deforestation of catchment area results in reduced percolation and flow in dry weather, and floods in wet weather. These areas should be regarded as strict reserves. Even outside the catchment area a specified percentage of total area should be under properly managed and well distributed forests for protection purposes."—(Sessional Paper 13 of 1949)

If Mr. Kahawita is really interested in defending the interests of the plantation owners he must think up arguments less unscientific than his present plea. Or, is he really ignorant?

Mr. Guthrie, former Irrigation Director in Ceylon has stated "Flood waters are a big national asset and it would be suicidal to plan for the passage of these waters harmlessly into the sea." Having failed in their attempts to prevent such passage, the U.N.P. Government have now decided to abandon the major flood protection schemes and allow this big national asset to find its way to the sea not harmlessly but after causing immense harm to the people and to the soil year after year.



## CHAPTER X

### Fundamentals of Scientific Agriculture

"THE object is to discover and practice an agriculture which protects and enriches the soil with a well-balanced animal and plant ecology"—*Bernal*.

Our problem in agriculture is its small scale production and low productivity. To correct it, one way is, as has already been pointed out, to increase the acreage under cultivation. The other way is to increase agricultural productivity. This means in the first place the removal of the basic causes of low productivity.

It is not true that our low productivity is due to the inherent weakness or primitive habits of the Ceylon farmer: nor is it due to a "state of ignorance" as a Mr. Hatch (of the Minneriya Demonstration Project) conveniently remembers. Nor is it due to factors beyond our control—lack of water, floods, and drought are surely within our easy control. The Minister of Agriculture recently made the offensive and libellous remark that "the Sinhalese are a lazy people". Even this does not explain the low productivity. All these are clever phrases meant to deceive. There is no doubt that these points are important; but they are subsidiary. We must assert categorically that these are not the basic causes of low productivity.

To understand the question, we need to study something of the fundamentals of agricultural production. Great development has been recorded in the work of scientific agriculture in the socialist economy of the Soviet Union. We must study this development and its laws. It is no use talking of scientific agriculture if we do not know what it is. Therefore, even politicians would need to have some knowledge of the fundamentals of this subject. It is only possible to state here a few of the more important points while emphasising the need for a more detailed study.

The crops we cultivate are marked by one awkward characteristic; only one quarter of the material of which they are composed occurs in a form suitable as human food. The rest is in the form of residues such as straw, chaff, roots etc. No agriculture can be efficient which does not profitably use these residues. An impor-



tant question in agriculture is; how can we economically utilise all the energy contained in these organic plant residues. The only way is to use the agency of animals. Animals alone can effectively convert plant residues into other forms of organic matter. Livestock farming, therefore, becomes an indissoluble element of agricultural economy.

It follows from this that fodder cultivation is also an essential aspect of scientific agriculture. Animal husbandry must have a green-fodder base, as only fresh or dried grass will provide a sufficiency of vitamins so necessary for animal growth.

Animals, in turn convert only a quarter of the energy they consume as food into products we can use, namely, meat, milk, hides, wool etc. The rest goes into waste materials—mainly excreta. The excreta contain all the mineral plant nutrients taken in by the animal in its food, and need to be decomposed and reconverted into forms assimilable by plants. It is in the soil that the decomposition takes place.

In addition to (1) plant husbandry, (2) livestock farming, and (3) a green-fodder base, a fourth base is most important for productive agriculture. That base is a fertile soil. A high productivity depends essentially on the maintenance of a correct balance between these four fundamental bases.

In our country's agriculture most of these bases are lacking. This fact explains the prevailing low productivity.

## CHAPTER XI

### Soil—its cultivation and fertility

“There is no such thing as bad soil; only bad agriculture”

Four factors are essential to all plant life. They are: light, heat, plant, food and water. Of these, light and heat are normally beyond man's control. Only food and water are within man's control. It is on the correct supply of these two factors that productive cultivation depends. Water and food enter the plant



only through its roots, which occur in the soil. Soil is thus an important intermediary.

All human and animal residues and all organic unused residues of plant husbandry have to be decomposed in such a manner that the plant food in them is returned and made available to plants. Plants get their nutriment from inorganic compounds only. All human, animal and plant residues are organic, and it is by decomposition that they become inorganic compounds. The purpose of soil cultivation is to accomplish this decomposition.

Whether such decomposition takes place effectively depends upon the state of the soil, upon its fertility. Soil fertility is the capacity of the soil to satisfy the demands of a crop for water and plant food. Plants have definite requirements of these two factors that must be satisfied throughout their lives. The soil must be able to provide plants completely, continuously and simultaneously with the maximum quantities of water and food. Where this happens, the soil is fertile. Science's part in agriculture is to teach farmers how to transform all our land into a condition of high fertility.

Not all soils are fertile in themselves. But all soils can be made fertile by proper soil management. Agricultural soil can be in one of two conditions of 'structure' either disaggregated (structureless) or aggregated (structural). The structureless soil is a mass in which all component particles form a compact mass throughout the depth of the cultivated horizon. Dust on the road is an example. The structural soil is the condition in which all the particles are bound together in separate crumbs or aggregates throughout the entire depth of the arable horizon. This soil is said to have a crumb structure.

In regard to the supply of water and food, these two soils behave differently.

**Water**—If a soil is to satisfy the full demands of plants for water, all the atmospheric precipitation must percolate into the soil and be held in a form available to plants. The soil will then act as a vast and stable reservoir capable of supplying all the demands of plant.



A structureless soil is incapable of retaining all the water that falls on it. Only about 30% of the water penetrates the soil and 70% run off the surface. Moreover as soon as the rain has stopped evaporation takes place from the soil surface and even the water which had earlier moved into the subsoil quickly rises and evaporates. Consequently, a supply of water to plants in the structureless soil can be obtained only if the rainfall is frequent. Where rain is infrequent or falls at the wrong time, the plants wither for want of water and yields are subject to extreme variability—high yields in one year and none at all in the next.

In a structural soil the position is different. With rain the crumbs first become saturated with water. The excess water thereafter percolates downwards and forms a continuous layer of water at the bottom of the cultivated horizon. Run off is reduced to a minimum. When rain has stopped evaporation takes place from the soil crumb surface but the water which had earlier moved down to the bottom does not rise upwards and evaporate. On the contrary, the uppermost layer of crumbs acts as an insulating layer and stops evaporation of the water below. Usually about 80% of the water is stored up below, and all this quantity is situated entirely within the range of the plant roots. Crop yields on structural soil tend therefore to be very uniform.

**Plant food**—All nutrient materials in the soil occur in the form of organic matter, whereas plants can only make use of oxidised inorganic compounds. Decomposition into inorganic compounds proceeds in the soil through the activity of bacteria. Bacteria can be broadly grouped into aerobic bacteria which can live only in the presence of atmospheric oxygen, and anaerobic bacteria which can live and decompose organic matter in the absence of free oxygen. Aerobic decomposition supplies plant food, but anaerobic decomposition hinders plant nutrition.

In a structureless soil, when there is water, all the oxygen is driven out and consequently anaerobic decomposition takes place, resulting in a deficiency of plant food. But when the soil has dried out, air enters the soil and consequently intense aerobic decomposition takes place. In the absence of water, however, plants cannot use the plant food. This is the contradiction in the condition of a structureless soil. When there is water there is no food, and when



there is food there is no water, and therefore no assimilation by plants.

In a structural soil however air and water are not antagonistic factors. The crumb structure is ideal for the simultaneous presence of both air and water. Aerobic decomposition takes place continuously. A plant in this soil is assured of ample supply of food and water in every crumb. Yields are uniformly high.

It is clear then that a crumb structure is uniquely favourable for agricultural purposes, and the maintenance of such a structure is vitally important from the practical standpoint of productivity.

The main reason for cultivating a soil is to produce a crumb structure in the arable horizon, but in such a way that the smallest possible quantity of dispersal of soil particles is created. Unfortunately, in the process of plant nutrition, the destruction of the structure and stability of the soil is unavoidable. In order to restore the continuously deteriorating structural stability we have to apply systematic measures of soil amelioration.

Now, the stability of the soil crumb, or the capacity to withstand the disintegrating action of water, requires the presence of a cementing agent, insoluble in water, binding the constituent particles together. The ideal cement is humus, which is the guarantor of soil stability.

Humus is formed by the decomposition of soil organic matter. There are only two ways of producing active humus. One is by the use of farmyard and green manure. The other is by the use of the methods of crop rotation. The usual practice is to confine crop rotation to arable land, by alternating the annual field crops with perennial grasses - in other words, by including a grass ley in the arable rotation for the purpose of accumulating organic matter in the soil. But in agriculture it will be wrong to confine our attention to cultivated land only. The areas set apart as meadows and pastures are also important, they must be periodically ploughed and planted with food crops, as such planting increases the fertility of the grass lands. Moreover, under a coordinated system of cultivation, carried on in a planned way, during the seasons when part



of the cultivated land is under grass, the meadows can be cultivated with food crops, thereby, there will be no reduction in the grain output. Incidentally, the cultivation of perennial grasses eases the problem of fodder which is so necessary for successful animal husbandry.

High productivity, thus, depends on soil fertility, that is, on the maintenance of a stable, crumb structure, which in turn depends on the continuous creation of active humus in the soil. All other aids to cultivation - like use of fertilisers, type of ploughing etc - should be used, scientifically, to aid this process of increasing soil fertility. The details are a subject for specialists in agronomy to work out in practice.

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## CHAPTER XII

### The problem of productivity in agriculture

If we bear in mind these few fundamental points about scientific agriculture, it becomes easy to understand the causes of low yields in Ceylon. We must remember that whether it is in the modernised settlements under the colonisation schemes in Polonnaruwa etc. or in the paddy tracts of the wet zone, we have the depressing phenomenon of a very low mean average yields, with frequent crop failures due to floods and drought, and a moderate high yield as a rare exception.

Briefly, there are three groups of causes. **Firstly**, the soil is exhausted and infertile. In most cases, the soil is structureless, and its cultivation is so unscientific that it does not restore its structure. Such an infertile soil cannot possess adequate plant food or retain adequate amount of water to feed the plants throughout their whole life. Cultivation of an infertile soil depends on the continuous supply of unlimited water. It will be pointless to blame the farmer for waste of water; where the soil cannot retain water, the skill of the farmer is of no avail. Absence of livestock, removal of straw from the fields for sale in the towns, setting fire to the stubble for easy cultivation, absence of green manure due to the drying up of all vegetation in the dry zone - all these factors



contribute to the loss of fertility. The use of fertilisers in such a context is of very small value; for, it must be remembered, any mineral fertiliser will exert its full effect only when the plant receives a steady and adequate supply of water - that is, in a structural soil. The less there is in the land, the more it has to be cultivated, and the worse its condition gets and the more infertile it becomes.

This state of affairs is rather usual in capitalist agriculture. In capitalist countries, plant husbandry is highly developed to the exclusion of everything else and soil cultivation is neglected. The exploitation of the soil for maximum profits in the shortest possible time has the inevitable consequence of soil exhaustion and permanent damage. The plantations in Ceylon are witness to this damage. In the U. S. A., for example, 50% of the arable land has gone out of production, due to this process of exploitation. Erosion by wind and rain has created dry, desert areas in many parts of that country.

It is most significant that the present government, the present rulers and their many advisers have made no serious study of this most urgent question of low productivity. Occasionally a few, scattered and isolated defects in our agricultural system are picked out here and there and made to appear as if their correction is of crucial importance. Now and then a few odd suggestions are made; we have been advised to adopt transplanting, weeding, use of fertilisers etc. For instance, here are the observations of the Director of Agriculture in his administration report for 1953; it shows the type of sterile mind that advises us on agriculture.

He says: "To increase the yield, the present-day agricultural methods of the cultivator should be radically changed. The cultivator must be weaned from his age-old habits by theory as well as by demonstration . . . Introduction and practice of the necessary scientific methods of cultivation must be pursued on a war-footing; labour must be conscripted". Here we have the use of the hackneyed phrase to cover inertia and to shift responsibility. Not much more helpful though more expensive is the diagnosis of the World Bank Mission. In its main paragraph on the subject, it says in its report: "No observer can fail to be impressed by the



low average yields compared with those of other rice-growing areas of Asia. Much of the blame must be placed on poor cultivation practices, failure to transplant, inadequate or improper fertilisation, and a prodigal use of water which is often wasteful and sometimes harmful". (P. 16)

Cannot these expert gentlemen be a little more precise? Can they answer the following questions pointedly? What is the basic cause or causes of low productivity? If it is lack of soil fertility, is it a general feature of our agriculture? What are the practical measures, in the order of their importance, that are necessary to make our various soils fertile? Which of these measures can our peasants, with their own resources, undertake, and which of them must the state undertake? Regarding these "poor cultivation practices", what precisely are they and with what correct practices can they, under the existing circumstances, be replaced? If they could have answered these questions and if the government had acted on their advice, some measure of constructive achievement would have been possible. What sort of "experts" are these who do not even ask the right questions?

The fact is that these official suggestions will not in themselves help much; they are like cures for symptoms of a disease. What is necessary is that immediate steps should be taken over the entire cultivated area to increase fertility. **The disease itself, the physical context from which the present primitive methods originate, must be cured and changed.** The main factors governing such planned improvement in fertility have been outlined in the last chapter.

**Secondly**, there is complete neglect of livestock farming. We have seen that no soil can be fertile and no agriculture productive which does not include livestock farming as one of its essential bases.

A main impediment to livestock rearing in Ceylon is the inadequacy, and in most areas the absence, of pastures and meadows. In the uplands and in the plantation areas, the British and other planters have callously encroached on all pasture lands of the peasantry. Oppressive laws were enacted and are in force



today to discourage livestock rearing. Cattle can be destroyed if they trespass on the estates and penalties are imposed on peasants. The government has not imposed either on itself or on the planters the duty to set apart adequate pastures. In the villages in most parts of the wet zone, the peasants have converted the available pasture lands into arable land by "asweddumising", to raise food crops for bare survival. They have been forced into doing this by the sheer pressure on the land available for cultivation. The dry zone is of course free of pastures due to lack of irrigation. The position has deteriorated to such a degree that the consumption of milk in Ceylon is among the very lowest in the world. Ceylon has one of the highest incidence of malnutrition for any civilised country. The high incidence of diseases of the liver among children and adults in Ceylon is due to the lack of milk and other protein-rich food in the diet. The cost of production of a gallon of milk in Ceylon is Rs. 3.20, whereas in Britain it is Rs. 1.45, in Australia Rs. 1.30, and in Denmark Rs. 1.28. In contrast, the wage of an unskilled worker in any of these countries is at least four times that in Ceylon.

The process of robbing the peasants of a country is now being repeated on a large scale by the same British imperialists in Africa. In Kenya, Uganda, and other parts of eastern Africa, the ancestral pasture lands of various African peoples have been forcibly taken away from them. The best lands and the entire forest regions are reserved for white settlers. Natives of those countries are prevented from cultivating tea, coffee and other commercial crops. What is described as Mau Mau is a desperate struggle of a people threatened with extinction. We can now appreciate the character of these many battles.

**Thirdly**, the lack of a water policy—a plan for irrigation, for drainage, and for flood-protection. Water economy is favourably determined not only by conditions of the soil but also by the presence of forests which influence the moistness of the local climate by preventing a rapid run-off of water. 75% of the rain in the forests reaches the soil and is wholly and immediately absorbed by the dead litter in the forest floor, whence it slowly trickles down the slope maintaining a constant degree of



moisture in the soil of the slopes and valleys. The growing of forests are therefore of great importance for the maintenance of a proper water economy. For instance, large scale mechanical planting of forests has become a very prevalent feature of agriculture in Russia and New China.

To conclude: Any increase in productivity depends on a comprehensive, scientific policy of soil fertilisation and conservation. The causes inducing soil infertility are, of course, well enough known to the government and to its expert advisers whether hired from abroad or found locally. Why, then, do they not undertake the removal of these causes? The answer is that the necessary measures will involve (1) an interference with the rights and incomes of planters (re-forestation, multi-purpose schemes, provision of pastures, and adoption of soil conservation measures in planted lands). (2) a large capital expense, the returns from which will not accrue directly to the U. N. P. capitalists, the benefits being dispersed among the entire mass of peasants, and (3) the taking of a path of economic development different from the one now adopted by the U. N. P, a national as different from a colonial plantation economy. No step therefore will or can be taken towards increased productivity as long as the planters rule this country.

It is not true that agricultural development is being held up for lack of money. Indeed, the government boasts that several hundreds of millions of rupees have been spent over the last few years in this field. Unlimited sums of money were available and have been spent during the last 20 years; every year more than the previous year, on agriculture and food production. It may be asked how could a government that has spent so lavishly be accused of neglect? The charge is not that this government has not spent money. It is fully entitled to all the credit for the very generous manner in which it has freely spent, wasted and squandered public funds. The charge is the different one that the purposes for which the sums have been spent have little to do with the improvement of our agriculture.



Let us take the period from 1931 to date, the period when the U. N. P. and its class have been, with varying degrees of responsibility, ruling this country. Can we say that our yields have increased in any field of our agriculture? Can we say that the total quantity of our agricultural production has increased? We remain today practically where we were in 1931. The government knows it. It dare not assess or publish the comparative figures of paddy yields or paddy acreages. The little that has been accomplished could have been done at a very much smaller expense. So the boast that much has been spent is self-condemnation. The spending has been a criminal waste, the latest example of which is the Galoya scheme—a scheme stupidly conceived, wrongly planned and most extravagantly constructed, which must be now admitted as a stupendous failure. Such is the way of parasites, they do not care.

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## CHAPTER XIII

### The Gal Oya Project Failure \*

The Gal Oya project is perhaps the biggest fraud against this country. It was claimed to be a multi-purpose scheme. That claim has turned out to be false. To vested plantation interests it has served as a clever diversion from initiating multi-purpose projects by harnessing the rivers flowing through their estates. To the American contractors it was a unique opportunity to collect the maximum profit. The American expert who planned it could not have heard of the Tennessee Valley project in his own country.

The services of an American firm (Morrison Knudson International Ltd.) were obtained on the ground that they had experience of their own Tennessee Valley (TV) scheme. If they had any such knowledge, they must have forgotten all of it when

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\* This subject was discussed by the present writer in his pamphlet "Gal Oya project and the crisis of agriculture".



they arrived in Ceylon, The Galoya project shows complete ignorance of any scientific principles. It is ill-conceived, wasteful and gravely prejudicial to the needs of the people of the basin.

The main purpose of the scheme was the storage of water for the irrigation of the maximum amount of land. To accomplish this, one would expect that, first, several small dams would be built in the upper reaches of the main river and its tributaries so that the lands in these areas could be irrigated, providing at the same time more electric power, and, second, several more small dams would be built in the lower basin which would receive water from the reservoirs above and that these dams would in turn provide water for irrigating the lower basin, generating cheap electricity at the same time. Such a scheme could have been constructed with smaller construction machinery. It would have irrigated land at all levels, bringing under cultivation more than 200,000 acres.

Instead, the American advisers planned at Galoya a single dam and a single reservoir, built at a cost of over 100 million rupees. This dam was built at Inginiyagala, more than halfway down the river, at a point which leaves 380 square miles above the dam and 320 square miles below. The results have been disastrous in the extreme. First, all the land above the dam is unirrigated. Second, the scheme as completed irrigates only 60,000 acres for two crops. Already before the present Scheme, in the same area, 4 tanks and 14 anicuts irrigated 33,000 acres. This means that the net increase in the irrigated area after the completion of this most expensive scheme, is only 27,000 acres. Third, in the words of the ubiquitous Mr. Kahawita, "this scheme would impound the entire flow from a drainage area of 380 square miles (i. e. 234,000 acres) to irrigate 60,000 acres with crops". The danger is that any extensive cultivation in this vast area above will promote erosion and the silting of the reservoir below. (At present, only 6% of the catchment area of 234,000 acres is cultivated. So it is necessary to keep this vast area uncultivated in order to irrigate a mere 60,000 acres from the reservoir. Fourth, Dr. Gorrie, the soil erosion expert, warned about this danger, of erosion and silting. The present writer



drew the attention of the people and the Government to just this danger, in his pamphlet "Galoya and the crisis in agriculture". Mr. Kahawita stated in reply thus: "With such a large extent of the watershed under vegetation, the sceptics who foresee doom shall be converted". The doom has come much sooner than the present writer had feared. The Galoya Board in its latest report admits the need for measures to prevent silting as a vital problem. The Board proposes to restrict the cultivation of even the 6 % of the land now cultivated in the catchment area. The cultivators in Medagama Wasama, Nikeweti Korale, Nilgala Wasama, and Dambagalla Korale are now prohibited from continuing their traditional chena cultivation, which they are compelled by circumstances to resort to because of lack of irrigation water. About 5000 inhabitants in the villages of this region are now threatened with eviction and persecution.

All this effort was to irrigate a mere 60,000 acres for two crops. For efficient completion of this work, the grateful U. N. P. government paid a bonus to these American contractors.

It is to be hoped that, when a peoples' government comes into power, a public inquiry will be conducted on the following charges. The country must know who were responsible for this planned, large-scale fraud called the Galoya project. The investigation must examine:

1. Why there was disregard of the elementary and fundamental consideration of the maximum welfare of the entire river basin-namely, 380 square miles above, and 320 square miles below the dam.

2. Why the harnessing of all rivers connected with the watershed of the Galoya Valley namely, Kumbukkan Oya, Kirindi Ganga, Badulu Oya, Maduru Oya, Andella Oya, and Heda Oya, was not considered. Such a scheme would have meant the development of the region extending from Badulla Highlands to the south-eastern sea coast, covering a very fertile area studded with hills and in extent over 2 million acres and lying between the Mahaweli Ganga plain and the basins of the Walawe Ganga and Kirindi Ganga.



3. Who was responsible for wasting public funds to construct four chambers for four turbines and an enormous steel surge chamber, when the volume of water in the reservoir was sufficient for operating only one turbine.

4. Whether the purpose of the Inginiyagala dam could not have been better served by building several small dams and whether such a scheme would not have been far more economical and built without so much imported machinery and specialists from abroad.

5. Why the American 'experts' were not directed to follow their own Tennessee Valley project, and build several dams across the main river and the tributaries, beginning in the upper areas, thereby using the large volume of water to irrigate the upper and middle catchment areas before the same water is utilised in the coastal plains of Pattipola area, that is, the present Galoya scheme area.

6. Whether a bigger output of hydro-electricity was not possible at a much lower cost along the river valley by making the same water pass through several turbines at different levels.

7. Why flood protection and drainage of the lower basin were not considered as integral parts of the scheme, although it was originally advertised as a multi-purpose scheme providing flood protection as well. For such a purpose detention reservoirs should have been built in the upper catchment areas of the many tributaries that flow into the river below the Inginiyagala dam.

These tributaries and the main river should have been deepened in order to provide adequate discharge channels for flood water, and in order to provide for water transport. In addition such measures would have made drainage of lagoons and marshy lands feasible. Such a scheme would have prevented the recent disastrous floods in this area. On the contrary these American experts have encouraged the silting of the main river below the dam, thereby aggravating the flood menace and causing unprecedented damage to rice crops and dwelling houses.



8. Whether it was due to inefficiency or corruption that a decision was taken to divert water from the Gal-Oya catchment area to the Andella Oya and Navakiri Aru basins, when the water in the reservoir was not sufficient to operate the four turbines and irrigate the Gal-Oya basin for two crops. Whether the contract for Rs. 30 million to the same American company to cut this channel across the 60 foot Uhana Ridge in order to divert the water, was a deliberate plan for profiteering at the expense of our people,

The Andella Oya and Navakiri Aru basins could have been irrigated by constructing detention reservoirs in the upper catchment areas of these two rivers at a cost of about 2 million rupees. This would have in addition provided flood protection to the Kalmunai area.

9. The necessity to suspend forthwith the execution of the plans now under contemplation to build reservoirs in the lower basins of the Heda Oya, Pallang Oya and Namal Oya. These schemes are basically unsound and will create additional hardships for the people living in the upper catchment areas of these rivers.

10. Whether adequate investigations were made regarding Mr Kennedy's scheme to irrigate 50 thousand acres in this same Pat-tipola aar region at a cost of about 6 million rupees. This scheme was abandoned in favour of the American project which provided only an extra 25 thousand acres for the extra cost of Rs. 294 million. This involved the additional problem of prohibiting cultivation in the upper catchment areas.

11. The advisability of scrapping the Gal-Oya Development Board in view of the fact that the Board has taken under its authority 300 square miles of Wellassa. This Board is planning to forcibly depopulate this region by persecuting the villagers in a way that amounts to savagery. It has been clearly established that the activities of this Board have been carried out with complete disregard for the welfare of the people of Kalmunai and Akkaraipattu areas. The policy of the Board has resulted in an alarming decrease in the number of head of cattle thereby creating a grave situation for the peasants of these poverty stricken areas.

The Gal-Oya project is a typical example of the extravagance and waste of public funds incurred by the UNP Government in the



many economic projects it has so far undertaken. Such waste is perhaps unknown in the history of modern irrigation. Such a gross deception of the people by a foreign company in order to extract maximum profits for themselves had never before been attempted in our country.

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## CHAPTER XIV

### More economic questions

Some comment is necessary on a few other economic problems.

**Dry Farming and dry zone cultivation**—The most economic and efficient way of cultivation in a dry zone in a tropical country such as ours is to use methods of irrigation. The reason for this is clear. The difficulty in a dry-zone soil is its poor fertility. Because of the poor water retaining capacity of the soil and because all the streams and tanks dry up soon after the rains, neither grasses nor other plants grow there for the greater part of the year. Evaporation of moisture is rapid. To restore fertility we need continuous supply of water. Plants and grasses will then grow and provide the vegetative cover which will retard evaporation and help the soil retain the moisture. Moreover, they help in the formation of new masses of organic matter which will by itself improve fertility. The more continuous the supply of water in the dry zone the more fertile and moisture-retaining the soil becomes, and the greater the fertility of the soil the less water it requires.

This being the case, it is absurd to resort to what is known as dry farming, which must fail. There is perhaps some justification for it in the temperate lands without adequate rain, as evaporation is much less rapid there. It has no place in Ceylon. If it is just another name for the rain-fed chena of our own farmers, why call it an experiment and spend money on it, when our aim should be to discourage it? To extend dry farming will be to add soil erosion by winds to our present erosion by rain-floods.

Is it not easier, cheaper, much more productive, and much less damaging to the soil to provide irrigation, because that is the only way to restore soil-fertility?



**Mechanisation**—While the principle of mechanisation is sound it must be undertaken only after careful planning. In the use of the tractor, for instance, care must be taken to use the right type of plough. Research in the Soviet Union has established that the ideal type of ploughing to increase fertility is shallow ploughing, because deep ploughing brings to the surface the deeper layers of the soil which contains the maximum amount of moisture, thereby causing rapid evaporation. Deep ploughing is used there only once in five years, and only to loosen the deep layers without turning them over. So, after all, our own wooden plough is the correct one for us.

Tractor farming might tend to accentuate the neglect of live-stock, and as livestock is essential for successful farming in many ways, special efforts must be made to encourage the rearing of cattle. Moreover, trained cadres have to be made available to work and repair the tractors. In June, 1954, it was reported that new machines worth Rs. 35 million had been damaged beyond repair because of inexperienced handling. Tractor farming if scientifically introduced with proper planning will not tend to decrease live-stock as it has done in Ceylon. On the other hand tractor cultivation will be utilised to plough for fodder cultivation, thereby not only help raising of live-stock but also increasing soil fertility. For such scientific tractor farming proper machinery as well as large-scale irrigation are essential. But this Government has already confessed that they have reached the limits of farming by irrigation.

**Cottage Industries**—Though cottage industries can flourish and yield profit only in an expanding economy, yet in conditions of extreme unemployment they perform a useful function. Adequate encouragement by the state would need to be given. The coconut fibre industry is our most important cottage industry. Along the seaboard from Chilaw to Tangalle, the most populous areas of the country, numerous families of fishermen and other sections of the working class depend on the meagre earnings from the coconut husk curing, fibre making and yarn industry. Government assistance to this sweated industry is non-existent. Unless this assistance is given, unless the monopoly of foreign firms who trade in coir-yarn is broken and new markets opened (in the socialist countries, for instance) another cottage industry will go to ruin. The position is much worse in the pottery industry. Provision of land free by



Government to obtain the necessary raw material-clay, is essential immediately, if the pottery industry is to survive feudal oppression. Together these two industriss today give income to well over a lakh of workers.

**The Fishing Industry**—We are an island surrounded by the sea. Our fishermen are excellent sailors. The government which talks of grandiose schemes, is unable to develop this industry, and today we import millions of rupees worth of tinned and dry fish and fish manure. What we need are things small enough. We need a string of small harbours round the island, modern workshops to build fishing boats, training in modern techniques for our fishermen, refrigeration plants and marine engineering workshops. Instead the government is buying trawlers which are expensive, inadequate and employ only a few. How indeed can we have a flourishing fishing industry if we have only three or four equipped harbours and a couple of trawlers? A fish canning industry can be successfully built up in Ceylon.

Even where millions of rupees can be saved and thousands can be found employment at such little expense to the state, this government is not prepared to plan and assist, and so yet another source of productive income is left to decay. Such an island-wide scheme will also form the sound base for coastal traffic and the growth of a good sea-faring population, from whom our future naval cadres could be recruited.

### **Problems of the Peasantry—**

Ceylon is a country of primitive agriculture with no industrial development. This feature is responsible for the absence of a powerful industrial working classes. Out of the 8 million population  $5\frac{3}{4}$  million, i. e., 72% live in the rural sector. 15.3% live in the urban sector and 12.8% in the estate sector.

In Ceylon Capitalist relationship has developed with agriculture. This is applicable not only with regard to employment of agricultural labour but equally applicable to tenant farming. In various forms and by various methods capitalism subordinates to itself various forms of land tenure, just as in the Southern States of America.

The Nindagam system pertaining to the Kandyan temple lands is no doubt a survival of the feudal economic system. But it



forms such an insignificant fraction of this economy and the Rajakariya that has to be performed by the cultivators is of such an impersonal nature that while we condemn this feudal survival more because it debases the national art and music than the peasants are compelled to perform rather than because it is an impediment to economic development.

In most of the cultivated areas both large and small holdings are now entirely controlled on the basis of a money economy. Paddy lands purchased by traders and money-lenders are often given out to the former owner cultivators on the *andhe* system or on lease. Various forms of hired labour are employed in increasing proportion either by the tenant or the landowner.

With the development of co-operative Agricultural Produce Societies and Internal Purchase schemes by the government, feudal survivals are becoming less remunerative to the landowners than the system of capitalist exploitation of labour. Although generally speaking capitalist farming is a superior form of economy to feudal methods, this development in Ceylon with government intervention has the tendency not for increased yields or scientific methods but mostly a tendency for more intensive soil exploitation and exploitation of agricultural labour.

In the wet zone, especially in regard to tea, rubber and coconut plantations the Ceylonese capitalists who are gradually replacing the foreign owners, have introduced feudal relations in the most vicious form into plantation economy.

In the coconut plantation districts the villagers have no land for pasture for their cattle. Also there is considerable pressure on land for cultivation. The coconut plantation owners allow their plantations as pasture land for the cattle of the landless poverty stricken peasantry. But the peasants have to perform free labour on the plantations. Also the cattle manure becomes the property of the estate owners and the peasant is deprived of this valuable asset for growing rice or other crops.

Ceylonese tea, rubber and coconut plantation owners generally buy up village paddy lands. These paddy lands are distributed in uneconomic plots, to landless villagers on the understanding that they work for wages on the plantations. The cultivation of a paddy



plot provides the workers family with a supplementary income to his deplorably inadequate wages. The over population and the consequent under-employment among the rural population is so great that there is a great demand for the right to cultivate paddy lands under the most unfavourable conditions. This has led not only to a reduction of the cultivator's share but also to compelling the workers to work for wages much below the minimum wage.

The official policy of the Government too in the matter of village expansion, is, to give uneconomic plots to cultivators in order to create conditions favourable to the plantation owners to employ these people in these plantations under semi-feudal conditions. In areas where the problem of cheap labour for plantation does not exist, the government policy is to gradually change to one of encouraging capitalist farming.

The alienation of large tracts in Gal Oya to foreign capitalists and the proposals now under consideration to remove any discrimination against foreign vested interests from acquiring land for large-scale agricultural enterprises indicate decisive trends to develop capitalist farming. In the developed areas too capitalist farming is gradually replacing tenant farming.

In the the Hambantota district where the decision has been taken to implement the Paddy Lands Act, the absentee landowners, who generally belong to the comprador capitalist class are planning to circumvent any security or advantage that might accrue to the cultivator as a result of the operation of this Act.

In view of the over-population and the availability of seasonal labour in the adjoining districts and the introduction of tractor ploughing and tractor thrashing of paddy the tenant cultivator will have no bargaining capacity whatsoever. Besides the paddy land act does not envisage even the remote possibility of the need for legislation on behalf of the economic security of the agricultural labourer. When it becomes more profitable for the land owner to change over to employment of wage-labour instead of giving land on *andhe* share cultivation, he will readily resort to that form of cultivation. Already this tendency is developing with the favourable prices for local paddy and absence of any protective legislation whatever for the agricultural labourer.



The official report of the Economic Survey of Rural Ceylon 1950-1951 gives the following figures on agricultural occupation: 45% are occupied as agricultural labourers, 18% as tenant cultivators, 35% as owner-cultivators and 2% as landlords. 26% of the agricultural families are landless and 44% own less than one acre. The figures for all families including non-agricultural families are 37.7% landless and 54.5% own less than one acre. Under such economic conditions the Paddy Lands Act cannot provide any substantial security to the tenant farmer.

In the wet zone, all the major problems of rural poverty remain unsolved. All the existing rural development organisations and agencies both local and foreign put together do not even touch the fringe of this problem. The frequent damage to rice and vegetable crops from drought and floods is steadily increasing

Fragmentation of land continues unchecked. Excessive deforestation has caused scarcity of green manure and farmyard manure and in addition has caused serious damage to rice fields. The low yield in tea, rubber, cinnamon, citronella and other commercial crops in the wet zone due to soil erosion has resulted in depressing of wage rates for all village labour.

In the wet zone central hilly districts and the hilly river valleys in the plains, the problems of rural development have become almost impossible to be tackled by patch work remedies because of over-population. Every available hill slope is cultivated with commercial crops which are rapidly deteriorating. The problem of surface erosion, by rain water and floods is a very grave problem even in the home-garden plots of the peasants.

The gravity of this problem can be realized from the fact that the coastal plain extending from Chilaw to Kalutara had navigable canals which were in use a few decades ago for water transport and provided drainage for marshy land. With the silting of the rivers and streams the canals have become choked, the water level in the river beds have risen, and with the formation of tidal sand ridges along the coast the overflow water is prevented from reaching the sea. These areas have become most unfertile and unhealthy



swamps with decaying vegetable matter, befouling the already polluted atmosphere.

Because of increase in salinity and flood damage, large valuable tracts like the Muthurajawela has gone out of cultivation.

It is our sincere duty to give our full support to all efforts at amelioration of the rural and working population by working through Rural Development Societies, Mahila Samithies, Co-operative organisations, and local government institutions. But it is necessary for us to convince the working people that such activities are incapable of touching even the fringe of the problem.

In our approach to the problem of workers and peasants we must realize the fact that except for the Indian workers settled in Ceylon a large majority of the urban workers have close connections with the village economy. Even in the Colombo district which is the most industrialised area 59% of the population comes under the category of rural population. Also it has to be borne in mind that within urban areas, paddy fields, irrigation tanks and forests exist. On the other hand some of the typical villages have a bigger population and more congested slums than in urban areas.

## CHAPTER XV

### The problems of industrialisation

“The time has come for the department of Industries to turn away from the active study of factory-type industries and concentrate almost entirely on experimenting and discovering small-scale industries which can be recommended to the people of this country”  
*Kanthiah Vaithianathan, Minister of Industries.*

It has been possible for the U. N. P. to bluff and deceive the people regarding its agricultural policy. A policy of bankruptcy and unbelievable waste has been made to appear, by expert showmanship, as a fruitful achievement. In the field of industrial development, however, the truth is seen more nakedly, and no amount of bluff can deceive.



The new Minister of Industries sums up in 1954 the record of achievement for the last 20 years of our present rulers: "The development of industries came into being as a government activity about 20 years ago . . . It is sufficient to record that as many as twenty large-scale factories appear to have been completed and many of them subjected to planning by experts and administrative officers. There are however only three factories functioning at present, viz, plywood factory, cement factory, and leather factory, and four more in the process of construction, viz, ceramic factory, vegetable oil factory, paper factory, and D. D. T. Caustic soda factory". In the last budget speech, the same minister referred to the cottage industries thus: "It has to be admitted that when the cottage industries left the Ministry of industries, there was being produced neither real artistic goods nor goods of real commercial value. . ."

The confession of bankruptcy is made unrepentantly. And this is after the completion of the first 6 year plan, after the advice of dozens of foreign 'experts', after the technical and other help given us under the auspices of the Colombo Plan.

The past has been bankrupt. Let us now allow the new minister to state his new policy for the future.

He considers that the Indian example is not applicable to Ceylon, because India "has the inestimable advantage of two major heavy industries—coal and steel". He does not, of course, know that there is sufficient iron ore in Ceylon to meet our needs for several decades, and that instead of coal we can use the much cheaper hydroelectricity.

Moreover, he feels that we lack technical knowledge (he surely must have read that in the report of the World Bank Mission to Ceylon), and therefore, he thinks that "the production of raw materials—seed cotton and sugar cane—will be practically useless without an efficient technology capable of converting them into acceptable finished goods".

You would think that this gentleman has become minister with a view to stopping all our industries. You would be wrong. He has a proposal to secure this technical knowledge and capital.



He has stated: "Foreign capital would naturally concern itself almost exclusively with large-scale industries, factories and marketing—all fields in which it has been already demonstrated that Ceylon's technology and methods are quite inadequate.....I repeat that it is of unquestionable importance to encourage foreign enterprise to demonstrate the best use of our national resources. We cannot forget that Ceylon's present economic prosperity is almost entirely due to the adventurous spirit of the foreigners who pioneered the major industries which are today the backbone of our country".

What strange logic! Mr. Vaithinathan wants us to believe that we cannot acquire the necessary technical knowledge and method to develop large scale industry. How can he maintain this when we have not had the opportunity to gain such experience, except on the fascist theory of racial inferiority? He insists that we should not attempt to make the best use of our resources ourselves. He still wants the foreigners to develop them, although for the last hundred and fifty years they have wastefully exploited our natural wealth for their own gain and impoverished us. Worst of all he wants us to believe that these foreign imperialists are deserving of praise for their "enterprise" and "spirit of adventure", even though everybody recognises Ceylon is an underdeveloped country as a direct result of this "spirit of adventure".

If you suggest a sugar industry for Ceylon, the Minister has the answer. "A single large production unit may well cost in the region of Rs. 50 million. Whatever the urgencies of the situation Ceylon will find it difficult to release money on this scale, and this is therefore an eminently suitable field for private foreign investment in collaboration with Ceylon capital".

We have rubber and therefore you perhaps think that we should have a tyre industry. That would be a silly undertaking because, as this Minister says, "in the case of manufacture of rubber tyres, there are no more than a dozen companies in the world which are manufacturing tyres successfully, and it would be useless one going outside this ring for a successful tyre manufacturing industry in Ceylon".

The logical inference from these very learned premises pronounced by the Minister would be that we really cannot have any



modern industry in Ceylon because other companies in other countries produce these same industrial articles "successfully". The minister has indeed proceeded to reject the plans for pilot factories and projects which were announced and prepared over a period of the last two decades.

In these decisions, the Minister has had the benefit of the "expert" advice of the World Bank mission. It says: "considering the narrow limits of Ceylon's available capital resources, the time is not yet ripe for really large investment in individual industrial projects... This is the time to lay the foundations of later development by close and systematic scientific study of raw material possibilities, by promoting as wide a variety of small projects as possible and by facilitating the acquisition of technical skills, managerial experience and a habit of industrial enterprise". In simple language the mission directs us: You cannot and should not industrialise, but if it will please you by all means, learn the necessary habits and continue gaining experience.

Would it be correct to say that the Minister and his government are against industrial development in this country? If the government have a policy at all it is that no large-scale or basic industries can or should be started in Ceylon, except one or two where foreign investment is available. They appear however to be prepared not to discourage small industries. In fact, that is what the World Bank mission has advised them to do. The Mission states: "Our conclusion is that, for the present, Ceylon's main industrial growth should be centred on the development of numerous small or medium-sized industries, rather than a few large ones". Lest we find the suggestion vague, the report of this Mission goes on to specify:- "From its brief studies, the Mission has been able to suggest a substantial number of potential industries. Among them is the production of acetic acid, machine-made bottles, bottle caps, prepared animal feeds, fibre bags (other than coir), new types of furniture, meat by-products, rope-soled shoes, tannins, tooled leather goods, tobacco by-products, new vegetable oils, and various light manufactures in metal or wood including turned woodenware".

It is on this grand edifice of "diversified" industry that the U. N. P. and its imperialist pay-masters, plan to raise the prospe-



rous future of this country. Let us allow the industries Minister to picture for us this happy future. He observes: "One of the best features of properly organised small Industries is a sense of independence attended by self-respect and self-reliance, which this form of occupation creates in its votaries. The freedom-loving common man of Ceylon should take to this type of occupation readily... The conditions of large-scale factory industry are the very antithesis of freedom and self-respect, and may be left to the small minority of dwellers in large towns who may fall into line with the mechanical and lifeless routine which it involves" What fools these British and Americans have been, living without 'freedom' and 'self respect' because of their large scale factory industry

It is easy to follow the logic. The U.N.P. government has limited this country's entire achievement in the field of modern industry to the building of three small factories. Its plans for the future envisage the building of only three or four more factories, plus a number of small industries producing suitcases, slippers, shoes, glassware and galvanised buckets. This government states that Ceylon can do no more, and that therefore any additional development must depend on foreign enterprise and foreign investment. To justify this policy of national betrayal, Mr. Vaithianathan has thought up his new philosophy of the "sense of independence" of the "freedom-loving common man". This philosophy can deceive no one, least of all the common man who knows that his feeling of independence, cannot fill his empty stomach.

After so many years of power and after spending unlimited sums of public money, the U.N.P. and the small class it speaks for now say: What can we do. We lack capital and technical knowledge. We have few raw materials. That is why we have not been able to do anything. So, we think that we should get foreigners to invest in industry in Ceylon. We see no other way. These excuses are meant not merely to justify a bankruptcy of policy and action, but also to make a plausible case for the invitation to aliens to invest in this country. The alternatives offered to this country by this traitorous government are: **either** no industries at all **or** industries under alien auspices and control. There should be no mistake—the U.N.P. does not offer any other way. Is it in the interests of our country to accept these alternatives? Must we allow this confession of bankruptcy to govern our economic future? Or, is there



a way forward? We discuss these questions in the next chapter.

We must here try to remove a few misconceptions about the subject of industrialisation which appear plausible because of the deliberate use made of them by the U.N.P. to deceive the public.

It is well enough known that in an undeveloped country, factors like capital, technical knowledge, industrial raw materials will not be available freely and at the beginning. There is therefore no wisdom in the government or its experts pointing out these deficiencies. If we had these factors, no initiative or plan by government would be necessary. The industries would have started by themselves. It is precisely because we are backward that we lack these factors. And it is precisely because we lack these factors that we need government initiative and direction to draw out these factors and to create them by its own action, and thus help national industry, both by building state-industries and by helping private individuals to start industries on their own. **It must be stated unambiguously that industrial progress in an under-developed country is impossible, unless, on the basis of a planned utilisation of all available resources including labour, and by direct, massive and effective intervention, aid and investment, the government creates a framework on which an industrial structure can be raised.** The paralysing inertia, born of the restrictive conditions of a colonial economy, has to be initially broken by a force more powerful than can be produced by the efforts of private citizens.

Nor can the force be produced by starting small industries of the type that the U.N.P. and World Bank advisers envisage. In fact, in pre-industrial conditions, such as prevail in Ceylon today, small industries cannot grow. That is why all the industries that we started have ended as costly failures. **It is an error to claim that small industries are the beginnings of industrialisation.** Small industries are really a sort of by-product of an industrialised economy. They function and pay their way only in an economy which already has a stable modern industry. The present U.N.P. proposals, to build more small industries would end in great waste of public funds and social income, which would otherwise become available for the building of large-scale, basic industries. The government wastes resources in pursuing futile courses of action, which anyone with the smallest knowledge of economics knows, to be wrong, and when



it is suggested that we should build key industries the government replies that all its resources have been spent. It is necessary that the people should be warned in the most clear terms of the danger to them that comes from this spending on small industries. It is not surprising that private Ceylonese capital is not forthcoming to invest in such small enterprises which it knows for certain will fail.

If we want to build a national industry in our country, and to industrialise our economy, it is necessary first to build the suitable framework, and this can only be done by the State. The constituents of this framework are principally (1) cheap power, (2) state-owned basic or key industries, (3) a suitable financial organisation, and (4) adequate facilities for technical training of personnel. The experience of other backward countries which have now become industrial teaches us that these constituents are provided either together or not at all. In other words it is only when a basic economic plan, of which all these constituents are essential parts, is organised by a government that any economic progress becomes possible. The U. N. P. started a few odd factories here and there and called them an industrial "Plan". These factories failed. This was only to be expected, in an unplanned pre-industrial economy.

Thus we see that in an undeveloped country, the state's responsibility in the economic field is specially decisive. It alone can build the necessary physical framework for the development of industry. Once the framework has been built, all industries small and big, state-owned and private-owned, can flourish. Where a government discharges this responsibility, progress results and stability, economic and political, is created and maintained. Where it fails, as the U. N. P. Government has failed, there results not only economic chaos and unemployment but also political instability, and if the people do not stop this rake's progress, this state of affairs tends to produce first some sort of anti-democratic social order and next subjection to foreign imperialism. This has happened, for example, in Siam, which is today an American colony, with a fascist, military government.

What role does foreign aid play in our industrial development? Foreign capital aid can be an enormously important help to us.



Such aid today takes one of two types. In the case of the first type, a country may tell us: "If you want capital, machinery and other equipment to build your industries, we are prepared to let you have them. If you will first decide what industries you want to build, we will provide the machinery and build them and train your nationals to run them. You can arrange to repay us our loan over the next 20 or 30 years at 2 or 3% interest. The repayment can be in the form of such primary goods as you produce." No conditions of any sort are attached. No control or limitation on our sovereignty is imposed. It is aid, pure and simple. We are the sole beneficiaries.

In the case of the second type, a country may tell us: "We will give you aid, but you must build only such industries as, in our opinion, are of the right type. You must first allow our experts to advise you on the type of industries suitable to you. If you accept such advice, we will lend you aid" !The condition here attached is that the lending country must have the power to direct the lines along which our own industrial development must proceed. This condition, vicious in the extreme, is sufficient to condemn such 'aid'. But in this case, it is usual for further conditions to be attached. There may be a condition that we should buy from the lending country so much of wheat or whatever other article of which that country has an unsaleable surplus; or that we should sell to it all our rubber or a portion of it at a price it fixes; or that we should not trade in certain commodities with certain countries (no rubber to China); or that we should join it in a military pact or lease it our military bases. Such conditions may indeed be still more numerous. Such 'aid' is really not aid. It is normal imperialist business and its correct name is exploitation.

It is quite clear that the people of this country will not tolerate even for a day a government that accepted any of these conditions in their more naked form. The Kotelawala government cannot openly bind this country to any of these conditions. What it can do and what it has done is to accept the most restrictive but the least obvious condition, that we should submit ourselves to the expert advice of the lending country in the question of what industries we should build. This is, indeed, the most objectionable string as it seeks to direct the path of our economic development



under the guise of 'advice'. The danger is that the real character of this 'advice' is not easily seen and therefore our people can be and have been deceived into accepting it, not knowing that this 'advice' is the most injurious condition attached to foreign aid that we now receive. When Sir John Kotalawela speaks of foreign aid without strings, he regards, this 'advice' not as a string but as a further act of foreign generosity. An example is the 'expert advice' given to us recently by a body of Anglo-American capitalists who called themselves the World Bank Mission. In their report they have laid down the lines along which our economic development should be undertaken and the Cabinet has accepted it. It is most urgent that our country must be warned against further acceptance of such foreign aid.

Foreign aid of the first mentioned type is what the socialist countries of the Soviet Union and Eastern Europe now offer to backward countries. The Soviet spokesmen at the EOAFE conference last year in Kandy repeated this offer to the Asian countries assembled there. Foreign aid of the second type is what the U.S.A., Britain and a host of financial agencies of capitalist countries, like the World Bank offer. The difference between the two types is very great and important.

In response to India's request for Soviet Union's help to build a steel plant, an agreement has been recently signed between the two countries. Soviet Union will now build a gigantic steel factory in India to produce a million tons of steel at a cost of Rs. 100 crores. The cost will be repaid over a period of 15 years, at an interest rate of  $2\frac{1}{2}$  % (the World Bank rate is 5 %, and for our recent London loan we pay over 4 %). Payment can be in Indian money or in Indian goods. In the words of the *U. S. Business Week* (October 2nd, 1954) : "The deal Moscow offers is one of the most spectacular ever made in the history of capital export. Ownership and management (of the plant) is to be exclusively Indian. The Kremlin is not asking for stock nor for a percentage of production for export to Russia. All construction costs, except Indian labour and raw materials are to be borne by the Russians".

In fact, this Soviet offer is not spectacular. It is typical of the many forms of aid that that country is offering to needy countries.



To take one instance: The recent Sino-Soviet negotiations concluded last October provide for a new Soviet loan of 520 million roubles of long term credit, in building 15 new industrial establishments and in increasing deliveries of equipments for 141 industries begun earlier. The value of these additional deliveries is to exceed 400 million roubles. Interest is nominal, and payment is by the export of food and raw materials, the export of which is not prejudicial to the interests of China's national economy. The transfer to China of the four joint Sino-Soviet companies is another instance. In 1950 and 1951, by agreement between the two governments these four joint companies were established on a parity basis. The four companies are: one for mining non-ferrous and rare minerals in the Sinkiang province, the second for the extraction and processing of oil in the same province, the third for the building and repair of ships at Dalny, and the fourth for the operation of civil air lines. These companies were transferred in January 1955 to full Chinese ownership, and it is agreed that the Soviet Union's share will be repaid in the course of a number of years by export of surplus goods from China.

The meaning of such aid for the industrial development of backward countries is clear. The socialist countries are able to offer such help because the economic structure of socialism is such that the fear of competition from other countries is eliminated. In fact it is disadvantageous for a socialist economy to be encircled by countries with lower standards of living.

A few words must be said about foreign investments. Foreign aid of the type we have been just discussing is one thing, and investment in Ceylon by foreigners is quite another. In the first case it is a loan and in the second case it is an investment. When aliens invest in Ceylon, they do so for profit, for exploitation of our resources for their profit. When this happens it becomes a species of imperialist domination. Ceylon has paid very dearly for such domination during the last 150 years or more, [and now to invite foreigners from the U. S. A. or from other capitalist countries to invest in Ceylon is to voluntarily go back into the condition akin to serfdom we are in the process of escaping from. Such an invest



ment is most injurious, because it is a patent fact that under conditions of imperialist domination, no economic progress is possible and certainly no industrialisation. This is a historical fact.

It is a most deeply significant comment on the traitorous character of our rulers that **the only two** proposals suggested by the U. N. P. ; i.e. to get foreign aid from the U. S. A. and allied capitalist countries and to invite foreigners from these same countries to invest in Ceylon ; are both calculated to confine the economic future of this country to the colonial pattern. Under no other pattern can comprador capitalists survive. In fact, the U. N. P. knows and can know no other way.

To sum up the conclusions of this brief discussion on industrialisation :

First, our industrialisation is totally dependent on State initiative and direction. Second, it is the State's duty to provide the framework for the building of a national industry, which, irrespective of whether it is state-owned or based on private enterprise, cannot function in any other context. Third, the small industries have nothing to do with the building of a modern industry ; it is wrong to see in them the beginnings of modern industry. Fourth, foreign-aid is important to us **provided** that it is given to us without the lending country seeking to control or direct our economy. Fifth, investment by aliens in Ceylon industry is imperialist investment benefiting the foreigners **exclusively**. Such investment will retard, not promote, this country's industrial expansion, as is proved by the history of imperialist domination of the countries of Asia, Africa and Latin America, the cause of whose backwardness is their subjection to imperialism. Sixth, real foreign aid today comes only from socialist countries.

It is clear that the U. N. P.'s present policy runs counter to every one of these basic conclusions. That is why the U. N. P. has failed. That is why, with every passing year, it is dragging this country into greater misery and greater destitution.



## Additional Note

In a recent interview with a staff writer of the Ceylon Daily News, the Labour Minister Dr. Kaleel is reported to have sought the solution of unemployment in the opening up of [more land and particularly in the following four industries. (1) An oil refinery, (2) The shipping Corporation. (3) An industrialised fishing industry with drying and canning plant. (4) A rubber tyre manufactory.

The comments of an expert statistician on the proposals is quoted here from the **Ceylon Daily News** of 10-3 55.

1. "Pressure of population on the land is so great that it is estimated that almost 3,000,000 people are surplus in Rural Ceylon in relation to land resources available. This is the number who **can be removed** from the land without decreasing productivity and who **should** be removed if productivity is to be increased. The resuscitation of the old slogan "Back to the land" will only add to the rural under-employment, where figures at present are appalling enough.

2. "The growing pressure on the available land is forcing large numbers to migrate to the towns in search of employment. They help to swell the numbers in the service industries - generally employment as domestic servants and petty traders. This is reflected in the occupational structure of Ceylon today, which shows that in the last generation or so the shift in activity roles has been away from production and into the service industries.

3. "At the moment we produce roughly 45% of our requirements of rice. Yield per acre is about 30 bushels, which is higher than Burma, Thailand, Indo-China, India and Pakistan. Current acreage is about 1,000,000 so we must bring under cultivation either another million acres, or double the yield per acre. The former is impossible as the larger proportion of land that can reasonably be brought under rice is already being cultivated. And to double the yield we must remove the surplus population from the land.

"So long as this surplus population remains on the land, excessive fragmentation and on oppressive land tenure system will operate against efficient production. The average peasant holding is



well below an acre ; and often, under the 'thattumaru' system eight or more owners rotate as occupiers—none of whom is interested in improving the land for his successor.

4. "At best, colonisation schemes can only absorb a fraction of the increase of population. Gal-Oya the largest of the schemes is scheduled to absorb only 2,500 families a year while the annual increase is something like 40,000 families a year. Colonisation schemes were conceived at a time when death rates in Ceylon were very high and the increase of population relatively insignificant. The dramatic fall in the death rate in recent years has altered the demographic balance which colonisation sought to achieve. To this extent colonisation can do little to meet the basic problem—that of our growing numbers.

### **Population and industrial development**

(1) "The present unemployment figure, according to the Central Bank, is about half a million. On the basis of the present age structure, the number seeking employment for the next 20 years will be about 50 000 a year. Job opportunities will have to **improve by 50,000 every year if the position is not to deteriorate.** This number takes no account of the future increase of population but only of the 'baby boom' of the last decade or so. Even if birth-control should be introduced on a large scale, we need to find 50,000 extra jobs every year for the next twenty years. Apart from that problem there is the backlog 500,000 jobs for the current unemployed.

2 "Owing to the magnitude of the problem, the setting up of an odd industrial enterprise or two will scarcely touch the fringe of the Unemployment Problem. The Minister enumerates four enterprises which are to be set up shortly. They are essentially capital-intensive industries and the effect on employment will be very small. An oil refinery will, at best, provide employment for a few hundreds—certainly not for thousands. It will not result in cheaper oil products for the consumer, because prices are determined by an international cartel which controls retail oil prices. It is not that we do not need an oil refinery ; but that we



need **thousands** of similar industrial enterprises. **Because rapid and large scale industrialisation is the only solution to our unemployment problem as things stand."**

## CHAPTER XVI

### Two roads to the future

The collapse is seen in every sphere of our economic, political and social life.

500,000 adults are today unemployed, according to the conservative estimate of the Central Bank. Two points of decisive significance about this unemployment are, first, that its number is daily increasing, and second, that the increase is taking place in conditions of relative economic prosperity. In addition, it is estimated that there is a surplus rural population of 3 million people.

The last eight years of U. N. P. rule has also been the period when our exports have been fetching extremely high prices—in fact in the recent past the prices have never been higher. Moreover, during this same period, the U. N. P. government has borrowed enormous sums of money both here and abroad, on the alleged ground that they are being used for the country's development. In the same period, foreign aid has been received under the Colombo plan and from agencies of the United Nations, and untold number of experts have been invited and advised us. Also, during this same period, the accumulated sterling balances of the war-years have been largely drawn on and almost exhausted. Thus, every factor and all the money that was thought necessary has been freely available to the U. N. P.

Despite all these factors, unemployment has increased to a extremely high number. Total employment has not increased. The country's resources have remained unknown and unused, and income has remained static.

The people ask the government; What is happening to the vast sums of money that you raise in the form of taxes and loans? To how many additional people have you given



employment since you came to power in 1947? A single, fantastic, grandiose, wasteful Gal Oya scheme is the only answer. All this money has been frittered away, no one knows how.

To the many hundred thousands who ask for work, the U.N.P. answers with paper schemes, pious resolutions, and empty phrases. To the many hundreds of educated who ask for work, **the U. N. P. says: go back to the land. But, where is the land?** This government talks of industrialisation. Thousands of young men and women ask to be given technical training for industry. Yet the government has only one technical institution in Colombo. The talent of numerous trained industrial engineers remains unused in the Ministry of Industries. Small and medium capitalists and traders ask for an opportunity to invest in national industry. Yet the Government does not help. On the contrary, it is engaged in destroying what natural opportunities there exist by inviting foreigners to dictate to us our future economic policy. The Government is today asking our people to cooperate with them. Cooperate in what? In wasting our money, in selling our country to America, in lending it more money? If it is to increase production, the people are ready. But where is the production, where is the land, where is the industry, where indeed is there, under this government, the opportunity?

The government is getting loans, here, in London, and everywhere, to its heart's content. Who is to repay these loans and how? Can a country which is daily being driven to greater poverty ever reach a position where it can repay the increasingly heavy load of debts, without depressing further the standard of life of its people, without laying waste more of its precious labour resources? When this point is raised, the U.N.P. naively replies that our public debt is not a serious matter as it is a much smaller proportion of our national income than the British public debt or the Indian debt is of the incomes of those countries. This is, of course, a fallacious comparison. In the case of those countries, the economy is stable, prosperous and expanding, and they can therefore bear any strain. But in the



case of Ceylon, the economy is certainly not expanding and is anything but stable. We are now, thanks to the U.N.P. policy of wanton wastefulness, being driven to a position of accumulating a load of debt on the one hand, and of progressively wasting our resources on the other. If the government is unable to help, the least they can do is not to place this country in greater debt.

This is the story of the past performance of the U.N.P. during the 8 years of unfettered power- **What of its future promise?**

At this late hour, in 1955, after 8 continuous years of misrule the Cabinet is still talking. According to reliable reports, they are said to be discussing the following two important questions. One; whether the emphasis now should be placed on industry or on agricultural development. Two: whether an attempt must be immediately made to reduce unemployment, (apparently by a public works program) or to launch a program of investment (in which it is presumably assumed that no immediate reduction in unemployment will result).

The cabinet is debating, apparently because it has only now become aware that there is a problem. All these past years, the 6-year plans, Colombo plans etc, have apparently been undertaken without the Cabinet's collective wisdom being aware of the problem. Had they not thought of it when with much noise, Mr. J. R. Jayawardene introduced in 1948 a 6-year plan for his "welfare" state. It is good to hear that they are now debating and perhaps 10 years hence they will still be debating it, if the people of this country suffer the U.N.P. rule for that length of time.

What a subject for debate for the gentlemen of the cabinet, Agriculture or Industry? Even at this late hour cannot they see the obvious, that you cannot have the one without the other? Agricultural development means (1) multi-purpose schemes, and (2) the removal of surplus rural population on industry. You cannot therefore, develop agriculture if you do not, at the same



time, develop modern industry. Surely that point needs no debate. Equally frivolous is the debate on the choice between investment or a public works program. Public works to relieve acute unemployment is only a palliative, though today a necessary palliative. More important is a large, planned investment program, round which alone could public works relieve the pressure of unemployment. The latter is no solution, even temporarily except in a developed economy. In a condition as grave as ours, they are not alternatives.

They are, fundamentally, two parts of a single plan, public works aiding large-scale investment.

This reported cabinet debate proves not so much the stupidity of those who participated in it as the fact that the U.N. P- rulers have still no decided plan to solve unemployment or to promote the country's economic development. As during the last 8 years, they intend to muddle along, not knowing where to go, whom to beg from, hoping for the best. In the midst of all uncertainty, it is deeply significant that they are certain of one thing—that is, on the need for foreign Anglo-American aid and investment.

At a time when our country is faced with the gravest economic crisis in its history as a result of complete dependence on Anglo-American finance capital and foreign markets, the Government is attempting to make the people believe that the only way out of the crisis is by further subservience to foreign economic control and further military commitments to imperialist powers.

When the Government attempts to develop our own resources without foreign aid the Ministers are only capable of ill-conceived ad-hoc measures without considering the entire problem first. As a result, ad-hoc measures, even, if they help to solve an immediate problem will become an obstacle to the solution of the entire economic problem.

Recently the Premier, immediately before setting out on his American tour, suddenly seemed to have become anxious about the menace of unemployment and had hurriedly asked



his Ministers to have a plan ready to provide jobs for 100,000 people on his return. The Ministers after due deliberation appear to have worked out a scheme to open up thousands of acres to be planted in tea and rubber, for this purpose.

If increased output in tea and rubber was vitally important then measures for improvement of the low—yielding plantations would have been better than opening up of new land. If the Ministers were capable of realising that increased wealth production and a more stable economy are vital factors for our welfare then they would have planned to build a multi—purpose irrigation scheme or develop a new industry like sugar or cotton which involves agricultural development as well as factory building.

Our economy is already distorted by our dependence on commercial crops for the foreign market. The proposed plan will make this distortion worse.

Two factors today help to maintain a show of prosperity and false abundance. First, the high prices our exports fetch abroad, and second, the loans which the government is borrowing locally and abroad. With these moneys government spending has been going on a scale that has kept the reality hidden. But the Government are now realising that these moneys are not adequate to meet the pressure of current needs. They have accordingly, planned to beg for foreign aid and to invite aliens to invest in Ceylon. To justify this treachery the U. N. P. has a new slave theory—either industrialisation with foreign aid and under foreign auspices or, no industrialisation at all. They go further and accept foreign aid on the condition that the foreigners will decide what industries we must establish. Our people are told the lie that such aid is without strings. Other countries like India, China and Australia first decide on an economic plan and they solicit foreign aid on terms and conditions that fitted into these plans. With the U.N.P. however, it is the other way about. They first ask for foreign aid and for foreign capital to invest. In any undertaking they choose, and then gather these undertakings into a schedule and call that schedule a plan, and say look here, we are also independent, we also have a plan.



What the U. N. P. promises for the future is foreign aid and foreign investment and of course, if you wish, any amount of them. The people of this country cannot accept the path opened by this promise. The history both of our own past and of the rise of other backward nations to independent nationhood teaches us amply that where a national economy is dominated by alien capital, there follows not economic progress but economic and political servitude.

Opposed to this policy of national betrayal and treachery of rising unemployment and poverty, the Communist Party places before the country a plan along which, amid whatever difficulties, our people can march to a society of prosperity and independence.

### **The alternative economic path**

The premise of the alternative path promised by the Communist Party is the vital and immediate need to transform our present cash-crop economy into a balanced, national economy. Such transformation can only take place on the basis of a national economic plan, organised by the State, providing for the utilisation of the entire resources of the country to the maximum possible degree. The plan, in its outline, will rest on (1) the building of as many multipurpose schemes as possible, (2) on industrialisation, with the basic, key industries owned and carried on by the State, (3) the adoption of measures to increase agricultural productivity, and (4) round this central base, on the building of as many small industries by the State and by private enterprise where possible, and considered desirable with the active encouragement by the State. The details of these outlines have been discussed in earlier chapters. Round this plan, our budgetary policy; our external trade, our fiscal policy and banking structure must be so organised as to help in the accomplishment of the tasks undertaken by the plan. Above all, where foreign capital is available, we should welcome it **in the form of loans to the government**, provided its use is consistent with the purpose of the plan, as, indeed is the case with China or India. Such capital can be received from any country, though normally we will in fact find that it will be forthcoming only from Socialist countries.



The reorientation of our economy does not involve the usual agrarian problem of large scale confiscation of feudal property. In fact the immediate need is not to take over property from present owners but to bring under cultivation new, virgin land. In regard to the land already under cultivation, the urgent need is for remedial measures designed to solve the problem of excessive fragmentation of land and to plan and execute large scale soil conservation in the plantations and in the plains of the wet zone.

With regard to industries, except for the key, basic industries which the state will organize the field can remain open to private enterprise of nationals of this country. It must be emphasised that industrialisation means the building of numerous industries all over the country. This can be speedily accomplished only if private capital participates, and indeed it is the State's duty to actively encourage the participation and coordination of privately owned industries with State planning. In the period of transition from a commercial crop economy to a balanced economy with large scale industrialisation the patriotic sections of our capitalists have a very important part to play.

Over a period of five to ten years, on the basis of such an economic plan, we would increase our national wealth and national income, our labour would be largely or wholly employed with a much higher standard of living than at present. With the increase in the purchasing capacity of the workers more industries would thrive. Our present wasting natural assets would stand restored, and a sure foundation would be laid for a further march towards greater prosperity along the same path of progress.

This is the new economic path the Ceylon Communist Party places before our people. The entire population except the imperialists and the collaborating comprador capitalists would benefit.

Most certainly the workers, the poor peasants and particularly the unemployed, would benefit to an enormous degree. But so also would the small middle-class capitalists, the



agriculturists, the intelligentsia, and the large number of persons engaged in trade and commerce. To all sections of the people, wide and increasing opportunities would become available. Men and women from our intelligentsia would be able to man and administer new industries and new businesses, and men of means in the middle class would be able to invest, with State encouragement, in new industries considered essential for the State and thus develop their skill, enterprise and knowledge. A sense of usefulness, of opportunity, of advancement, would give new life, hope and a sense of well being to our young men and women, who today face unemployment, poverty and a bleak future,

Such, in brief, is the main outline of the economic path which our country must take. Such are chief means and the order of priority we must adopt to secure economic progress.

Difficulty in securing agreement on the correct economic direction has been due to the fact that thinking on this subject has been superficial, generally among all political leaders in this country. No attempt has been made to study the problems in the setting of their origin, and to ask the right questions. We have been satisfied to accept the existing pattern of things and to look to patchwork remedies as solutions. We even call such remedies an economic plan. It is not enough to say that our economy is unstable, that we need industrialisation, more jobs; a modern agricultural outlook. It is necessary to ask: why is our economy unstable, what is industrialisation, on what basis can we industrialise, why is agricultural out-put poor, why is there increasing unemployment. Are these conditions mere passing, superficial phenomena, or are they native to our economic set-up, something that are its inevitable consequences?

It is such questions that are discussed in this report, and it is our hope that they will be discussed by other political parties and leaders, and that an early agreement will be reached on the necessary economic policy for the future.

Such agreement must be expressed in terms of an economic plan. It is wrong to think that a plan is a collection of a few, odd industries and agricultural projects undertaken to meet sectional or



urgent pressures. A plan is a statement of policy and an expression of purpose combined with an estimate of potential based on knowledge of existent facts. It needs to be co-ordinated and comprehensive.

In these subjects, much can be learned from the ways in which new societies like the socialist Soviet Union, China and the Democratic Republic of Vietnam are moving towards strength and economic prosperity. It is a pity that the blindness of the UNP and its senseless restrictions regarding contact with socialist countries make it difficult for our economists and scientists to visit and learn from the experience of these countries which faced problems similar to ours.

For instance, gigantic multi-purpose schemes have been completed or are in progress in the Soviet Union, like the diversion of the Amu Darya to the Kara Kum desert, the connecting of the Volga and the Don by a 65-mile canal, the irrigation of millions of acres in the Steppes.

So in Peoples' China. The completed Chinking project on the middle Yangtse river, and the more ambitious Huai River project are proud achievements accomplished in three years. China has launched an incredibly vast afforestation plan under which it is expected to clothe over a million square miles of its sub-marginal lands with forests.

India has taken a patriotic decision and is now sending batches of scientists to both China and Soviet Union to study the new methods there. By shunning these countries, the people of Ceylon lose greatly. It is our duty, in our own interests, to reverse this anti-national policy of the U. N. P. We must have free access to knowledge, irrespective of where it came from, though it is an accepted fact that in this century such knowledge comes mainly from socialist countries. If knowledge can be gained from socialist countries, is it the less valuable for it? It is unfortunate that sections of the middle class in our country have been deceived by false propaganda into believing that such knowledge is dangerous. We plead with them earnestly that when with such knowledge we build a prosperous economy, they will gain as much as the working class.



## CHAPTER XVII

### Immediate Tasks

The defeat of the UNP Government and the final overthrow of the imperialist domination which is exercised through the UNP is the immediate, urgent and decisive political issue in this country today. To this sacred task every patriotic citizen must resolve to devote his entire energy and will.

The UNP is not strong. Being a party of planters, bus owners, distillery owners and a few big traders, its economic policy is in conflict with the interests of even the majority of the middle class. The strength of this party comes from foreign capitalists resident here, British and Indian, and of course from the patronage and protection extended to it by its American and British 'friends'. It is hated by the people. The support it gets in the country is due to its terror, thuggery and money.

It is certain that the people will rid the country of this anti-national group of politicians. But it must be done without delay. The danger is that the collapse in the economic field may soon spread into the body politic of the nation, deep enough to cause our people greater suffering than now. In fact, the UNP is actively engaged in promoting such a general collapse, because only then can the democratic will of the people be stifled and a fascist regime foisted on the people under a military dictatorship as in Siam or in Formosa.

The increasing prevalence of corruption as a normal mode of conduct, corruption in public life, dishonesty and nepotism in politics and public administration, increase in crime and fall in the general standard of morals, are all related consequences. Corruption, nepotism, and dishonesty are becoming accepted normal modes of conduct in politics and public life. Crime is increasing and there is a fall of the general standard of morals. Spending of public funds by the Government has become indiscriminate and wasteful. Public servants like the police and the army are being used openly to aid unscrupulous employers in Trade Union disputes. Large sums of money are spent to pay the police to report on Left political workers while crimes go undetected and unpunished. Elections are fought with thugs and the participation of village headmen, and the American Embassy is allowed to intervene in elections and supply



filthy literature to libraries. The rule of law is being replaced by the orders of Cabinet Ministers. Paid alien agents like the American Free Asia Committee are forced to spread their poison. Communal hatred is being preached by reactionary groups like the Tri Sinhala Peramuna. 45 lakhs of workers in the estates have been deprived of their just rights as citizens of Ceylon on the grounds that they came from India, but some Indians, on payment of money to U. N. P. funds, are granted citizenship. Education is in a muddle. The very basis of orderly democratic life is being slowly destroyed.

The spread of this poison must be stopped. The U. N. P. realises that it cannot rule through the use of accepted democratic methods and the resort to the rule of law. It has to use the methods of corruption, terror and political lies and confusion. We must fight the U. N. P. in its use of all these lawless methods, whenever and wherever they are used.

### **The Bogey of Communism.**

When the people become aware of living under these conditions acute discontent and fight back and move forward to defeat the U. N. P. that party, supported by its Press and by the various imperialist agents in the country raises the cry that all this is an attempt by international communism to bring this country under Russian or under communist rule. This is no new cry. It is Dulles's cry today. Yesterday it was Mr. Chiang Kai Shek's, and the day before it was Hitler's.

Who are these people in Ceylon who today want to fight and remove this corrupt band of U. N. P. Leaders.?

They are the working people of this country, who want proper wages, decent conditions, security of service, more educational and medical facilities for themselves and their children. They are the more than half a million unemployed, who want work and a future where their minimum needs in food, clothing and shelter will be made available to them in return for honest and willing work. They are the thousands of educated youth who want technical education, and useful work, who roam the towns and countryside, having talent but not being wanted.

They are the thousands of rural poor, the landless peasants who ask for land or work. They are the hundreds of middle class owners of capital who ask for a relatively safe opportunity for the investment of their capital, for the use and improvement of their skill and knowledge in the building of the country's economy. They



ask for the natural, open opportunities which their counterparts in many other countries enjoy. They are our intelligentsia who have received training and want to be used in the service of the country.

**It is these people who, in their millions, want to throw out the U. N. P.** the cause of poverty and degradation. Does this mean that they want to sell their country to aliens? Is it wrong if a people, anxious about their own life, endeavour to remove the oppression that chains them to the wheels of poverty? They want an opportunity for a decent living. Is this a crime?

Let the U. N. P. first provide work. Let them do their duty to the people. Is the Communist Party stopping them from doing their duty? If not, what is the meaning of fighting communism? When the Government's duty is not to fight bogeys but to do things. The U. N. P. cannot hide this treachery and incompetence by repeating Dulle's lie.

After they have provided work for the people there will be time enough for the U. N. P. to crusade against the communist movement,

Is not this tale about communism a little too stale? The cry has been used in the last half century against every movement of the people directed to improve their conditions and obtain their freedom. When Nehru and Gandhi fought for Indian freedom, when the Indo-Chinese fought for their liberties, when the Indonesian people rebelled against the Dutch rulers, the cry of goondas, bandits communists, foreign agents, was raised against all of them. Any opposition to the imposition of unjust tyranny by the ruling class is dubbed communism. This lie has failed and will fail,

Moreover the cry of "beware, Communism!" might have had some effect if those who made it had some constructive achievement to boast of. But the Kotalawalas and Jayawardenas who have come to power on a record of a life-long service to the alien conquerors and who have in recent years brought ruin and desolation to this country are not the people whose cries the country will take seriously. Hundreds of American-inspired anti-communist editorials in the local press and all the horror stories related by Sir John Kotelawala cannot deceive or frighten the people any longer. The twelve democratic republics of Asia and Europe under the leadership of the mighty Soviet Union stand as a beacon of light for all peoples of Asia.

It has become the fashion in UNP circles and the press to call the Communist Party the agent of a foreign power and to slander its members as traitors.



The position of the Ceylon Communist Party on this matter must be made quite clear. It is true that we support the Soviet Union. But does it therefore follow that we are 'agents' of a foreign power, willing to sacrifice the interests of our own country for those of another? Such an allegation is absolute slander. The truth is clear when we examine the reasons behind our support of the Soviet Union and the rest of the socialist bloc. We support them because those countries have started on the same path of economic development which holds the future promise for our own prosperity. We support them because in the international sphere those countries stand for a policy of peaceful co-existence which in this age of atomic warfare, is the essential prerequisite for any social, economic and cultural progress. We support the Soviet Union precisely because such a policy coincides with the interests of the people of Ceylon, as it does with the interests of the peoples of all countries.

We do have agents of a foreign power in this country, we do have a fifth column of traitors. They are the leaders of the UNP, who have sold the bases of our country to aliens, who today carry out the imperialist orders of Anglo-American capitalists, conveyed through the World Bank, through the various experts, through the embassies, and keep this country tied to its colonial economy and to the markets of these aliens. These same traitors now want to bring Ceylon into the SEATO. They are the fifth column. They are the enemy of the people of Ceylon.

We must be explicit. The Communist Party today is not asking for communism. It asks for work, for better wages and facilities, for real national freedom, and economic independence. In asking for these things, the Communist Party has done no more than to clearly formulate the demands of the various groups of our people. Drawing on the experience of other countries which have marched to economic freedom, the Communist Party presents a plan for this country's economic development. The economic position of this country has been studied briefly but in its basic essentials in this report, and it is for our people to say whether it



corresponds to their interests. We Communists believe in Socialism. Half of Europe and half of Asia have voluntarily come under the banner of Socialism, India and Indonesia with their 400 million people have declared in favour of a socialistic economy. We are confident that in the future Ceylon too will democratically decide in favour of socialism.

### **A Broad Democratic Movement**

Today it is a mistake to think that the Communist Party is fighting for the workers and poor peasants only. In our economic, as well as our political program, we are fighting for the real interests of the workers and peasants, the farmers and the unemployed, the intelligentsia and the middle class capitalists. Except on the basis of the economic suggestions made in the earlier chapters, no sections of our people—save the parasitic planters of the UNP leadership—can realise its own social, political and economic ambitions. The UNP rule has created a vast desert on which nothing can grow.

Every day more and more people are beginning to realise this truth. Everywhere, associations which are not necessarily political are being formed to fight for the demands of the people. People, individually, or in groups, have begun to formulate their demands and fight for their rights. Progressive parties and political groups stand closer to each other today than ever before.

This great awakening coupled with this identity of interests and this common outlook unites the overwhelming majority of our people and makes possible a grand alliance of the people's progressive forces. Here is already an objective basis to remove the present disunity of the anti-UNP forces (which is the only factor which keeps the UNP in power today) and form a broad democratic mass movement to isolate and overthrow the hated UNP regime. On the basis of an agreed economic and political program, the leading progressive political groupings must come together immediately to form a democratic alliance. Into this alliance we must, by patient work and discussion, bring thousands of unattached politically conscious individuals. The number of such individuals is increasing fast, as the disillusionment grows. Thus will form the mighty movement of the people on its march to victory.



## Gal Oya Project in Ceylon

From this 2nd diagram you see how the American contractors did the exact opposite at Gal Oya. They constructed one solitary dam in the lower reaches of the river, after it has already run fifty miles in its course. This has resulted in the necessity to convert the whole river valley above the dam into a depopulated jungle in order to prevent the silting of the reservoir. The other result is that the river valley below the dam is now subject to more disastrous floods than ever before.

The Americans have now abandoned in their own country the policy they followed in the TV project, The increasing dominance of monopoly capital has resulted in the non-completion of the biggest Hydro-electric plant in the scheme, which would have meant igrave competition for privately-owned thermal plants.

But in New China, the Peoples' Government under the leadership of the Communist Party has followed and further developed the principles of the TV project for the development of the country.





## THE DIFFERENCE

**Tennessee Valley Project in America**

The very Americans who, in the T. V. project 30 years ago, harnessed a river in a scientifically correct way for the development of their country, have in Ceylon carried out the Gal Oya project in a manner which is quite the opposite and entirely unscientific. This fact is illustrated by the two diagrams below.

The most important feature of the TV project (which is clear from the 1st diagram) is the dams that have been

constructed at various levels along the entire length of the river. There are 9 of these on the main river and 21 on the tributaries. This water conservation at every stage of the river from source to mouth means that the entire valley can be developed. Irrigation of the whole valley, the prevention of floods, and the generation of a large amount of hydro-electricity by means of turbines installed at every dam, were thus made possible. In this way every part of the valley was equally benefited by the scheme.









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