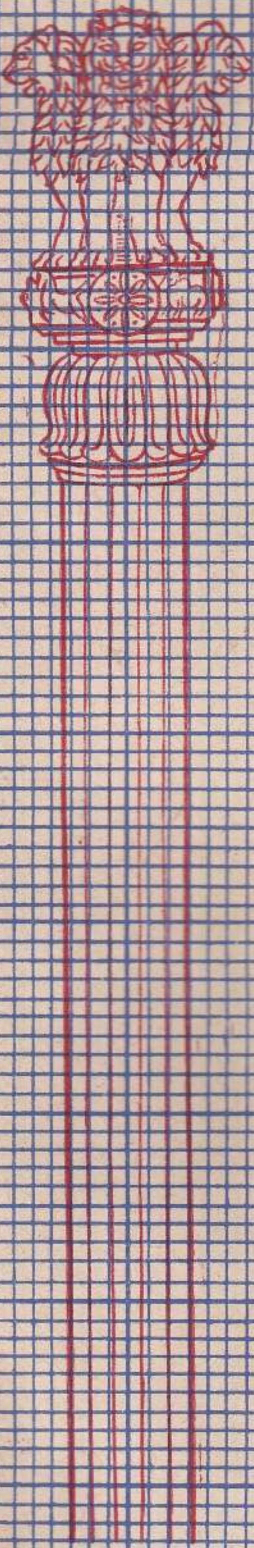

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CONTENTS

INTERNATIONAL COMMODITY AGREEMENTS: THEIR ORIGIN AND DEVELOPMENT

V. NITHIYANANDAN

The Independent Commission which reviewed the various international development issues under the chairmanship of Willy Brandt and submitted its report in 1980 mentioned, on the question of commodity trade with Third World countries, that in spite of the preference shown towards stabilisation of export earnings price stabilisation had a role to play and that greater support be given to International Commodity Agreements (ICAs). [1] 'The absence of International Commodity Agreements,' in the opinion of the Commission, 'could in some cases encourage the search for solutions through confrontation and cartelization. This would not be a healthy development and would have adverse consequences for international economic cooperation.' [2] Again, in its 1983 report, the Commission lamented the inertia towards ICAs and reiterated its faith in such market stabilisation arrangements. [3]

In the light of this continued interest shown towards ICAs, this paper seeks to analyse, historically, the advent of ICAs and to elaborate on their original objectives and how these objectives had later been transformed in order that some new thinking on the subject could be accommodated. In the process, the evolution of the 'commodity problem' and the reasons behind it have been spelt out.

I

ICAs may essentially be defined as multilateral instruments of state control or regulation that support the international price of individual primary commodities. In other words, they represent an attempt to prevent the results which would occur if the price system was the supreme arbiter in production and distribution. All commodity agreements imply some degree of conscious planning and co-ordination of action in place of the self-regulatory mechanism of the free market with unrestricted competition. [4] The majority of control schemes are concerned mainly with the regulation of supply and the control of prices.

Such a definition, however, excludes a number of other forms of control which could be promoted in relation to both primary and non-primary commodities. Two key elements of the definition are: (i) the international character of agreements, and (ii) the government patronage they receive. But, both these characteristics were only achieved through a process of evolution and in no way inherent to attempts to regulate prices or supplies. ICAs are, therefore, preceded, initially, by voluntary agreements among producers and, subsequently, by agreements with government support, but derived only at a national level. It is in these two—voluntary agreements and national support measures—one has to find the real origin of ICAs.

But before turning to it, it is also necessary to recognize that restriction of supplies and prices is not confined to primary commodities or agriculture alone. On the contrary, as will be pointed out below, control measures were first born in the industrial field. The early forms of control in the primary commodity sector were either extensions or adaptations of schemes found in the manufacturing sector. [5]

'Raw-commodity control schemes.' according to Knorr, 'are not...born of certain philosophical predispositions or predilections.' [6] Their origin lies in the desire of special interest groups, notably producers and investors, to increase their income or prevent its decline in a world of changing patterns of production, consumption and trade. Once these groups managed to secure government support, the stage was set for attempts at regulation—with controls restricted in area and purpose often breeding others of wider scope and more ambitious objectives.

Viewed fundamentally, commodity agreements are no less than combinations among producers which had long been in the vogue among industrial producers in the form of trusts and cartels. But, while trusts and cartels developed long before the First World War, commodity agreements, principally, are a post-World War I invention. Nevertheless, both these, as Rowe points out, spring from the same root. [7] Commodity control schemes are, in fact, adapted forms of monopolistic combination to suit the different problems and conditions of primary industries. The main difference between the two is that while the government of a primary producing country was more intimately concerned and directly involved in a control scheme, the government of the industrialised country did not involve itself in any form of control measures but lent its support in an indirect manner. [8] It has, however, become customary to limit such combinations like trusts and cartels to manufacturing industries or at the most to manufacturing and certain mining industries, [9] and have commodity agreements with regard to agricultural products. Although these agreements were international in character, in operation, their aims sometimes proved to be as narrow as those of trusts and cartels. This was especially true when the contracting governments were dominated by strong national interest groups. [10] However, it was generally claimed that they could be directed towards larger international good.

But, there are some who believe that commodity controls were an answer to the growing tendency of manufacturers who were the immediate consumers of primary commodities to combine in monopolistic groups for the control of prices. [11] Successful operation of such groups or cartels, generally, if not necessarily, meant a restriction of production and was, therefore, opposed to the interests of primary producers. Counter restriction commended itself as a measure of protection against protectionists and the users of devices in restraint both of international and domestic trade. Even though the measures adopted were not perfectly articulate or wholly conscious, the governments of primary producing countries supported them and showed a keen interest in helping the primary producers.

Whatever may be the nature of connection, the question naturally arises why is it that commodity agreements did not come into existence till the turn of the century or until after the First World War, when industrial combinations were functioning successfully for a very long time. The answer to this really lies in the very nature and organisation of agricultural industries. Apart from the modest size of holdings, the vast number of individual producers made agreement towards any kind of effective control rather impracticable. Although there were a few nations which contributed a substantial portion of the total supply in certain commodities like sugar, tea, and rubber, their chances of acquiring monopolistic control in at least a section of the world market was almost nil. But the absence of any such combinations did not in any way mean that the agricultural producers were wholly indifferent and completely unimpressed by the developments in the manufacturing sector. On the contrary, they watched these developments with 'wistful and longing eyes...while mineral producers were equally desirous and much more hopeful'. [12] Thus, the developments of industrial organisation in manufacturing may be said to have pointed a course towards the same goal for the producers of primary products.

ICAs in their modern form may be dated from the Brussels Sugar Convention of 1902, under whose terms the major contemporary exporters of beet sugar undertook to support the international market by abandoning national systems of export subsidies. [13] There were also some attempts in the pre-war period to form international cartels in zinc and certain other metals and minerals of minor importance. [14] Another scheme of technical importance was the regulation of the exports of currants, in which Greece then held a monopolistic position in the European market. [15]

The most important control scheme of the pre-war period, however, belonged to coffee. The Brazilian Coffee Valorization Scheme of 1907 was not a commodity agreement in the strict sense of the word. Neither was it international in character. In fact, it operated in the state of Sao Paulo only and, in that respect, was not even a national scheme. [16] Nevertheless, it contained some important characteristics of ICAs and served as a precedent for future attempts. An important feature was the effort to control production, which accompanied the effort to support prices. Not only was new planting forbidden in chief growing regions, but one of the conditions in obtaining new credit from the foreign banking group in 1908 was an undertaking to curtail production and exports. [17] These elements became the aims of all future commodity agreements and the 1907 Valorization Scheme, in this respect, may be termed a forerunner in the technique of operating them. It also paved the way for governments to become directly involved in the operation of control schemes—a feature further encouraged by the events of the First World War, and came to be a permanent aspect of all ICAs. Although, it was the State Government of Sao Paulo that was directly involved in the valorization, the Federal Government of Brazil rendered a helping hand and, with the success of the scheme, became less reluctant to participate in future attempts. [18]

II

Despite these early attempts at control, it could be said that it was the First World War that gave the necessary momentum for ICAs. The War, naturally, brought about a chaotic situation in which many a nation found its whole economic life in complete disarray. For several primary producing countries, especially for those of the East, it was altogether a new experience. In the case of Sri Lanka, for example, up to the time of World War I, the only events that created a stir in an economic sense were the two depressions: one in the 1840s and the other, in the 1880s. One may add to these the collapse of the coffee industry; but this was rather due to the coffee leaf disease than to any weakness in the economic system. The depression of the 1840s occurred in the early days of plantations and, to a great extent, was caused by the wild speculation of inexperienced planters. Whereas, the price fall in the 1880s was in no way as severe as that of the 1840s and, coming along with the coffee crash, only led to the substitution of other crops. [19] But the First World War posed a widespread threat to the hitherto competitive position of plantation industries and forced both producers and governments into new lines of action.

Generally speaking, the impact of the War was to cause an acute shortage of shipping entailing an alarming increase in freight rates. But hard hit were those industries whose products, due to their indispensable nature towards the war effort, enjoyed a heavy demand, nonetheless, could not get across to their destinations due to transport difficulties. Such industries, rubber and tea in particular, had enhanced production without much hope of disposing them quickly. They were soon faced with a glut in the market followed by tumbling prices. They had to think, perhaps for the first time, in terms of curtailing output to ensure a fair price. In the meantime, governments had to strike a balance between profits of producers and guaranteeing necessary supplies for their wartime needs.

Two developments, which could be described as direct legacies of the War, were very much instrumental in promoting ICAs. One, was the control of output arising from reasons already mentioned. The other was state intervention which had for sometime been desisted by governments. The orthodoxy of laissez-faire and unregulated competition had restrained governments from directly interfering in economic affairs. But, during the War, it became compelling on their part to intervene extensively in economic activities of more than one kind, including the provision of certain essential services like railways and shipping. Thus, in the 1920s, when several control schemes were promulgated under government patronage, although they were still opposed in certain quarters, the action itself did not come as a surprise.

If events of the First World War cleared the way for ICAs, it was, in fact, the developments during the post-war period [20] which made them inevitable. The termination of hostilities, contrary to producers' beliefs, did not mark a return to normal conditions. The vulnerability of primary producing economies to exogenous forces was becoming more and more evident.

The raw materials problem as it confronted the developed nations in the immediate post-war years showed three distinct phases. [21] The first, lasting through 1920 and the early part of 1921, was dominated by general shortages. The main cause for these shortages was the universal desire to replenish stocks, [22] which led to a world-wide scramble for supplies of primary products. Continental Europe was on the fore-front of this search, where, as Table 1 clearly reveals, there prevailed a chronic under supply of all types of commodities.

Table 1

Overseas Imports into Continental Europe

(Quantum Indices: 1927 = 100)

	1913	1919	1920
Foodstuffs	109	120	83
Raw Materials	117	62	61
Finished Goods	122	167	107
Total	115	95	75

Source: League of Nations, *Europe's Overseas Needs 1919-1920 and How They Were Met*, Publication II A. 6, Geneva, 1943.

While imports of foodstuffs were markedly below the pre-war volume, imports of raw materials remained on a relatively still lower level. This striking under-supply, as the League of Nations points out, 'must be appraised in the light of a greatly reduced volume of intra-European trade, on the one hand, and abnormally large reconstruction needs on the other.' [23] This, naturally, drove up prices and the primary producing countries were in a position to derive some benefit. The United Kingdom wholesale price index, a fair indicator of the world price level of primary products during this period, stood at around 230 as compared with a 1913 base of 100. [24] Commensurable with this rise in prices production of primary commodities of several countries too showed an increase. The annual average value of Sri Lanka exports, for example, rose from £7.6 million (Rs. 111.9 million) in the period 1900-1909 to £16.4 million (Rs. 246.2 million) during 1910-1919. [25]

This boom, however, did not last long. With the onset of the depression of 1921, the raw materials problem entered its second phase. As soon as the demand at high price levels began to be satisfied and shipping difficulties diminished, the buying boom was suddenly interrupted and primary producers who had been attempting to expand production had to compete in a falling market. This market became increasingly glutted as large stocks previously held for speculative reasons were released. The average level of the United Kingdom wholesale prices plunged in 1921 to below 200, and in 1922, went further down to about 160. [26] Thus, while the industrial nations were going through a slump, raw materials problem as a producers' problem made its debut on the post-war scene.

Like the post-war boom, the post-war slump too, from the point of view of the world economy, was a short-lived one. Recovery began towards the end of 1922 and 'by the end of 1923 the world economy as a whole was back on an even keel.' [27] With the general business recovery, demand for and prices of primary products quickly improved. The economies of developed nations generally adjusted themselves to new conditions: currencies were stabilised, export industries expanded their outputs, and the volume of long-and short-term international lending rose sharply. This recovery, however, did not bring about the same impact on the primary producing nations. They had not recovered from the structural maladjustments experienced during and immediately after the War, and very soon, had to turn towards artificial means of propelling their export prices. In so far as the primary producing nations were concerned, the First World War marked the beginning of an era where they had to encounter a situation of increasing production without a corresponding increase in demand, thereby leading to falling prices—a phenomenon, with very few exceptions, continued to this day. This, arguably, has been the crux of the commodity problem.

The succession of the three phases described above fashioned the general frame within which the primary producers explored their problems and proposed solutions. During the first phase, despite the heavy demand, some of them could not get their products to the markets owing to shipping difficulties. This resulted in surplus stocks and producers had to voluntarily restrict output either to reduce stocks or to maintain local prices. The restriction scheme proposed by the Ceylon Association in London for tea in 1916 and a similar scheme proposed by the Rubber Growers' Association in 1918 are examples of such effort. [28] Nevertheless, they earned handsome profits so long as their products reached the market and there was hardly any need for them to curtail production in a genuine sense. But, during the second and third phases, no longer was there a scramble among industrial nations for primary products, nor any shipping difficulties to boost prices. Instead, the onus now fell on the primary producing countries themselves. The production of commodities alone was not sufficient. More attention had to be paid to the regulation of supplies in order to maintain prices, a task hitherto unknown to many producers. To achieve this they decided to fall back on the experience of industrialists themselves, and the outcome was the formation of several agricultural cartels (or raw material cartels as they are sometimes called) during this period.

Basically, agricultural cartels were ICAs among producers to control and stabilise the market; but the term 'cartel' is used here because they were private agreements among producers and did not directly involve the governments concerned. [29] Such cartels, however, were not very common because, as mentioned earlier, even the most concentrated agricultural production encountered a large number of small independent producers in the same or in different countries and agreement among them was not easily achieved. The initial attempts at control of tea and rubber furnish good examples. Like industrial cartels, the cartel agreements in agriculture were also secret and protected only producer interests. Rarely were consumer interests taken into consideration or consumer representation and participation allowed. The basic methods used to balance market conditions were sales and production quotas. However, these measures, on the whole, were aimed at temporary relief and did not affect the underlying problem of surplus capacity. [30] The quota agreements were, usually, expressed as a percentage share of the projected total sales of all producers of a given commodity, as was in the case of the 1920—1921 Tea Restriction Scheme. In some instances, a percentage of each member's productive capacity was used to determine the quota. The latter method was later adopted by the Stevenson Rubber Restriction Scheme. Occasionally, desired price levels were set and production was restricted until they were met. [31] Because the cartel prices always covered the costs of the least efficient producer within the cartel, they often provided a protective shield for the high cost producers, who would have normally been eliminated under competitive conditions. [32]

International agricultural cartels, generally, were shortlived, primarily because of competition from outsiders and disagreement among the members themselves. Neither the Tea Restriction Scheme of 1920-1921 nor the Rubber Restriction Scheme of 1920 commanded the support of all the producers and had only limited success. The Rubber Restriction Scheme in particular was very premature and operated only for one year, with certain countries like Sri Lanka withdrawing even within this short period. The Scheme came into effect from Novembr 1, 1920 and aimed at curtailing output by 25 per cent of the estimated normal monthly production. Although actual production declined to a certain extent, from 342,000 tons in 1920 to 302,000 tons in 1921, this was insufficient to check the price fall. Effective reduction amounted to only about 10 to 12 per cent. Several reasons may be attributed to its failure. Firstly, manufacturers (American manufacturers in particular) were so heavily stocked with rubber as well as rubber goods that they virtually ceased to buy any rubber at all. The heavy forward commitments they had worsened the situation and prevented any possible improvement in prices. The second, and perhaps, the most important reason was the failure on the producers' part to adhere to the restriction scheme. In this respect, the native smallholders were the chief offenders. Their plantings of 1914-1916 were just coming into bearing and they were, therefore, very hesitant to leave the trees untapped. Another reason was the multiplicity and diversity of the nationality of producers and the impending difficulty of enforcing curtailment effectively with sufficient support from all sections. Many producers failed to keep to their agreement or withdrew prematurely. As already mentioned, Sri Lanka withdrew from the Scheme by the end of August for want of adequate support from her producers. [33] The partial character of the Scheme was very evident and when it came up for renewal, as expected, it failed to secure the support of the members of the Rubber Growers' Association and had to be abandoned.

The failure of these agreements showed the difficulty of having private cartel type arrangements in the agricultural sector without active government support. In the case of the Rubber Scheme described above, for example, had the United Kingdom Government or the Netherlands East Indies Government extended its support it would not be far too wrong to assume that, if not complete, considerable success could have been achieved. But the U.K. Government especially, did not want to deviate from its policy of laissez-faire and refused to take action. [34] However, when the situation rapidly deteriorated it too had no other alternative but to change its mind. Consequently, all future attempts at control were initiated by governments at the instigation of producers and are termed not 'cartels' but 'international' or 'intergovernmental' commodity agreements. But there is little doubt that without the war-time experience, compulsory government restriction with regard to commodities in the subsequent period would have hardly been possible.

But, it is noteworthy that commodity arrangements with government initiative had already begun during and immediately after the First World War. This refers to three valorization attempts undertaken with regard to Brazilian coffee – one during the War and the other two in the immediate post-war period. In the first instance, when the central European market was cut off by blockade, and imports by the Allied powers were restricted, stocks in Brazil began to accumulate. The 1917—1918 crop promised to be about three million bags larger than the previous one and New York prices fell rapidly during the latter half of 1917. [35] The State of Sao Paulo again took the initiative, borrowed funds from the Federal Government, and purchased 3 million bags of coffee, thus arresting the decline in prices. [36] The next valorization grew out of the post-war depression and deflation of prices, rather than any obvious difficulty arising from bumper crops or excessive producing capacity. The third attempt was undertaken in 1920—1921, when the Brazilian coffee production returned to normal almost simultaneously with the collapse of the post-war price boom. This time, as the Brazilian exchange depreciated rapidly, The Federal Government took the leading role in the operations and purchased 4.5 million bags of coffee. This quantity was successfully marketed by early 1924 on a trend of rising prices beginning in mid-1921. [37] The successful conclusion of this operation was facilitated by relatively smaller crops in 1921—1922 and 1922—1923. [38]

The success achieved through these schemes strengthened the idea that governments could play a major role in stabilising prices and helping producers of primary commodities. The result was a wave of interest and activity directed towards the redress of the problem in international commodity trade during the rest of the 1920s and the early 1930s. The Great Depression exacerbated this trend and made it an absolute necessity.

III

Theoretically, the world-wide depression of the 1930s was a phase of the business cycle in which the slump or downswing reached crisis proportions. The primary commodities were severely affected by this depression and this ushered in an era of several commodity control schemes. Beacuse of their dependence on industrial countries for capital and markets, the primary producing nations were unable to be prime movers of any cyclical process and played only a minor role in creating a demand for their products. Although demand remained the independent and dominant factor in the trade between primary producing and manufacturing nations, [39] it was created by factors prevalent in the buying countries. The situation very much conformed to what Wallich describes as the theory of 'derived development', in which he argues that the development process of less developed countries was one of 'assimilation' rather than one of 'innovation'. [40]

In order that a clear perception of events leading to the formation of ICAs be achieved, the period prior to the onset of the depression—the period between 1925 and 1929—has to be considered carefully. In so far as the overall world situation was concerned, this period may be termed as one of rapid expansion. The boom experienced during this period, eventually, culminated in the Wall Street crash of autumn 1929, which in turn, brought about the world-wide depression of 1930-1933. The period 1925-1929, in this sense, is said to contain the key years of the whole inter-war period. [41]

Our main concern, however, is the primary producing world and the factors which contributed towards the moulding of ICAs. In this respect, the above period clearly demonstrates that those developments which began in the immediate post-war phase gathered momentum. Consequently, there were definite signs that ICAs would form a permanent feature of future international trade in primary commodities. Already the Stevenson Rubber Restriction Scheme was in operation and, in addition to this, a few other important control schemes too were born during this era. [42]

The launching of these control measures, juxtaposed against the times of prosperity described above, no doubt, looks rather paradoxical. It would not be unusual for one to expect in such times a rise in demand for commodities accompanied by a possible shortfall in supplies . But what, actually, happened was quite the opposite. In the case of rubber, for example, the period 1925 to 1928 is described as one of falling prices and rising stocks. [43] In tea, although the situation was not bad in the early-years, by 1928, a decline had set in and prices began to tumble. Stocks of tea in the London Warehouses increased from 213 million lbs. in 1927 to 220.5 million lbs. in 1928.[44] The trend was not confined to tea and rubber alone is shown by **The Economist** wholesale price index, recalculated by Rowe on a 1927 base and reproduced in Table 2 below:

Table 2

Index of Wholesale Prices

(1927 = 100)

1925	—	112	1928	—	98
1926	—	104	1929	—	92
1927	—	100			

(Source: J. W. F. Rowe, *Primary Commodities in International Trade*. p.80)

The figures, even though includes certain semi-manufactures like crude iron and steel, are fairly representative of the price level of primary commodities.

The exact reasons for this declining trend are not very clear. It is also true that they had varied between individual commodities. Nevertheless, it is possible to highlight some of the observable general tendencies.

One common phenomenon shared by all commodities seems to be that their supplies showed continued symptoms of outrunning the demand—a prospect they had to endure since the First World War. Compared with world population, the total output of primary commodities increased more rapidly. Since 1931, according to a contemporary estimate, their output rose by 16 per cent while global population increased by 6 per cent. [45] But, between types of commodities there were differences. If commodities are subsumed as foodstuffs and raw materials, the production of the latter increased at a faster rate than that of the former. Between 1925 and 1929, the average annual advance of food commodities was only 1.2 per cent, whereas the production of raw materials continously progressed at a rate of 4.7 per cent per annum. [46] The difference is vividly clear when one compares the Sri Lankan situation in tea and rubber, her foremost exports. The tea industry, in many respects, was involved in the general prosperity and increased its profits to record levels. Even the slight fall in prices encountered around 1925 did not have much effect on the profits of most of the companies. [47] Acreage expansion, to a great extent, was under control and whatever increase in supplies was mainly achieved through coarse plucking. [48] Stocks of Sri Lanka tea in London warehouses, actually, decreased from about 33.7 million lbs. in 1927 to 28.4 million lbs. in 1928.[49] But, whereas in rubber, despite the operation of the Stevenson Restriction Scheme, world's visible stocks of rubber spiralled from 159,000 tons in 1925 to 465,000 tons in 1930.[50] In Sri Lanka, rubber acreage during this period showed a remarkable increase of nearly a 100,000. It increased from 495,905 in 1925 to 582,247 in 1930. [51] There was a corresponding increase in production too and, within one year, between 1928 and 1929, it rose from 58,000 tons to 80,300 tons. [52]

Producers' reaction to their problems of general increase in stocks and fall in prices was almost immediate. The highly successful attempts of governments in exercising centralised control during the War, and their own, rather limited, success achieved by way of private control schemes helped to place before them the solution to their problems in the correct perspective. They had no doubt in their minds that if both these were to be combined and if control schemes were to be adopted with government backing their attempts would be infallible. They, therefore, called upon governments to render legislative assistance to solve their difficulties, and this the governments too were, usually, willing to do. The reason for this was fairly obvious. The economic welfare of producing countries as well as the State revenues very often depended on the foreign earnings of one or a few of these commodities. Moreover, the governments themselves had realized during and since the First World War how much more could be achieved by collaboration among themselves than by producers' own unaided efforts.

In spite of this realization, however, in practice, the achievements remained rather modest. The most important control scheme during this period was the Stevenson Rubber Restriction Scheme, of which mention has been made more than once in this essay. It covered the outputs of Malaya and Sri Lanka and was in force between 1922 November and 1928 November. Other main schemes which came into operation were the Brazilian Coffee Valorization of 1923, Cuban Sugar Restriction Scheme of 1926, and the Canadian Wheat Pools of 1928. [53] Notwithstanding the impact these schemes made upon prices, each one of them failed to produce the international collaboration necessary for ICAs. Only the Stevenson Rubber Restriction Scheme came anywhere near this end when it solicited the participation of the Netherlands East Indies. But when this effort, eventually, failed, it too had no alternative but to settle down to safeguard British interests. The non-inclusion of the N.E.I., in the end, also proved to be a major cause for its ultimate failure.

All these Schemes were, therefore, very much national in character and aimed at securing a higher price for the producers of their own country. In this respect, they were not very different from the earlier agricultural cartels. Rarely were attempts made to resolve problems jointly with other producers of the same commodity. The net result of this was to stimulate new capacity among outside competitiors. Between 1922 and 1927, for example, when the Stevenson Rubber Restriction Scheme was in operation, it was estimated that the output of the N.E.I. increased approximately by 150 per cent, whereas that of Sri Lanka and Malaya by only about 12½ per cent. [54] Neither was there an endeavour to systematize or to compare problems of one commodity area with those of another. Almost all of them adopted the same principle. There was also considerable discontent among consumers. Again, the Stevenson Rubber Restriction Scheme offers a classic example. The opposition shown by the United States, the chief consumer of rubber, was one of the key factors which led to the downfall of the Scheme. Its breakdown was interpreted as 'a victory for consumers and a standing warning to greedy producers.' [55]

However, with the continuing tide of the economic depression, this, relatively, narrow spectrum of motives — aiding only producers of a particular nation — was not just good enough. They had to, very soon, give way for a much wider perspective.

IV

From what has been said above it is clear that during the period of expansion, in the context of the world economy, the primary industries as a group were not enjoying a time of prosperity. Even when demand was increasing, the supply of almost all the primary producing interests was excessive or was threatening to become so. In short, none of the primary producing industries was in 'the sort of robust health.' [56] Any sudden turn of events could make their position rather precarious.

When this turned out to be a reality with the Wall Street crash of 1929, the prices of most primary products dropped to unprecedentedly lower levels. It is true that the price falls were not confined to the primary producing world alone, and affected the manufacturing nations as well. During 1930, the monthly average index of wholesale prices fell, for example, in Great Britain by 18 per cent, in the U.S.A. by16 per cent, in Germany by 13 per cent, in Italy by 18 per cent, in the Netherlands by 20 per cent and. in Japan by 21 per cent. [57] The difference between these national figures arose mainly due in part to the variation of schedules of commodities included and in part to the effects of tariffs and other measures of protection. In general, prices of raw produce fell more rapidly than those at the later stages of manufacuture and manufactured goods themselves. But the price sliding suffered by primary commodities was nothing short of a catastrophe. Their average fall in price for the period December 1929 to December 1930 amounted to about 23 per cent. [58] But the vulnerability of certain individual commodities was so high that their percentage fall was more than double that of the average. Rubber,for instance, experienced a fall of 50 per cent, closely followed by cotton and jute at 40 per cent. [59] The main reason for this, genarally, drastic fall was the reduction of stocks by merchants and manufacturers, thus nullifying the forces of market demand. The situation was made far more worse by measures taken by several individual nations. The U.S.A., for instance, made some drastic tariff increases in 1930 under the Hawley — Smoot Act, and this became a precedent for rampant restrictionism throughout the world. [60]

The immediate impact of this chaotic situation was not one of encouragement towards forming ICAs, but rather the opposite: a complete collapse of nearly all the existing control schemes. The condition prevailed has been well summarised by Rowe, when he says: [61]

> 'Obviously no restriction of output could recreate a demand which had ceased to exist, and no scheme for the holding of stocks could be floated when no one would lend money for that or indeed any other purpose. Thus, during the winter and early spring of 1929–1930 conditions of laissez-faire or free competition, ruled... for almost all primary commodities, even though several control schemes still existed on paper.'

In the face of these difficulties, **The Times of Ceylon**, while reviewing the Sri Lankan rubber industry in 1931, called it the 'blackest year' in the industry's history. [62] Whereas in tea, the mentality was well reflected when one of the leading companies mentioned in its report for 1930 that 'restriction not for one year, but for several years is necessary.' [63]

But, in an envioronment where any such restriction had not still materialised other means of combating the situation had to be sought. Perhaps, the only option opened to producers was to reduce costs of production as far as possible. In the case of rubber, for example, cost reductions achieved between 1929 and 1933 surpassed all reasonable expectations, and the **Economist** reported that the 'well situated and managed rubber estates in the East are achieving economies in production costs which a few years ago would have been deemed impracticable'.[64] In Sri Lanka, sterling company costs which were 8.56d. per 1b. of rubber during the first quarter of 1929, decreased to 2.76d. per 1b. in the last quarter of 1932. [65] In tea, although cost reductions were not as spectacular as that of rubber, nevertheless, were used as one of the measures to combat the impact of the depression. In Sri Lanka, the average f.o.b. cost per 1b. of tea decreased from 10.5d. in 1925 to 8.7d. in 1932. [66] The manner in which such reductions were achieved merits seperate treatment and lies beyond the scope of this paper. But, here it suffices to say that bringing down labour costs formed an important part of this exercise. On the part of the governments, many of them came forward to abolish export duties, even where they had so far retained for revenue purposes. Bounties rather than duties on exports of primary products became the rule. [67]

The above means of encountering the depression cannot, however, be regarded as a new-found norm, but rather a short-term emergency response. Most of the pruning in costs was derived through variable costs, and apart from postponing capital investment, fixed costs could in no way be reduced. These measures could not, therefore, go on indefinitely. It was apparent to producers that, in the long run, if fall in prices had to be curtailed, production had to be restricted to a level to meet the current demand. When doing this the situation of existing stocks too had to be taken into account. Under such circumstances, commodity control not only seemed to be a valuable proposition but also was recognized to be so. At the Ottawa Imperial Economic Conference in 1932, Neville Chamberlain, then Chancellor of the Exchequer, remarked that 'if we are to restore stability of price and confidence in the future of the market for the great primary commodities, we must look for some means of regulating supplies in such a way that they shall not be from time to time completely out of relation to the absorbing capacity of their markets.'[68] Subsequently, in 1933, at the London Monetary and Economic Conference too the same attitude was manifested. In this Conference much attention was paid to the 'co-ordination of the production and marketing' of a long list of primary products, usually with a recommendation expressed or implied that an international control scheme should be instituted or (if it was already in existence) extended. An attempt was also made to lay down certain principles which would apply to all international control schemes. The Conference approved a report in which it was stated that

> 'in order to assist in the restoration of world prosperity, it is essential to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level. In the exceptional conditions of the present world crisis, concerted action is required for this purpose. Apart from any other measures that may be taken to restore the purchasing power of producers and consumers and thus to increase demand, it is desirable that plans should be adopted for co-ordinating the production and marketing of certain commodities.' [69]

It is, therefore, clear that in principle, at least, regulation schemes had been accepted as an expedient way of alleviating the ills of primary producers.

But, in spite of this recognition, actual progress towards ICAs was largely governed by the extent of pressure exerted by producers on their respective governments. Even in industries like rubber, where prevailing conditions were rather alarming, the governments concerned (British and Dutch Governments) did not begin consultations until after continued agitations from producers. [70] When this kind of pressure was non-existent or producers were not yet sufficiently unanimous in their demand, governments, obviously, showed no real urgency in promoting control measures. Not very surprisingly, therefore, a large number of ICAs were formed towards the end of the depression period. In February 1931, the International Tin Control Scheme was set up under government auspices to regulate production and exports. In May of the same year, an International Sugar Agreement (Chadbourne Agreement) was concluded. Since April 1933, an International Tea Committee was regulating shipments from the principal producing countries, whereas a Wheat Advisory Committee was operating the International Wheat Agreement signed in August 1933. The following year witnessed the signing of the International Rubber Regulation Agreement, covering the entire area of the tropical east—the source of over 90 per cent of the world's crude rubber. In the same year, the control of cinchona bark exports from the N.E.I. was strengthened by the adoption of a government licensing system. In January 1936, the International Copper Agreement came into operation. [71]

The majority of these inter-governmental schemes grew out of earlier producers' schemes, most of which, as already mentioned, were unsuccessful and, some among them, like the Stevenson Rubber Restriction Scheme, were even branded as contrary to public interest. The failure of earlier controls, however, did not check the tendency towards their extension. A number of deductions were drawn from these failures, and were incorporated into the new schemes so as to make them fool-proof. As producers' problems became intensified government support and government sponsorship were also being accorded more freely. The main outcome of this was the creation of many international controls in place of national efforts so far existed. Thus, were born the true forms of ICAs. Apart from their nature, the scope of these agreements had also to be modified. The main motive of the early cartel type agreements was only to increase the profits of producers. But, now, producers had become well aware of their large numbers and the infeasibility of making dealings among themselves on a private level. Once government interference was established, though producer interests were still predominant, other considerations too had to be taken into account. The influence of a stable primary market upon the economic well-being of a country, in particular, was beginning to be realized. In addition, problems of consumer interests, market expansion, guarantees of obtaining raw materials, unemployment, balance of payments and economic stability in general were being considered by most governments, chiefly because of progressing world industrialization and the shift from self-sufficiency to reliance on international trade.

A restriction scheme can only be successful, where the controllers possess a high degree of monopoly power. [72] Another aspect of the new schemes was the success with which they acquired this power for control. Many control schemes of the 1920s were undermined by increased production from outsiders and emphasised the dangers of an insufficient degree of monopoly. But, now, no new scheme was launched with the inadequate monopoly power of the British Rubber Restriction Scheme of 1922 or the Cuban Sugar Restriction Scheme of 1926 or even the Sao Paulo Coffee Valorization Schemes. Instead, the new schemes of the 1930 s covered about 80 to 90 per cent or even more of exportable production. This, no doubt, was an achievement derived through international participation with government support.

On the other hand, the attitude of consuming countries towards commodity arrangements too had undergone a marked change. Schemes were beginning to be viewed favourably. This was particularly evident in the case of the United Statees. The emphatic and sweeping disapproval of governmentally supported control schemes voiced by people like Hoover and Firestone in the 1920s had now disappeared. Although vigorous and repeated representations against the supply policy of such controls as those operating in the rubber and tin trades were made, their aim was only to exert pressure on behalf of American consumer interests and did not in any way object to controls in principle. [73] Indeed, internally the United States experimented extensively with controls in agriculture and industry and in diplomacy promoted international cartels over commodities in which American producers were particularly interested such as wheat, silver, and copper.

There would seem to be two explanations for this change of attitude. In the first place, government intervention in economic life had come to be more widely accepted. If the First World War made the necessary opening for it, the economic depression of the 1930s further strengthened this tendency and made certain that it would be permanent. In fact, the various ICAs of this era may be considered an early manifestation of government intervention and involvement in economic affairs. Secondly, there was no longer a physical scarcity of any important raw material and, in almost all commodities, the market could supply whatever quantities needed. In the event, some of the leading consuming (industrial) nations viewed the shattered purchasing power of primary producers with some concern and directly expressed their willingness towards rectifying it. It is this willingness which reflected itself first at the Imperial Economic Conference in Ottawa and then at the Monetary and Economic Conference in London. Looking at it a little more closely, however, it is clear that in a situation where a majority of primary producing countries were colonies of these industrial powers, a decrease in revenue from the primary producing sector, obviously, affected the available finances of colonial governments and incurred an additional expenditure for the mother country. Even otherwise, an important section of the primary producers, actually, belonged to the Western nations, and colonial governments had an obligation to look into their welfare. It is least surprising, therefore, that the consuming countries should declare their interest and take steps to ameliorate the position faced by primary producers.

V

The outbreak of the Second World War, however, brought an abrupt end to all ICAs signed during the 1930s. In fact, in commodities like tea and rubber no control whatsoever was needed and the problem was exactly the reverse: instead of curtailing production there arose a need to increase supplies. Under the new situation, producers were exhorted to maximise their output. In the case of rubber, a strategic raw material towards the war effort, the exhortion went to the extent of endangering future output. For, in Sri Lanka, for example, producers were asked to slaughter-tap 20 per cent of their planted acreage. The damaging effect this had on future plantations is made clear by the Rubber Commission appointed in 1946 when it stated that 'the heavy tapping...accentuated the rate of deterioration, and, today it cannot be denied that there are very large areas of...rubber in a completely derelict condition.' [74]

But despite this utmost urgency to procure maximum supplies, prices paid did not commensurate with the prevailing demand. In both tea and rubber, not only arrangements were made by governments to purchase the entire exportable surplus, but their prices too were fixed. The prices so fixed were far below what the producers would have obtained under free market conditions. [75] It is ironic that in an environment where the foremost objective of commodity arrangements—securing higher prices—was well within the grasp of producers that they should be prevented from achieving it.

However, the War may be said to have served as a watershed in the evolution of ICAs. When negotiations to regulate trade were resumed somewhere around 1945, the whole complexion of the commodity problem had undergone a transformation. A notable phenomenon that followed the aftermath of the War was the process of decolonization in which a number of countries, including several primary producers, attained their independence. A majority of the latter, at the turn of their political freedom, found that they had inherited an economy which was very heavily dependent on earnings derived from the exports of their primary commodities. Revenues from the export sector were indispensable for the very existence of these economies. Under such circumstances, governments had to be more directly involved in commdoity negotiations than at any other time in the past. No longer were producer profits important. Instead, the overwhelming concern was the total amount of export proceeds a country could accumulate. Obviously, there had to be, then , a fundamental change in the principles governing the objectives of an ICA.

With this shift of emphasis, however, the whole concept of ICAs underwent a paramount change. They became part of a much wider issue; they divested their introvert nature and attained a national status taking into reckon the welfare of the whole country. What an individual could derive, now, became only a part of this national venture. Although governments had been involved in commodity negotiations for sometime now, it had been more in the nature of a response to the instigation of producers than a full commitment. But, now, it was imperative on the part of governments to take up the issue and strive for postitive results. What part of the benefit (on the assumption, of course, that some benefit is derived) should accrue to an individual producer became another matter which governments had to decide at policy levels. In spite of this ascendency, however, a primary producing state, after achieving her independence, could not be preoccupied with commodity arrangements alone. Although important in their own right, ICAs had to, in fact, become one of her several concerns and had to be considered in conjunction with other related aspects. But this did not in any way devalue their worth or the focus of attention they received. On the contrary, more interest, perhaps, than any other time before was directed towards them. The whole topic of primary commodities, especially in association with the newly created states, came under considerable scrutiny and ICAs have been viewed as an important method of resolving, if not all, at least some of the difficulties of commodity trade.

On the other hand, the curiosity aroused in primary products was part of another development which had affected the science of Economics itself. The birth of a number of independent entities and the altogether different nature of problems they encountered led to the emergence of a new branch of study within Economics, namely the Development Economics. Among other questions, trade, primary commodity trade in particular, formed an integral part of this field of study. Several theories, both at individual and instituational levels, explaining the trading relations of these countries were put forward. A treatment of the various ideas expounded in these theroies, even in a cursory fashion, is a task beyond the scope of this paper. [76] Neither is it a feasible proposition. Nevertheless, it is necessary to highlight the issues which constituted the crux of most of the literature on the subject. It is with these issues the aims of the ICAs, from this point onwards, were ensconced.

The literature on the dependence of low income countries on the exports of primary products distinguished and stressed two types of problems which had been largely responsible for adversely influencing the external earnings of producing countries. They are (i) fluctuations in prices and export earnings, and (ii) a long run downward trend in export earnings. These involve the question of price stabilization on the one hand, and of achieving 'more equitable and remunerative prices' (indexation) on the other. Both these had together been characterised as the 'commodity problem'. Even though this problem had existed before, it is with the creation of independent states and the enormous interest shown towards their material development that it gained prominence. Price instability was considered to be the underlying element of this problem which, in turn, it was alleged, led to export instability.

The United Nations—one single institution, until today, to show a tremendous interest in commodity problems—turned its attention towards export instability very early and seeked to analyse the reasons for it. Export instability, very generally, can be defined as the 'short-term fluctuations in export earnings corrected for trend.' [77] Fluctuations in export receipts, on the other hand, are a function of variations in the volume of exports and the prices they fetch. The simplest way to measure instability would, therefore, be to consider year-to-year percentage changes in the variables concerned. The United Nations, in its study on the *'Instability in Export Markets of Underdeveloped Countries'*, measured the fluctuations in market price, export volume, and export proceeds for the years 1901-1950 under three headings: year-to-year, cyclical, and long-term. [78]

The average year-to-year market price variation for 22 primary commodities during this period was found to be 14.5. [79] The following table (Table 3) shows the year-to-year fluctuations in market prices for the major commodities of Sri Lanka:

Table 3

Year-to-year Fluctuations in Market Prices [80]

(average percentage fluctuation per year)

	1901-1913	1914-1919	1920-1939
Tea	4.1	8.1	7.7
Rubber	20.5	12.4	28.0
Coconuts	-	7.0	12.7
Copra	-	12.9	17.0

Source: United Nations, *Instability in Export Markets of Under-developed Countries*, p. 12.

During 1901-1950, the average year-to-year variation in volume of exports and export earnings of eighteen major primary commdoities (including the four mentioned in Table 3) amounted to 18.7 per cent and 22.6 per cent respectively. [81] Table below (Table 4) shows the average fluctuation in export volume and export earnings for tea and rubber:

Table 4

Year-to-year Fluctuations in Export Volume and Export Proceeds

(average percentage fluctuation per year)

	Export Volume			Export Proceeds		
	1901-13	1914-19	1920-39	1901-13	1914-19	1920-39
Tea [82]	3.8	12.9	7.3	6.4	13.6	14.2
Rubber	43.1	32.0	15.6	38.7	26.4	34.4

Source: United Nations, *Instability in Export Markets of Under-developed Countries*, pp.30-31 & 39-40.

From the figures given above it can be seen that the average year-to-year variation in export earnings (22.6) was higher than the average year-to-year fluctuations in market price (14.5) and volume of exports (18.7). The most important conclusion that can be drawn is that the year-to-year fluctuations in unit value or price on the one hand, and those in quantities exported on the other, had a tendency to react together and thus resulted in fluctuations in export receipts greater than that could be accounted for by either of the two factors individually. It is apparent, then, that an average fluctuation of this amount, and more specifically, an average drop of about 23 per cent in export receipts from one year to another in years of downward fluctuation, without doubt, would have a detrimental effect on the prospects of primary producing countries. [83]

On the other hand, this also revealed that stabilizing export prices alone would not be sufficient. Because stabilizing prices when they were on a sliding path would only help to crystalize the earnings of developing economies at relatively lower levels and, thereby, reduce whatever chances there may be of pacing up their development efforts. The end of the Korean War boom and the violent oscillations in prices with an underlying declining trend encountered by primary producers towards the latter half of the 1950s and the early 1960s served as a further pointer on this issue. Consequently, an even wider view of ICAs than hitherto existed had to be taken. This almost coincided with the setting up of the United Nations Conference on Trade and Development (UNCTAD) in Geneva in 1964.

The UNCTAD, irrespective of its other achievements, has, up to now, lived up as the foremost institution (within the United Nations)preoccupied with the cause of the Third World countries, particularly their trading problems. The first Conference in 1964 spent a great deal of its time on various aspects of commdoity trade and devoted attention to ICAs as one of the means of alleviating commodity problems.[84] For the first time, perhaps, a comprehensive list of the objectives of the ICAs, from the point of view of the developing economies, were placed. It was observed that they could, in principle, be devised to serve one of five objectives or a combination of them: [85]

(i) raise or uphold export earnings by means of arrangements among producers, restricting production or exports or both.

(ii) promote economic stability in both producing and consuming countries, by preventing undue fluctuations of prices and quantities traded but without attempting to influence long-term trends.

(iii) mitigate the problems and hardships resulting from the need for long-term adjustments in cases of persistent disequilibrium between production and consumption, particularly under conditions of inelastic supply and demand.

(iv) counteract the shrinkage of markets to primary producers which results from protectionist measures or preferential arrangements in importing countries.

(v) help as instruments for inter-governmental commodity programming on more comprehensive lines, taking account of trade on both commercial and concessional terms of national policies relating to production, prices, and stocks, and of the close links between problems of commodity trade, aid, and development programmes.

In the light of these objectives, 'the basic role of commdoity arrangements,' it is asserted 'would be to provide an instrument for improved international programming.' [86] UNCTAD I, in its Final Act, viewed the main purpose of ICAs as one of stimulating a dynamic and steady growth in developing economies through the expansion of resources for their economic and social development. [87] It is, therefore, clear that ICAs were not only conceived as a way of stabilizing export earnings but also as a means of transfering resources from the developed to the developing world. In other words, the 'aid approach' had, now, begun to be stressed. [88]

In the meantime, efforts have also been geared towards analysing the commodity problem from the viewpoint of developed economies. Their main objective has been to stress the possible advantages of commodity price stabilization to industrial nations. Arguments advanced in this connection speak of the inflationary pressures emanating from periodic increases in the nominal prices of finished goods, which in turn, could be adduced to fluctuations in commdoity prices. If such fluctuations could be eliminated, it is claimed, that the level of inflation would come down, raising the level of real output. [89] However, this hypothesis, known as the 'ratchet-effect argument' has not always been viewed favourably. [90] Its contribution towards accomplishing a successful implementation of ICAs, as will be evident from the subsequent section of this article, has been very minimal. Yet, it strived to enlist the support of the rich countries by providing an economic rationale for their participation in commodity arrangements.

From what has been said above, it is clear that any further assessment of the progress made by ICAs cannot be undertaken without recourse being had to events connected with the moulding of the world economic order and the concomitant clash between the interestes of develcped and developing nations. The impact these had on trading arrangements, especially with regard to commodity trade, was evident almost at the conclusion of the Second World War. Before taking this up it is worthwhile recognizing at the outset that the clash of interests between developed countries and the primary producing developing economies has been, in certain respects, inevitable. For, the nature of relationship evolved through the years between the two types of countries had been complementary rather than competitive. While primary products in the form of raw materials or foodstuffs have been indispensable for industrial societies, Third World countries have to rely on the developed world for not only some of their vital manufacturing needs but for various other key services as well. So long as the political domination of developed territories over less developed ones prevailed, the former could make certain through coercive action the acquirement of sufficient supplies of necessary commodities. But in an atmosphere where colonialism was fast coming to an end, [91] such a guarantee no longer existed. Despite the fact that in many primary producing countries political power being entrusted to a class which was loyal to the former rulers, [92] and thereby guarding against economic vulnerability, the developed world, the United States in particular, [93] had tended to adopt a more cautious attitude towards its less developed counterpart.

During the Second World War and in the immediate post-war period, serious thought was given, especially by the United States and the United Kingdom, to the formation of a world (economic) order. Reduction of tariffs and preventing the recurrence of another war loomed large in their minds, and in 1945, the United States invited other nations to join in 'multilateral negotiation directed towards the establishment of a multilateral tariff reduction agreement.' [94] In February 1946, the United Nations Economic and Social Council (ECOSOC), a body established by the UN Charter to serve as a co-ordinating organisation for co-operation in international economic activities, called for a United Nations Conference on Trade and Employment. The purpose of this Conference was to draft a Charter for an International Trade Organization (ITO) and to negotiate for world-wide reduction of tariffs.[95] After a few preperatory sessions, the Trade and Employment Conference itself was held in Havana from November 1947 through March 1948; at the end of which a Charter known as the Havana Charter, with its proposal for the establishment of an ITO, was adopted.

Tha Havana Charter is significant in that it served as an early demonstration of the averse attitude of industrial powers towards regulating commodity trade. The principles contained in the Charter have been vividly summarised by Rangarajan, which, for the sake of clarity, have been numbered serially and quoted below: [96]

1. Control of production or trade is to be resorted to only in exceptional circumstances, such as burdensome surpluses or serious unemployment.

2. Prices can be regulated only to moderate pronounced fluctuations.

3. Market forces must be allowed to operate with the maximum possible freedom.

4. There must be absolute equality of power between the producing and consuming members in commodity agreements, though the burdens of regulation are to be borne by only the exporting countries.

The narrow perspective of these principles vis-a-vis the objectives proposed by UNCTAD I about two decades later (see above) clearly indicated the vigilant and audacious manner in which the major powers sought to safeguard their position. The Charter was bereft of any welfare considerations towards LDC's. But even with these restricted ideals, it was, eventually, a non-starter.

The ITO, embodying the principles of the Charter, was planned to be set up more or less on the lines of the Bretton Woods twins, the International Bank for Reconstruction and Development (IBRD) or the World Bank and the International Monetary Fund (IMF). Both these institutions were already functioning and were concerned with the transfer of resources and with the stability of exchange rates respectively. The desideratum was an organization for trading arrangements and the ITO, it was thought, would serve this purpose. The proposal, however, was far from materialising, It ran into fairly formidable opposition from the United States and it was announced in December 1950 that the proposal would not be submitted for Congressional approval.[97] Although the fear of defeat was outwardly attributed for its non-submission for ratification, the underlying reason seems to be quite different, When the IBRD and the IMF came into existence, their decision making procedure conformed to a "weighted voting" pattern, based on the individual strength of nations. But the ITO propounded to follow the principle of "one state one vote", thus stultifying the powers wielded by major industrial countries in the case of the former institutions. This arrangement, obviously, would not have pleased the apex hagemonic power (the U. S. A.) and led ultimately, to the fate of the institution itself being sealed.[98]

Nevertheless, discarding the Havana Charter in toto would not have been to the full advantage of developed nations. A device for implementing that part of the Charter which was favourable from their standpoint looked worthwhile. In this respect, the General Agreement on Tariffs and Trade (GATT), originally designed to be a subsidiary agreemet under the ITO Charter and to be administered by the ITO Secretariat, proved useful.[99] The GATT, therefore, began 'to evolve into an organisation to fill the vacum left by the demise of the ITO.'[100] Although its central focus was the reduction of tariffs while encouraging more competitive trade, the Agreement tacitly covered only manufactured goods and left commodity trade in the doldrums. To make matters worse, it sought to condone protectionism in the agricultural sector. An impression, therefore, gradually creeped into the minds of the LDC's that the DC's were more preoccupied with helping themselves rather than the general promotion of trade. Thus, unfolded the confrontation between the North and the South. The minuscule boom encountered during the Korean War in the early 1950's though helped to contain the situation for a while, as already explained, it soon culminated in the formation of the UNCTAD.

Once the UNCTAD was established, it was not long before ICAs lost their own identity and became amalgamated with the call for a NIEO. The UNCTAD I itself did not signal much change either in the general commodity situation or in concluding more specific ICAs. There was, if anything, a virtual stalemate of affairs. The main reason seems to be the fundamental difference over the goal of ICAs between devloped and developing economies. 'Since the early 1960s,' as Rangarajan puts it, 'every commodity negotioation has had to contend with the conflict between the stability objective preferred by the developed contries and the objective of additional transfer of resources sought by the developing.' [101] Yet, UNCTAD progressed relentlessy in identifying itself with commodity problems and proposing solutions. At the preparatory ministerial meeting for UNCTAD II, held in

Algiers in March 1967, eighteen different commodities and commodity groups were listed for international action.[102] It also called for joint action among producers analogous to the pre-War concept. But since this ran counter to the equity principle between producers and consumers the UNCTAD II, held in New Delhi in 1968, failed to ratify this technique. The only option opened to it was to recommend an action programme for each of the eighteen commodities. The Conference also considered various proposals regarding solutions to commodity problems and adopted several draft resolutions.

In spite of this, perhaps, overindulgence of the UNCTAD II, the quiescence over ICAs continued into the 1970s. The sentiments expressed by the Conference that 'in the context of international commodity agreements...no real progress has yet been made towards reducing trade impediments'[103] still ruled and the Secretary General had to report to the UNCTAD III, held in Santiago in 1972, that there was a 'general lack of progress.'[104] Amidst this rather depressing milieu, it is not very surprising that the LDCs should become increasingly sceptical of the economic system as a whole, let alone DCs. They, therefore, began to think in terms of transforming the entire economic order.

Meanwhile, another factor, arising from altogether a different plateau, helped to strengthen their vision of the new order. Contrary to the unco-operative attitude of the DCs and the ensuing frustration among LDCs already explained, this new development imparted an element of hope in the latter's quarters. The sudden boom in oil prices, occurred in the early 1970s, came, in fact, at the height of the discontent of LDCs. Its impact may be said to be twofold. On the one hand, it raised the hopes of the primary producers in that they too could, on the lines of the oil producing countries (by forming themselves into an organization like the OPEC or otherwise), now, press for more benefits via higher prices. Whether feasible or not the metamorphosis undergone by oil producers, at least, served as an eye-opener that something could be achieved. But the other outcome was far more important. An impression was created amidst the Third World countries as a whole that the opportune moment had arrived for them to exert more pressure on the developed world and seek recognition of their rights and privileges. Even at the expense of a direct confrontation with developed countries the LDCs were committed towards translating their demand into action and at the Sixth Special Sessions of the United Nations General Assembly, held in September 1974, they stressed the need for modifications in the international economic system and called for a New International Economic Order. Understandably, nothing came out of this except for further polarization of the two camps. While the industrial nations who were dependent on oil imports formed an International Energy Agency, the primary producing nations made use of the Raw Materials Conference held in Dakar in 1975 to highlight their grievances on the international economic system by way of a Declaration.[105] Again, apart from helping to throw some more light on the problems concerned, both these attempts failed to bring about any practicable results.

Yet, the demand for a NIEO soon extended itself to commodity policy and became incorporated in the Integrated Programme for Commodities put forward by the UNCTAD IV in 1976. It envisaged, among other things, 'far wider objectives for international commodity arrangements, including the improvement of marketing systems, diversification (horizontal and vertical), expanded access to markets, and measures to counter inflation...'[106] ICAs, together with a Common Fund, formed an integral part of the Programme. The key role was assigned to the Common Fund which, according to the proposal, was to command capital resources worth up to about $ 6 billion for the financing of buffer stocks and other stablilization measures. Although the Programme has been, in principle, endorsed by the developed nations, progress, up to now, either on establishing the Fund or on formulating new ICAs for individual commodities has not at all been encouraging.[107] The current economic recession experienced by countries the world over, especially the developed ones, has been a damaging factor in this respect and has further exacerbated the already strained relationship between DCs and LDCs.

VI

It is clear from the foregoing account that commodity agrements which began as private arrangements among individual producers have, today, become one of the major solutions for certain economic problems at international level. They are, therefore, an essential part of the study of Economics, especially that concerns the Third World. This change of charactor, although outwardly economic, was mainly conditioned by political factors. International relations not only transformed a set of countries into primary producers but also constrained them to depend on commodity trade for their economic livelihood. Commodity negotiations became important to the extent a country relied on commodity trade. But, if the origin of the commodity problem has, essentially, been political, its solution too, in turn, has been political as well. The ultimate success of any commodity agreement as the final part of our study revealed, is governed by international politics based on the relationship between developed and developing nations. This, again, is intertwined with the existing world economic order. In so far as the internationa economic order remains unchanged, it could be construed that commodity problem and commodity agreements are destined to stay.

NOTES

1. Independent Commission on International Development Issues Brandt Commission (1980): 151.

2. Ibid: 152.

3. Brandt Commission (1983): 104.

4. '...substitution of conscious artificial control for the unconscious control of a laissez-faire system,' J. W. F. Rowe (1936): 6.

5. Other forms of marketing arrangements include international cartels of a non-governmental character and 'near' forms of international undertakings like bilateral bulk-purchase agreements, multilateral control arrangements governing the market outlets for manufactured goods and arrangements for sectoral integration on the lines of EEC or ASEAN. For details, see Boris C.Swerling, *'Commodity Agreements, International'* in David L. Sills [ed.] (1968):18.

6. K. E. Knorr (1945): V.

7. J. W. F. Rowe (1965): 121.

8. Ibid.

9. Economists have, actually, treated mining industries as common to both industrial combinations and agricultural agreements. While it has been usual for industrial combinations to include coal and potash cartels, more or less the same arrangements for copper and tin have been subsumed as commodity control schemes. See Ibid,

10. A good example was the Stevenson Restriction Scheme where the controlling interests were solely British and their main concern was to increase the price of rubber so as to boost the incomes of British rubber producers. Neither the interests cf other rubber producers nor the welfare of the consumers were taken into consideration and this, ultimately, proved to be the cause for its failure. An analysis of the Stevenson Restriction Scheme can be found in V. Nithiyanandam (1975): 172-189.

11. A. Mc Fadyean [ed.] (1944): i.

12. J. W. F. Rowe (1936): 8.

13. The International Sugar Convention was signed by twelve European states, including Great Britain, and by Peru. Its most interesting feature was the establishment of an International Sugar Committe with powers to supervise the execution of the agreement and to ascertain whether any of its adherents were granting bounties. The Convention was successful until the state of plenty which existed before the War was superseded by the scarcity of the years immediately following it. When the agreement expired in 1920 the conditions favourable to its renewal no longer existed. For details, see Foreign Policy Association. (1933).

14. J. W. F. Rowe (1965); 121.

15. Ibid.

16. Brazil at that time supplied approximately 80 per cent of the world exports of coffee and was faced with large surplus supplies. The production for 1906-07 was 20.2 million bags, a figure not to be surpassed until 1927-28. Three-fourths of this crop was in the state of Sao Paulo. Failing to secure the co-operation of neighbouring States, the State Government of Sao Paulo decided to carry out the valorization scheme on its own. Some assistance was secured from the Federal Government of Brazil, but it was not directly involved in the Scheme. The Scheme may thus be described as an incomplete national cartel of a compulsory character seeking to influence the world market by regulating exports.. It was in no sense an international cartel, even though it was largely financed by bankers in a number of European countries. For details, see J. W. F. Rowe (1932): 8-9. For appraisals of the results of the valorization scheme, see B. B. Wallace & L. R. Edminster (1930): 130-144.

17. V. D Wickizer (1943): 140.

18. Ibid: 141.

19. For an annalysis of these developments, see I. H. Vanden Driesen (1953): 31-61 & 156-172.

20. For a review of post-war economic development, see League of Nations (1931): 13-37.

21. League of Nations (1946): 26-28.

22. W. Arthur Lewis (1949): 19.

23. League of Nations (1946): 27

24. J. W. F. Rowe (1965): 78.

25. Youngil Lim (1968 Jan.): 248.

26. *Economist* (1928): 8.

27. J, W. F. Rowe (1965): 78.

28. V. Nithiyanandam (1975): 117 & 164.

29. Because of the non-governmental nature of raw material cartels, they are also called 'private cartels'. For example, see Stanley S. Tsou & John D Black (1944 Aug.): 521-552.

30. Robert D. Krume (1963 Apr.): 788-789.

31. United Nations [Dept. of Economic Affairs] (1947): 24.

32. Robert D. Krume (1963 Apr.): 789.

33. *Administration Report of the Director of Agriculture* for 1921.

34. In May 1921, a spokesman for the Lloyd George Government, for example, stated in the House of Commons that 'no legislation for compulsory restriction of output should be introduced by the Government, as the policy...would necessitate undue government interference in economic conditions... (and) that conditions must be allowed to right themselves.' See House of Commons (1921):col. 1077.

35. V. D. Wickizer (1943): 141-142.

36. Ibid: 142.

37. Ibid. Also, see Bart S. Fisher (1972) : 13.

38. V. D. Wickizer (1943): 142.

39. Hansen explains this relationship in his study of business cycle with relation to agriculture. '...the cyclical variations in agricultural prices', he says, 'are to be explained not by fluctuations in volume of output...nor by inelasticity of demand for farm products as a whole, due to the fluctuations of business and the consequent changes in the absorptive capacity of industry as a buyer of farm products'. See Alvin H. Hansen (1932 Jan.): 62.

40. Henry C. Wallich, '*Some Notes Towards A Theory of Derived Development*', in A. N. Agarwala & S. P. Singh [ed.] (1958): 189-204.

41. J. W. F. Rowe (1965): 79.

42. Some of these cannot be described as ICAs because they were very much national in character. Apart from the Brazilian Coffee Valorization Scheme, about which mention has already been made, in 1926, Cuba, the largest exporter of sugar at that time, curtailed her output. In the same year, an international cartel among the principal world exporters of copper too was formed.

43. V. Nithiyanandam (1975): 179.

44. Imperial Economic Committee (1931): 36.

45. Leage of Nations (1931): 14.

46. Ibid: 16.

47. V. Nithiyanandam (1975): 122.

48. The Sri Lanka acreage under tea, although increased from 418,000 acres in 1924 to 440,000 in 1925 between 1925 and 1926, the increase was confined to only 2000 acres. Subsequently, between 1928 and 1930, Sri Lanka tea acreage remained almost stationary around 457,000 acres. See Ibid.

49. Imperial Economic Committee (1931): 36.

50. J. W. F. Rowe (1931): 84

51. *Adminstration Report of the Rubber Controller* for 1925 and *Administration Report of the Rubber Controller* for 1930.

52. J. W. F. Rowe (1931): 84.

53. Detailed analyses of these schemes can be found in J. W. F. Rowe (1936).

54. *Times* (1928): 7.

55. *Political and Economic Planning* (1941): 5.

56. J. W. F. Rowe (1965): 85.

57. H. V. Hodson (1938): 56.

58. J. W. F. Rowe (1965): 85.

59. Ibid.

60. League of Nations (1946): 49.

61. J. W. F. Rowe (1965): 129.

62. *Times of Ceylon* (1932): 6.

63. Brooke Bond Company, Annual Report 1930 reported in the *Times* (1931): 20.

64. *Economist* (1930): 1019.

65. P. T. Bauer (1945 May): 91.

66. N. Ramachandran (1963): 59.

67 League of Nations (1946): 50.

68. Imperial Economic Committe at Ottawa (1932): 169-170.

69. League of Nations (1933): 19-20.

70. V. Nithiyanandam (1975): 311.

71. For details of these ICAs, in addition to Rowe's works, see P. L. Yates (1943); H. R. G. Greaves (1936); and Joseph S. Davis (1946 June): 193-220. International Tea and Rubber Agreements in relation to the experience of Sri Lanka are treated in detail in V. Nithiyanandam (1975): 231-340.

72. *Political and Economic Planning* (1941): 7-8.

73. Eugene Staley (1937): 133-136.

74. Sessional Paper XVIII - 1947: 8.

75. Rubber prices, for example, were fixed at 1s 1¾d. per lb. in October 1941 by the British Government and this was raised to 1s 6d. per lb. in March 1943, but again brought down to 1s 4d. in March 1946. P. L. Yates (1943): 123-124.

76. Although one can think of a number of economists who had dealt with commodity trade problems of Third World countries, it is true to say that most of their studies have been based on the terms of trade argument put forward by the Prebisch - Singer doctrine. See H. W. Singer (1950 May): 473-485; and Raul Prebisch (1949). At the institutional level, UNCTAD, by its own nature, has been the key organization concerned with Third World trade problems. For an analysis of the main arguments covered in the literature on commodity policy, see David Evans(1979 Mar.): 259-279.

77. Alasdair I. Macbean (1966): 34.

78. United Nations [Dept. of Economic Affairs] (1952).

79. Ibid: 9.

80. Keynes estimates the average annual price range for rubber, cotton, wheat and lead to be 67 per cent between the years 1928 and 1938. See J. M. Keynes (1938 Sept.): 450-451.

81. United Nations [Dept. of Economic Affairs] (1952): 41.

82. The figures given for tea is rather misleading from Sri Lanka's point of view, because Sri Lanka enjoyed relative stability both in terms of volume and earnings. It was the Chinese tea which was experiencing greater instability and thereby influenced the average given in the table. The figures for Sri Lanka and China are as follows:

	Export Volume			Export Proceeds		
	1901-13	1914-19	1920-39	1901-13	1914–19	1920-39.
Sri Lanka	2.8	6.8	5.5	6.3	8.2	13.6
China	3.5	27.5	14.6	2.5	28.5	20.1

Ibid.

83. For a note on the violence of individual price fluctuations of raw materials and the inability of an unregulated competitive system to avoid them, see J. M. Keynes (1974 Aug.): 311-314.

84. See United Nations (1964b): 113-167.

85. Ibid: 141.

86. Ibid: 166.

87. United Nations (1964a): 26.

88. For a discussion on the relationship between trade and aid, see Hans Singer and Javed Ansari (1982): 141-150.

89. See N. Kaldor (1976 Dec.): 703-714.

90. For example, see Michael Finger and Dean De Rosa (1978 Jan): 195-204.

91. This may be termed the first of the three spurt mentioned by E. Kleiman in which the process of decolonization had been in operation. The spurts referred by him are: the late 1940s; mid- 1950s; and the early 1960s. Ephraim Kleiman (1976 Sept.): 460.

92. In Sri Lanka, for example, the United National Party which assumed power at the turn of the country's independence consisted of members (including the Prime minister) who were themselves plantation owners and belonged to a group of elites conformed to a Western pattern of life. Moreover, the Government followed a policy of cordial relationship towards the British.

93. The reaction of the United States could partly be explained by the absence of a firm ex-colonial base for her in the nature of a Commonwealth of Nations which Britain inherited.

94. John H. Jackson, *'Equality and Discrimination in International Economic Law (XI): The General Agreement on Tariffs and Trade'* in London Institute of World Affairs [ed.] (1983); 225-226.

95 Ibid: 226.

96. L. N. Rangarajan, (1978): 22. For extracts of the Charter, see pp. 341-348. Also, see Alton D. Law (1972): 324-327.

97. John H. Jackson, *'Equality and Discrimination...'* in London Institute of World Affairs [ed.] (1983): 227.

98. D. H. N. Johnson, *'The New International Economic Order'* in London Institute of World Affairs [ed.] (1983): 211.

99. The "GATT" was, actually, a code of conduct drafted to protect the benefits of the tariff negotiations completed at the Geneva Conference in 1947. The same Conference developed the draft ITO charter. The Final Act of the Conference authenticated the GATT agreement. Governments, however, deferred acceptanee until the Havana Charter was ready. In the meantime, it applied under a Protocol of Provisional Application, with the expectation that it would be brought into effect as a special agreement administered by the ITO.

100. John H. Jackson, *'Equality and Discrimination...'* in London Institute of World Affairs [ed. [(1983): 227.

101. L. N. Rangarajan (1978): 23.

102. These developments are analysed by Rangarajan (Ibid: 22-25), and this section draws heavily from his account.

103. United Nations (1968): 73.

104. Ibid.

105. For relevant extracts of the Dakar Declaration, see L. N. Rangarajan (1978): 349-353.

106. UNCTAD, TD/B/C1/116, p.3. Quoted in David Evans (1979 Mar.): 259.

107. Brandt Commission (1983): 103-104.

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ANCIENT JAFFNA – AN ARCHAEOLOGICAL PERSPECTIVE

S. K. SITRAMPALAM

Jaffna Peninsula, remains a neglected area in the collection of historical records and other antiquities especially at a time where this kind of pursuit after knowledge was given a new lease of life by the then British colonial administrators in the rest of Sri Lanka. The European and American missionaries who worked here did not evince any interest in this sphere. The era of Portuguese rule of this region destroyed a large volume of archaeological data. Nevertheless the absence of visible archaeological remains, as in the case of North Central Province, which in turn is also due to the lack of building material in the form of granite no doubt contributed to the lack of attention of the colonialists. Moreover the interest in the preservation of the cultural heritage among the population of Jaffna on the whole was minimal. However, notable contributions in this field were made by Mudaliyar Rasanayagam and Fr. Gnanaprakasar. In this paper an attempt is being made only to trace the archaeological past of Jaffna, till the beginning of the Christian era. Although to this day we have not made much headway since the days of Mudaliyar Rasanayagam (1926), yet two small scale excavations at Kantarodai and Anaikoddai, coupled with the field work conducted by the author helps us to get an overall perspective of Jaffna and its relative position in respect of the other regions of Sri Lanka.

Of the literary sources which contain reference to this region, the evidence from Mahavamsa is the earliest. It speaks of the existence of Naga Kingdoms in the North and Kalyani on the North—western coast of Sri Lanka at the time of the second visit of Lord Buddha to this Island. This visit is supposed to have taken place around the 6th century B.C. (M.V: 1). Many scholars have indentified Nagadipa of Mahavamsa with the Jaffna Peninsula (Paranavitane 1961). Moreover Nagadipa is also referred to in the Vallipuram Gold Plate Inscription of the second century A. D. and in the work of Ptolemy, the Greek writer. However, it should be borne in mind that although Nagadipa has been indentified with the Jaffna Peninsula, the perusal of Mahavamsa itself shows that this term in those days connoted a wider geographical area, comprising present day areas such as the Northern Province, Anuradhapura district, Puttalam and Colombo districts. In Manimekalai the Northern half is mentioned as Naganatu and the Southern half as Ratnadipa. The Mahavamsa evidence also shows that while the Nagas dwelled in the Naganatu, the Yakshas inhabited Ratnadipa. Now coming back to the literary evidence, certain legends in Mahavamsa and in Manimekalai have been taken by Mudaliyar Rasanayagam (1926) to prove the existence of a Naga Kingdom during pre-Christian times.

In the Mahavamsa it is stated that Buddha during his second visit to this Island pacified two Naga Kings of Nagadipa namely Mahodara and Culodara who were arrayed in battle over a gem set throne (M. V:1). During this visit, he is also said to have converted 80 crores of Nagas to Buddhism, The same story is recounted in Manimekalai as well. Rasanayagam (1926) and Navaratnam (1958), however, would identify Manipallavam of Manimekalai with the Jaffna Peninsula, although Paranavitane would object to this identification on the following grounds. According to him the names of Naga Kings are not mentioned in Manimekalai and hence Manipallavam cannot be identified with the Jaffna Peninsula. Further he says that in Manimekalai it is clearly stated that Manipallavam was an uninhabited Island when Manimekalai landed there. However, Rasanayagam, visualised the continuity of the Naga Kingdom even up to a few centuries after Christ. Accordingly in Manimekalai there is a reference to the Naga Kingdom in the story of Chola King Killivalavan and his love match with Pili Valai, the beautiful daughter of Valai Vanan, the Naga King of Manipallavam. Thus Rasanayagam on the basis of the legends in Mahavamsa and Manimekalai opined that at the time of the visit of Lord Buddha to this land, there existed a Naga Kingdom in the North with Kadiramalai (Kantarodai) as its capital. According to him Matota was only the chief port and seat of commerce, perhaps ruled by a chieftain under the paramount power of the King of Kaḍiramalai (Kantarodai).

With regard to the origin of these Nagas, Rasanayagam (1926) in the light of another legend found in Mahabharata traced them back to the 15th century B. C. According to this legend, Arjuna in the course of his Dig Vijaya married Chitrangadai, princess of Manipuram. Rasanayagam identifies Manipuram with Manipallavam. Finally he concludes that the Nagas would have migrated from the areas of Assam and Bengal around 15th century B. C. Both Rasanayagam and Navaratnam felt that Manipuram is synonymous with Manavai, Manavur under whose names old Nagadipa was referred to in the Tamil Texts of the 14 th century A. D. However, there are some basic drawbacks in their identification. Firstly it is generally conceded that Mahabharata has many recensions and interpolations. Therefore, it is indeed impossible to assign 15 th century B C. to the particular Arjuna legend about which Rasanayagam speaks of. Hence, this legend cannot be viewed seriously. Secondly, in recent times, on the basis of the archaeological findings scholars feel that the Mahabharata war itself would not have been fought before the first millennium B.C. and most probably in the second half of the 9th century B.C.(Lal. 1981). Thirdly, the assumption that Manipuram and Manavur meant the same is far fetched indeed. Undoubtedly there is a seeming gap of thirty centuries between the two forms. Purely on the basis of the phonetical similarity one cannot connect two forms of different times, when there is no other evidence to substantiate this conjecture. Hence in the light of our argument mentioned above there is no evidence at all for the existence of the Naga Kingdom in the 15th century B.C. Likewise there is hardly any evidence for the migration of the Nagas into Jaffna Peninsula during this time. But Rasanayagam's plea for the existence of the Naga Kingdom during the 6th century B.C. cannot be dismissed easily. The fact that two independent literary sources namely Mahavamsa, and Manimekalai speak of this Kingdom is again a pointer to a conclusion that these sources have merely incorporated a strong tradition of a Naga Kingdom current during their time. This again is substantiated by archaeological findings about which we shall deal with later.

Paranavitane wrote a paper in 1961, on the Arya Kingdom of North Ceylon (Paranaviṭane S. 1961). In this paper he dealt at length with the views of Rasanayagam. There he says that "in the Mahavamsa and in the Manimekalai, as indeed in the ancient Sanskrit and Pali literature in general, the Nagas are never represented as human beings, but as a class of super-human beings". He then continues that certain places in the world of men such as Nagadipa and Kalyani in Ceylon are also mentioned as their abodes but the fact that they were not regarded as human beings is proved by the statement in the Mahavamsa that at the time of Buddha's visit to Nagadipa and other places in Ceylon there were no human beings in the Island. Then he says that the legend in the Mahavamsa relating to Nagadipa and in the edifying stories of the Manimekalai do not furnish evidence for the existence of an independent kingdom in North Ceylon. As a matter of fact, no historical information whatever can be extracted out of them, beyond the light they throw on the religious beliefs of the people among whom the legends and stories were in circulation.

Moreover Paranavitane while questioning the identification of Nagadipa with Manipallavam of Manimekalai opines that 'Even if the Nagas are taken as human beings, there is no particular reason to treat them as identical with Dravidians. If the Nagas be taken as Dravidians for the reason that ancient Nagadipa is now inhabited by Tamils, Nagas may also be taken as Aryans because the people living in and around Nagapura of North India today are Aryan in speech. Thus unlike Rasanayagam and Navaratnam, Paranavitane not only completely rejects the legends of Mahavamsa and Manimekalai as furnishing any historical information but also treats the Nagas as non-human beings.

We will now turn to Archaeology and see to what extent the views of the authors mentioned above stand corroborated by the findings in this region. Archaeologically, the Valukkai Aru basin of the Peninsula seems to possess the same potentiality as that of the Malwattu Oya basin for the North Central Province. Anuradhapura, the earliest capital of Sri Lanka was sited on the Malwattu Oya basin, so was Kantarodai on Valukkai Aru. The piles of ruins at Kantarodai, in relation to other sites of the Peninsula probably made Rasanayagam and Navaratnam think that this was the capital of the Ancient Nagadipa. Kantarodai's historical importance came to light in the first two decades of the present century through the explorations of Paul Peiris (Paul Peiris 1917, 1919). A this juncture it becomes imperative to view seriously the statement of Paul Peiris, which later proved to be prophetic. The small scale excavations carried out at Kantarodai after a half a century or so have confirmed his view. Then he observed that "it will be seen that the village of Kantarodai has no reason to be ashamed of its contribution towards the increase of our knowledge regarding the ancient history of our Island. It stands to reason that a country which is only thirty miles from India, and which would have been seen by the Indian fishermen every morning as they sailed out to catch their fish, would have been occupied as soon as the continent was peopled by men who understood how to sail. I suggest that the North of Ceylon was a flourishing settlement, centuries before Wijayo was born. I consider it proved that at any rate such was its condition before the commencement of the Christian Era. I hope we have heard the last of the Lyre of Jaffna". However, its pre-Buddhist or Protohistoric potentiality became evident only in 1967 (Begley 1967). Vimala Begley of the Pennsylvania University Museum on the basis of the pottery she picked up in this area identified its Proto-historical importance. (Begley 1967). Hence in 1970 a small scale excavation was conducted in two sections of the village to obtain pottery sequence. Unfortunately that report remains unpublished. But one of the excavators has published a small article (Begley 1973). This, and the examination of the finds of the excavations, now housed in the museum (Jaffna) by us, help us to get a glimpse of Ancient Kantarodai.

The excavation revealed a deposit of 4 metre to the bed-rock and a continued occupation of the site which can be demarcated into three cultural phases. The topmost cultural phase was labelled early historic and dated from 1st century B.C. to the first few centuries A.D. by the excavators. According to them this phase is very much similar to the early historic phase of Arikamedu in Tamil Nadu and Anuradhapura in Sri Lanka. The notable finds of this phase are Roman rouletted ware, Carnelian seal of Roman origin, Brahmi writings on pottery and Lakshmi Plaques. Considerable number of tools made of iron, copper and lead ware also found.

The excavators claim that the lower two phases are not so distinctly definable at present because of the limited excavation and as yet incomplete ceramic studies. However, the evidence shows that the middle phase has no sharp cultural break with the upper phase except that it is primarily a pre-rouletted phase and therefore, earlier than the first century B.C. According to Vimala Begley certain ceramic types especially in the black and red ware parallel those of the iron age of South India and possibilities are great that settlers in both areas were of common origin or at least in very close contact.

Regarding the lower phase she said that it has some black and red ware but this is not so profuse as in the middle phase. There also exists a very distinctive fine ware, limited to few sherds only which has no known parallels in India. The origin of the settlement according to her, may date from circa the 4th century B.C. She concluded that a better range of dates should be forthcoming from the radio carbon samples. The results of the samples were published, after a decade, in the Weekend, Sun group of papers dated 8.2.1982.

All in all 15 samples were dated. Accordingly the civilization at Kantarodai started in 500 B. C. and continued right up to 100 B. C. Tantalisingly one could see the confirmation of the traditions of Mahavamsa and Manimekalai about the existence of the Naga civilization during the 6 th century B. C. although the visit of Buddha has no historical foundation at all.

At this juncture it is relevant to say a few words about black and red ware and iron in Archaeological terminology in the South Indian context. In South India around 1000 B. C. there blossomed a culture known as Megalithic culture. This was called so because the people who developed this culture used big (Megas), stones (lithic) for the construction of their graves. A typical pottery known as black and red ware, iron, tank irrigation and rice cultivation were the other traits of this culture. The authors of this culture are the forefathers of the present day South Indians (Kennedy 1975), who are no other than the Dravidians.

In Sri Lanka excavations conducted in Anuradhapura, Kantarodai, Anaikoddai, Mantai and Pomparippu which lie in the region of ancient Nagadipa, show that the authors of Sri Lankan early civilization were this Megalithic folk. The excavation in the citadel mound of Anuradhapura in 1969 showed that after the late stone age, Megalithic people moved to Anuradhapura around 400 B. C. (Deraniyagala S. 1972). Unfortunately the samples from this layer have not been dated as that of Kantarodai. If so the earlier limit of Anuradhapura may go beyond 400 B. C. In both Anuradhapura and Kantarodai the Megalithic phase was succeeded by early historic phase without any cultural break. The only difference between Anuradhapura and Kantarodai is that while in the former the Megalithic phase succeeded the late stone age after a hiatus, in the latter there is no evidence for the movement of Stone Age man. Instead the early civilization starts only with the Megalithic people. Moreover the archaeological excavations in these two sites clearly demonstrated that the Pre-Buddhist culture of Kantarodai and Anuradhapura were one and the same and the authors of the civilization were the Dravidians of South India.

The above conclusion was confirmed by our rescue excavations at Anaikoddai. The Anaikoddai archaeological site lies about a quarter mile from the coastal Jaffna—Vaddukoddai Road towards its south and is about three miles from the Jaffna Town. The mound that has been excavated lies closer to the Kakaitivu Bay, where even today the fishermen congregate daily to dispose of their catch. Navanturai, which means a harbour where ships are anchored, is also situated about a quarter mile from this Bay. The name Navanturai itself bespeaks the age old custom of sea traffic of this area. One of these mounds had been harbouring a veritable burial complex dating back to pre-Christian times until it was laid bare in the month of December 1980 by workmen removing earth to fill the Navanturai lagoon. It was at this point a team from the University of Jaffna walked in and reported the Megalithic potentiality of the site. Rescue excavation work followed immediately.[1]

As observed earlier the site is one of the Anaikoddai mounds. Though the mound is uneven the point at which the rescue excavation was done is about 4'6" above sea level. Although many of the mounds are without any cultural debris at least three have shown evidence of cultural deposits. Since it was a rescue operation while the sand diggers removed the top layer, a trench was cut in the form of an inverted L. The length of the trench on its western and the eastern sides was 18'4" and 9'6",5' and 11'9" respectively. The southern and the northern sides measured 9'9" and 13' only. The stratigraphy of the mound shows the accumulation of three layers namely 1,2 and 3. The topmost layer which is of marine formation had the thickness of about 2'6" only. The layer 2 was 1'8". The layer 3 is the virgin layer and consisted mainly of limestone formations. The most important layers which deserve our attention is the topmost marine layer that is layer 1 and the layer 2. Although at present nothing can be said definitely about the layer formation at least the top layer seems to be a man-made layer formed during the reclamation of the surrounding land while converting them into paddy fields as they are today.

The most important object of discovery is the evidence for inhumation. At least 2 extended burials were encountered at the depth of 4' and named as burial A and B. The burial A lay at the northwestern corner of the trench and B was about 10' away from it but lay along the South-eastern corner of the trench. Both the skeletons measured roughly 5' and were west to east in orientation. Both were found on the layer of sea shells and in both conchshells were planted on both sides of the skeletons. Both had the offering of pots probably filled with food as evident from the bones of animals especially cattle and shark bones. In the case of the burial A the hands lay folded across the lower chest and in the burial B the hands were extended to the Pelvis (Plate IA). While the pelvis and the lower portion of the body were rescued only in pieces in burial A, in burial B the complete skeleton was rescued. Moreover, in burial B the head had rolled over to the right side with the pelvis also similarly tilted. Of the other offerings the notable discovery is the bronze seal with a ring deposited in the black and red ware dish along the head of the burial A. This seal looks like a biscriptorial one and about which we shall deal with later (Plate IB).

Now, coming to the ceramic assembleage, the dominant pottery type seems to be black and red ware. As we all know it is one of the main traits of the megalithic culture. Almost all the specimens were collected in pieces. They are mainly bowls, dishes and pots. Both the bowls aud the dishes are of varying sizes, thickness and shape and offer a close parallel to those similar specimens from Pomparippu and Anuradhapura. These are mostly wheel turned and made of well lavigated clay. The clay seems to be of medium to coarse grained. A notable feature of this pottery is the absense of a glossy surface, which characterises the pottery of South India. It may not be out of place to state here that black and red ware pottery with a glossy surface is also rare in other megalithic pottery types in the Island. The red ware pots with varying sizes used for daily life were also found here. While some had designs others were merely plain. Most of them are coarse grained. A buff ware is also another variery which deserves our notice. Finally comes the rouletted ware sherds with and without rouletting and their presence here though small in number deserves special attention. Another significant aspect of the pottery is the graffiti symbols which though less in number show a relationship to the graffiti symbols found in the megalithic pottery of Sri Lanka. Of the other artifacts a Lakshmi Plaque, a single carnelean head, iron nails, slags and bone beads made of animal vertebrae are the notable finds from the trench. Outside this trench but on the same layer were collected iron nails, arrow heads, spear, dagger and a kohl stick of bronze.

The discovery of black and red ware sherds which have a pointed resemblance to other megalithic pottery types of the Island as well as iron objects clearly shows that although chronologically this site could be datable to the beginning of the historical period, culturally it is part of the megalithic complex of Sri Lanka. This mound seems to have been the burial ground of the megalithic folk, whose habitation site is yet to be discovered. However, for some the term megalithic for these burials may be confusing. For although usually it is defined as a tomb built of big stones, burials without any lithic appendages by virtue of their possession of certain other complex traits especially pottery found in other types of megaliths are also called as megaliths.

In the Tamil Sangam Literature the megalithic burial grounds are mentioned as Idukadu and the people who practised the inhumation mode of burial are referred to as Todu kulippaduppor. Inhumation of the complete skeleton in an extended position seems to have been a development of the neolithic custom which continued right up to megalithic times as well. However the absence of any lithic appendages to mark the burials at Anaikoddai is significant. The occurrence of cattle bones suggests that the people were pastoralists cum agriculturists as in the case of other parts of Sri Lanka where evidence for rice cultivation has been found. The sharp cutting marks of the animal bones suggest that cattle did form part of the dietary as at Anuradhapura and Kantarodai. Fishing as an occupation is suggested by the presence of shark bones. Oysters also seem to have been consumed by the people. For the natural bay probably would have afforded a good opportunity for these types of activities. The finding of iron slags and iron objects shows that the people knew the art of smelting and also made use of this metal. A singular find of a kohl stick is again suggestive of bronze metallurgy. Kohl sticks have also been reported from Kantarodai. The carnelian bead is again an evidence for sophistication. The evidence at our disposal suggests some form of funeral feast at the burial ground itself unlike in the house as at present.

Interestingly one could see similar pottery sequence at Anuradhapura (Deraniyagala S. 1972). Mantai, an early historic harbour has also yielded roulette and arretine pottery. Recent borings in the old Mantai City have shown evidence for black and red ware (Martha Puckett 1980). In this context the burial excavated by Shanmuganathan on the outskirts of the city shows a seeming relationship with Anaikoddai although many more details of the pottery types associated with the burial layer are wanting. This is also another example of an inhumation. The skeleton was found on a sloping shelf just on the outskirts of the ruined city in the sandy soil admixed with clay at the depth of 4′ 8″ from the surface. Like the Anaikoddai burials it lay with the feet pointing east and the head west. The head had rolled over to the right with the pelvis also similarly tilted. The knees were slightly drawn up and the hands lay folded across the lower chest. Overlying the burial on the top layer was Roman arretine ware. The height of the skeleton was 4′11½″. Chanmugam and Jayawardene (1954) who have studied this skeleton expressed the view that this is of a female and classified as those of modern South Indian type. However, Kennedy (1975) thinks that this burial could be of late Iron Age, rather than early historic.

Some years back Senaratne (1965) foresaw a similar pottery sequence of Arikamadu being repeated at Mantai. The findings at Kantarodai do confirm the Arikamadu pottery sequence. Mantai in North Western Sri LanKa and Jambukolapattanam in Northern Sri Lanka emerged as important harbours during the early historic period of the island which starts in the middle of the 3rd century B. C. The importance of this region during the early historic period suggests that these areas probably would have been occupied during the megalithic phase as well. On the North Western coast Pomparippu Urn burial site in the Puttalam district offers many parallels with Adicchanallur of the Pandyan coast of Tamilnadu. Moreover the evidence for the presence of black and red ware at Tissamaharama, though Parker (1884) was unaware of this during his excavation, along with the presence of black and red ware in the Moneragalle and Amparai districts suggest that the Proto-history of Sri Lanka should really begin with the megalithic culture. The pottery sequence at Kantarodai in northern Sri Lanka and Anuradhapura certainly parallels the South Indian pottery sequence. It look as if Tissamaharama in the extreme South were excavated it would also yield a similar sequence.

In the light of the above archaeological data, besides the other megalithic burial sites which are dispersed in the dry zone portion of the island, now at least we should view seriously the legends of the Proto-historic period namely theVijaya-Pandukabhaya and the supposed non-human beings such as the Nagas and the Yakkas. In this connection we would like to point out that the places mentioned in the Pali Chronicles as connected with early settlements seem to coincide with sites associated with megalithic culture. While Mendis (1965) viewed these legends as unhistorical, Senaratne (1969:27) observed that "In point of fact, there does not seem to be any evidence, either historical or archaeological which can substantiate this story".Hence the beginnings of the Proto-historic period of the island could be assigned to the megalithic phase which began in South India by 1,000 B.C. and lasted till in and around the Christian era. The extension of this culture to Sri Lanka could have taken one or two centuries.

The geographical and the ecological similarity of the dry zone portion of Sri Lanka and South India would have facilitated this process. Sri Lanka being an island, it is also possible that the megalithic customs would have retained some of their original characteristics. This shows that culturally the present day Sinhala and Tamil speakers go back to a common cultural megalithic stratum, which began to bifurcate only after the introduction of Buddhism into the island. The blood group analysis of the Sinhalese and Tamils as well as their relationship with the South Indian population as demonstrated by Kirk (1976) goes to confirm this. The anthropological study of the physical remains of the megalithic builders from Pomparippu by Kennedy (1975) further substantiates this. Finally the Pre-Asokan Brahmi characters of Sri Lankan inscriptions as shown by Fernando(1969) as well as evidence of the rule of local chieftains such as Vels, Ays and Parumakas as in Tamilnadu clearly show that during the Pre-Buddhist period the people of South India and Sri Lanka were in the same culture zone (Sitrampalam 1980). This in turn shows that these people spoke one or more Dravidian dialects, till the Proto-Sinhalese language namely Elu was overrun by a heavy dose of Pali, thus paving way for the emergence of the Sinhalese language. In this context it is relevant to record that the eminent Sinhala scholar Mudaliyar Gunawardhana, was of the opinion that structurally Sinhala and Tamil belonged to the same linguistic family (Gunawardena 1918) At the time of his research the archaeological evidence referred to in this article had not been unearthed (Sitrampalam 1980).

To come back to Anaikoddai and Mantai burials, although chronologically these are early historic yet, culturally they are megalithic. Also these reflect the continuation of the burial practices of the older times. The megalithic sites in Jaffna, Mannar, Puttalam, Vavuniya and Anuradhapura almost compel us to do some rethinking about the Nagas and the Yakkas who are supposed to have inhabited the island during pre and proto historic times. Surprisingly enough the above districts fall in the oldNagadipa of the chronicles which incidentally covered a wider area than the narrow confines at present.

Paranavitana and Mendis following the lead given in the chronicles thought that these Nagas and Yakkas were non-human beings. However, one could see a confusion even in the writings of Paranavitane who also says that "Thus the vast majority of the people who today speak Sinhalese or Tamil must ultimately be descended from those autochthonous people of whom we know next to nothing"(Ray 1959). Nevertheless the study of Kennedy (1965) shows that the present day Veddas are the lineal descendants of the late stone age people who were mainly concentrated in the central part of the island. Geiger and others view the reference in the Pali Chronicles to the Yakkas as Veddas.

As we all know the Nagas figure during the visits of Lord Buddha to the island and there were two Naga Kingdoms, one in the North and the other in the Kelaniya region in the early historic period. We also come across Kings with the Naga suffixes. Nagas do figure in the early Brahmi inscriptions of Sri Lanka unlike the Yakkas. In the light of this evidence it is impossible to think that the Nagas like the Yakkas were non-human beings. If the Veddas (Yakkas) could be classed as the Australoid language speakers then the Nagas could be a part of the megalithic people who had either worshipped snakes or who probably had the snake as their totem symbols and most likely spoke some form of a Dravidian dialect.

The importance of the Anaikoddai site is that for the first time we have come across burials in the extreme north of the Island assignable to the early historic period. As we all know this was the old Nagadipa of the Pali Chronicles. Although the anthropologists are yet to study the skeletal remains, from the data available it is reasonable to presume that this also would have the same affinity as that of Mantai and Pomparippu remains. The site itself possesses same potentiality as that of Kantarodai.

Since it lies close to the coast and if systematic excavations are carried out many more details will be forthcoming about the sea traffic and trade of those days. The finding of the seal is again a pointer towards this. The presence of rouletted ware sherds throw more light on the external contact with the Roman World. Incidentally it may be pointed out that finds of Roman pottery and coins have been reported from places like Mantai, Anaikoddai, Kantarodai and Anuradhapura, besides several other places where only coins have been reported. Sangam literature is replete with references to Roman traders, who are referred to as 'Yavanas'. Roman coins and potsherds have been reported from sites such as Uraiyur and Kaveripattnam in Tamilnadu. All this shows that Sri Lanka and Tamilnadu were closely linked with the Roman world during Pre-Christian and Post-Christian times.

The trading contact with Tamilnadu is also proved by literary and epigraphical sources. The Buddhist Jatakas speak of voyages between Kaveripattnam and Karainagar. Pattinappalai mentions about goods from Sri Lanka reaching the port of Kaveripattnam. In the two or three centuries prior to the Christian era there were wealthy and influential Tamils in Northern Sri Lanka (Maloney 1968). The Tamils Sena and Guttika who were the sons of a horse dealer ruled the northern part of Lanka from Anuradhapura for a period of 22 years (M.V: 21: 10). In the second century B.C. Elara a nobleman from the Chola country ruled Anuradhapura for a period of 44 years (M.V: 21 : 13-14). In the time of Vattagamini in the 1st century B.C. Tamil chiefs from the Pandyan country conquered the northern parts and administered it for a period of 14 years (M.V: 33 : 61). The Brahmi inscriptions datable to 3-2nd century B.C. do mention about the Tamil Traders. The Tamil Householders terrace inscription from Anuradhapura mentions the names of six Tamils. (Paranavitane 1940). Two short inscriptions from Periyapuliyankulam in the Vavuniya district mention a Tamil trader called Visaha (Paranavitane 1970).

Viewed in this context it is plausible to argue that the seal from Anaikoddai was also of a Dravidian Trader. The Valukkai Aru bay in those early days seems to have been a centre of trading activity in the north as is evident from the findings of Roman potsherds, Roman coins and the Anaikoddai seal.

The Anaikoddai seal is the first of its kind in Sri Lanka. This Bronze seal has two lines of writing. The first line, according to Indrapala who read this inscription

(Indrapala 1981) consists of three characters or symbols written in the same way as ideograms on the Indus seal. The second line of the inscription is clearly a Brahmi of about the third or second century B.C. Indrapala opines that there exists a link between the graffiti marks and the Indus character and the Anaikoddai seal belongs to the final phase after which the early phonetic Brahmi script supplemented the more difficult character writing. On this premise he argues that the first line of this seal consists of the Indus derived characters and each of them must have a value and being a legend on a seal they no doubt stand for a name and the Brahmi writing on the second line obviously stands for the same name. The Brahmi letters have been read as Ko, ve, ta respectively and there is an anusvara or dot above the letter ta. He, then, proceeds to give two readings depending on the point at which one reads the anusvara. If it is read before ta, then the inscription would read as "Koventa" and if the anusvara is read after ta, then the inscription would read as "Kovetan" (Indrapala 1981). However Regupathy would read them as Koveta and Kovetam respectively (Ragupathy 1981).

This seal no doubt was an important find. But being too small its value in providing a clue for the decipherment of the Indus script is very much limited. As far back as 1937 Fr. Heras linked the non-Brahmi symbols found in the Sri Lankan inscriptions and the symbols on the punch-marked coins of Sri Lanka with that of the Indus epigraphs. Likewise Lal saw a link between the graffiti marks, Brahmi script and the Indus script. (Lal 1960) Yet it is premature at this stage of our research to call the grafitti marks ideograms like that of the Indus symbols. There have been various theories about the graffitti marks and the Indus script has not been deciphered satisfactorily yet. Under these circumstances, although the reading of the Brahmi line of the inscription at Anaikoddai seems to be convincing still it is rather doubtful whether the first line indicating the Indus ideograms has been deciphered satisfactorily.

The inscription being the earliest found so far in the Peninsula with a Dravidian name 'Koventa' or Kovetan' or Koveta or 'Koventam' datable to 3-2nd century B.C., however, shows that the people of this region were not only Dravidian language speakers but also literate. The finds of potsherds in Brahmi script at Kantarodai especially one referring to Datahapata (the bowl of Data) a Buddhist monk (Indrapala 1973), clearly indicates as to how the very same people slowly and steadily embraced Buddhism. This in turn is corroborated by the Vallipuram Gold Plate inscription. Though it mentions about the foundation of a Vihara, the occurrence of certain forms such as Badakara atana, Isigiraya, and Na(k)adipa clearly indicates the Dravidian presence in this region. Badakara atana is no other than Tamil Vadakarai, which means the northern coast. Regarding Isigiraya, even Paranavitane concedes that "it is not easy to take it as the Sinhalese form of any Sanskrit personal name known to us. The last two syllables remind us of the rayam or rayar, with which many Tamil personal names, ancient and modern end; but the possible Dravidian character of the element Isigi is not obvious" (Paranavitane 1943). The occurrence of Dravidian Ka instead of Indo-aryan 'ga' in the word Na(ka)dipa is again a pointer to this Dravidian presence in this region. Thus the geographical name of this area, the place at which the Vihara was established and finally the governor who ruled this region all indicate the Dravidian presence in this region.

According to the Vallipuram Gold Plate inscription Nagadipa was governed by a governor of Vasabha, who was a king at Anuradhapura between 126-170 A.D. However, from the death of Devanampiya Tissa, the first historical king of Sri Lanka up to the beginning of the rule of Vasabha no mention is made in the Mahavamsa about this region. This reticence most probably might have been due to the independent position enjoyed by this northern kingdom. Although the Mahavamsa speaks of a centralised kingdom during the third century B.C. the perusal of literary and epigraphical sources beyond any doubt shows that there were several principalities which were virtually independent of central control and Nagadipa possibly was one amongst them. This too, like them, from time to time was brought under the control of the king of Anuradhapura, depending on the position he enjoyed in the centre.

Our survey of the Jaffna Peninsula also shows that there were flourishing settlements mostly along the coast during Pre-Christian and Post-Christian times. The abundance of potsherds, iron tools, beads and coins clearly substantiates this. The pottery from Kalapoomy (Karainagar), and Punnalai is certainly Pre-Christian in date and most certainly has megalithic affiliations. The evidence from Verappiddy, Kumburuppiddy, Chatti, Allaipiddy, Manchalkerni, Thuppasimal (all in the Islands), Vallipuram, Kudatanai, Nagarkovil Ampan, Kudarappu, Chempiyanpattu, Chundikulam (on the Eastern coast) and Veddukkadu, Vinasiodai, Mannithalai (Western coast) indicates that these settlements sprang up along the trade routes as well. Chronologically the settlements around Valukkai Aru basin seem to be the earliest and the eastern coast settlements followed it. (Sitrampalam 1982). Moreover the pattern of settlements shows that the people in those days with their primitive technology preferred coastal and sandy regions where water could be obtained without much difficulty and with the improvement of their technical know-how moved interior. This was so in the rest of the Island. The main components of the economy were agriculture, pastoralism, fishing and trade.

Finally comes the coinage. Fortunately a large variety of coins both local and foreign and of all ages have been and are still being collected throughout the Peninsula. It may not be an exaggeration to say that once the numismatic history of this region is written, we will have ample data unlike for any other branch of Archaeology of this region. The most important sites where coins of various periods have been collected are Kantarodai, Vallipuram, Kudattanai, Nagarkoil, Nallur, Puloly, Vaddukoddai, Kopay, Mattuvil, Atchuvely, Kokuvil, Manipay, Panderterippu, Tellippalai, Tholpuram, Allaipiddy, Mankumban, Narantanai, Pungudutivu, Uduppiddy and Anaikoddai. The earliest coinage of India and Sri Lanka is known as punch-marked coins. These are named so because all these pieces are stamped with several punches on one or both faces. It is generally believed that these have been in circulation from 500 B.C. in India.

However, Mahalingam (1970) feels that even in India there are two varieties of punch-marked coins, namely the Northern and Southern variety each having its own distinctive features. Referring to punch-marked coins he observed that 'The question of the upper and lower limits of the period of the punch-marked coins in the South may probably be advantageously considered with the help of the numerous graffiti symbols found on potsherds belonging to the early period and brought to light by archaeological excavations. The pottery which bears these graffiti marks are the Black and Red Ware, the Russet-coated-painted ware and the Red-slipped ware which are ascribable in South India to a period from c. 5th century B.C. to c. 4th century A.D. The symbols like the Sun, crescent Moon, Mount, Trisula, ladder, conventionalised fish, trees, human figurines and other symbols like plus marks, cross marks etc. are found occurring both on the potsherds and on many punch-marked coins of South India. On the basis of the similarity of these symbols found in both of them it may possibly be postulated that the lower time limit for the punch-marked issues of the South was c. 500 B.C....' Finally he concluded by saying that "The latter half of the period when punch-marked coins were in currency in South India synchronised with what is known as the Sangam age in South Indian history". Thus the study of Sri Lanka punch-marked coins especially of the coins found in the old Nagadipa region in conjunction with the graffiti symbols of the Megalithic pottery found in South India and Sri Lanka will certainly throw new light on the emergence of coinage in Sri Lanka and its relationship with the progenitors of our civilization who were no other than the Megalithic folk as in South India.

It is also plausible to think that in Sri Lanka too, the custom of using coins would have come through trade, about which we have both literary and epigraphical evidence. Paul Peiris collected 35 punch-marked coins from Kantarodai and 2 from Vallipuram. A single punch-marked coin was collected from Kudatanai during our archaeological survey of this site. These coins are usually made of silver and copper. These coins are referred to as Puranas or Kahapanas in literature. Usually these are oblong in shape and have symbols such as dog, tree, mountain and ox etc.

Chronologically the copper coins succeed the Puranas. These are usually oblong or square in shape. These were also called die-struck coins.Swastika, mountain, Nandipada, Elephant etc. are some of the symbols found in these coins.They are believed to have been in circulation since 2nd century B.C. Lakshmi plaques were also used as a form of currency in this region in and around the Christian era. On the oberse usually Lakshmi is depicted in a standing Gajalakshmi pose. On the reverse, the Swastika on a stalk is usually depicted. Besides the above mentioned varieties, Paul Peiris picked up coins with a fish symbol at Kantarodai. These are probably of Pandyan origin.

To sum up, the study of literary and archaeological sources helps us to reach the following conclusions. The civilization in the Ancient Jaffna Peninsula probably began in the 6th century B.C. The authors of this were the megalithic people of South India as in the case of the rest of the Island. The Nagas mentioned in the Mahavamsa and Manimekalai, were most probably the megalithic people. Hence they were human beings. They spoke one or more Dravidian dialects and were literate as known from the evidence at Anaikoddai,Kantarodai, and Vallipuram. The same people, with the introduction of Buddhism professed Buddhism. Kantarodai, *most probably was the capital of this region, although there were other flourishing* settlements all over the Peninsula clustering round the trade routes. Finally Nagadipa was one of the regional kingdoms of Ancient Sri Lanka. The legends about the Naga rulers of Nagadipa in the Pali chronicles and the story of the one-eyed Prince who ruled over Nagadipa found in the Sammohavinodani seem to preserve some memory of this Kingdom.

Footnote: Excavation Team was headed by Prof. K. Indrapala, and assisted by Dr. S. K. Sitrampalam and Mr. P. Ragupathy.

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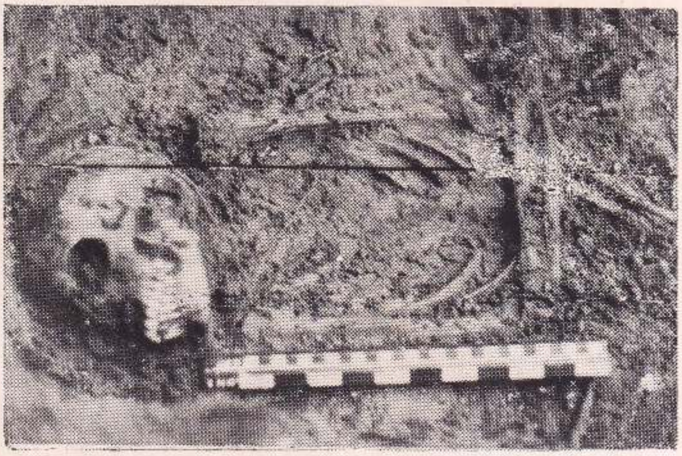
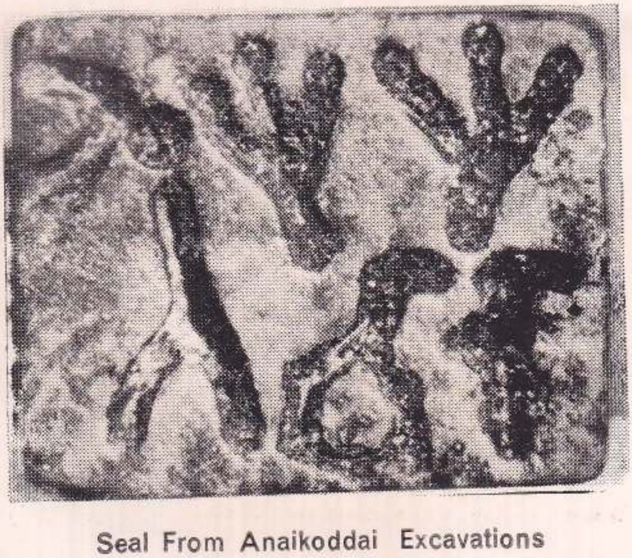
PLATE I A



Burial A From Anaikoddai Excavations'

PLATE I B



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SOME ASPECTS OF THE EVOLUTION AND IMPLEMENTATION OF THE POLICY OF PEASANT RESETTLEMENT IN THE DRY ZONE OF SRI LANKA

N. SHANMUGARATNAM

Introduction

State aided peasant resettlement has a long history in Sri Lanka. The early experiments in this venture began in the latter part of the 19th century. However it became a fully accepted policy only in the 1930's, after the granting of universal suffrage under the Donoughmore Commission of 1931. Over the past fifty years or so, under the various 'major' and 'minor' schemes located in the 'dry zone' of Sri Lanka over 408,000 families have been settled on an extent of 1,047,800 acres. (Table 1.) Most of these schemes are provided with irrigation facilities. In the post-independence period peasant resettlement assumed much greater importance in terms of state investments on land and irrigation infrastructure development. Resettlement schemes have also become a major supplier of rice for the home market.

The Galoya and Walawe schemes were major irrigation projects undertaken after independence. Presently, the government is engaged in the biggest ever river diversion and land settlement project, the Mahaweli. This project which is expected to bring 900,000 acres under irrigation is highly dependent on foreign funding and expertise. Officially described as the Accelerated Mahaweli Project, because of a telescoping of a thirty year plan into five years, this has become a political showpiece of the present government.

Table 1

Extent of land and Number of Families by Type of Scheme (1980)

Type of Scheme	Number of Schemes	Total extent of land allocated	Number of families Settled
Major Colonization Schemes	105	560,000	96,920
Youth Settlement Schemes	56	19,400	4,483
Highland Colonization Schemes	67	32,400	9,378
Middle Class Schemes	n.a.	132,000	—
Village Expansion Schemes	n.a.	284,000	297,600
Total	(228)	1,047,800	408,381

Source: Land Commissioner's Dept.

The size of allotment granted to a family under village expansion schemes was much smaller (average 0.95 acre) than that under the other schemes. Village expansion schemes were confined to the wet and intermediate zones where land was limited. The size of allotment in the dry zone schemes has been varying with time with a declining trend as shown below:

Period	Size of Allotment (Acres)	
	Paddy land	High land
1930's	5	4
1940's	5	3
1950's	3	2
1960's	3	1/4
1970's	2.5	1/4

This paper examines certain salient features of the policy of 'State Aided Land Colonization', as it is officially and popularly known, with reference to its origin, continuity and change over a period of over half a century. A policy of peasant resettlement presupposes not only the existence of landless and near landless peasants but the non-existence of non-agricultural avenues of employment. I have dealt with the historical process that created a mass of peasants who had no option but resettlement in an earlier paper [1].

The central thesis of my interpretation of this historical process may be summed up as follows. The colonial economy had mainly a pauperizing and not a proletarianizing effect on the peasantry. Pauperization refers to a continuous decline in real income of the agents without any qualitative change in their structural position. A peasant may lose ownership over his land through a cycle of poverty and debt or may have become landless due to the laws and customs of inheritance. In the absence of a strong wage employment pull he would opt to become a sharecropping tenant or an 'encroacher' on state land or a 'colonist' if such an option is available [2]. Proletarianization refers to an irreversible separation of the producer from his means of production. As the dispossessed peasant has no access at all to agricultural land, wage labour becomes the only means of livelihood. Proletarianization therefore implies a qualitative change in the structural position of the agents unlike pauperization which may be conceived of as a circle involving a process of quantitative decline in real income and hence the well being of the peasant [3]. Having made a distinction between proletarianization and pauperization we may speak of an intermediate situation of semi-proletarians who engage in wage labour outside their direct producer status. A strategy of peasant resettlement is essentially a strategy of extension and preservation of petty production with a growing market orientation. Sri Lanka's governments have pursued it at "heavy strains" to the "national coffers".

It may be emphasised at the outset that the policy of state aided peasant resettlement has, over time, evolved into a strategy meant to promote commoditization.

The settlers' access to land has become possible only under conditions that necessitate the exchange of at least a portion of the products of labour for cash. The measures associated with modernization since the 1960's have accelaerated the commoditization of inputs and thereby brought the process of reproduction into market relations on a growing scale although they are distorted and imperfect. As a result, the agrarian situation in the resettlement schemes has not been so static. Independent petty production constitutes a basis for class evolution, through internal differentiation. This tendency has manifested itself notably in peasant agriculture in the post-independence period and gained some momentum during the past two decades or so. But in the absence of rapid incustrialization, this is entwined with the historical process of underdevelopment accentuated by certain specific legal and institutional constraints in the resettlement schemes.

In the post-independence period measures associated with "import-substitution" and "self-sufficiency" in rice and the technological progress in plant breeding and agronomy have had their most concentrated impacts on the resettlement schemes. They have been instrumental in promoting a class differentation within a structure of petty production. However, the reinforcement and continuous extension of petty commodity production is a clear indication of the persistence of the barriers to a capitalist transformation of peasant farming. At the same time the protracted existence of certain personalized, non-market ties in the reproduction of the produtive unit and imperfect factor markets are a manifestation of an overall industrial stagnation and backwardness.

Land policy is undergoing certain changes currently to suit the needs of the "new" strategy of the present government. The dry zone is likely to become a centre of attraction for agribusiness type operations including contract farming. The government's concern for economic growth and its cost consciousness are having their impact on peasant resettlement and production. The new elements would certainly accelerate differentiation. Agrarian transition in the current context has brought the peasantry very much into the world market. This is promoted by deliberate policy predicated by local class needs, which are being perceived in terms of more strictly stated economic criteria of accumulation.

A Policy of "Preservation of the Peasantry"

It would be reasonable to believe that the policy of 'aided land colonization', as it took its shape in the 1930's, was not a governmental reaction to any organised threat to the landed groups from the peasantry, nor was there any organised agitation against the state for land. However, the British adopted a more cautious attitude towards the rural population after the 1848 peasant revolt[4]. The idea of "preservation" or "rehabilitation" of the peasantry was a major plank of a vocal section of the English bureacrats around whom were gathered several members of the native colonial elites like D. S. Senanayake who became Minister of Agriculture and Lands in the state council, and later the first Prime Minister of the Island at independence in 1948. There were also others like F. R. Senanayake an elder brother of D. S. Senanayake, Sir James Pieries, Sir Baron Jayatilaka and K. Balasingham who were associated with this line of thinking in the 1920's and 1930's which stood for the revival of peasant communities as a class of "independent proprietors".

This idea which was most clearly formulated by Sir Hugh Clifford who became Governor in 1925 became a major theme of the report of the Land Commission of 1929. And Farmer notes,

> "From 1927 onwards, it became the view of the Ceylon government and of many eminent Ceylonese that the peasantry had been weakened by the impact of new forces and ought to be preserved; and that individual, independent peasant proprietorship was desirable." [5]

State aided peasant resettlement became a major concern only after 1931. Before that there were certain sporadic attempts at an experimental level by the government. The year 1931, with the arrival of universal franchise and 'limited self government' through the state council marks a turning point in the attitude of the political power towards the peasantry.

In my view the motivation behind the policy of state aided peasant resettlement emanated from two considerations;

(a) the politically conceived need of the ruling class to placate an impoverished peasantry by various means of social welfare in the absence of any employment pull from other sectors and in the context of a universal franchise based electoral politics.

(b) the food problem which assumed serious proportions periodically depending on the vagaries of the export trade as food was largely imported. The impact of the depression of 1929-31, was serious enough to serve as an eye opener. The government's efforts to attract capital into food production proved to be a failure. This left peasant agriculture as the only option to increase food production.

D. S. Senanayake's political vision as a representative of the ruling class of the time was remarkable indeed. It took more than a massive peasant revolt for the Britishers to realize the need to restore and vitalize a native land owning class as an internal ally and mediator. But, D. S. Senanayake, as a 'man of the soil', saw the need for a strategy of "peasant rehabilitation" as one of the means to consolidate a political base in an evolving parliamentary system based on universal suffrage. The heated debate that ensued when the 'Aided Land Cloonization' bill was presented by D. S. Senanayake as Minister of Agriculture in 1939 in the State Council reveals a precedence of politics over economics in the conception of the whole idea.

The 1939 scheme of peasant resettlement was based on a report of the Executive Committee of Agriculture and Lands appointed by the State Council in 1931. The committee was asked to recommend a scheme of "aided land colonization" to "afford work for surplus population and increase food production". The committee's rationale for a call to "return to the land" may be stated in its own words:

> "owing to the slump in our chief agricultural products large numbers in the town have been thrown out of employment. As far as we can see at present a considerable part of this number may never be reabsorbed into the industries in which they have till lately been engaged. It is desirable that every inducement should be held out to these people to return to the land from which the majority of them have been drawn during the last two or three decades." [6]

Calling the problem as "the most urgent one before the council" the committee went on;

> ".....This slump comes on top of a period of rapid increase of population in the wet zone. The village population is thrown back on their own resources at a time when they have become too numerous to gain a full livelihood from the land at their disposal." [7]

The committee recommended that the development of resettlements should be planned to ensure good economic results and the settlers should be provided with housing, health and other facilities.

There was indeed a serious economic crisis due to the great depression of 1929-31. However, the committee saw land settlement for agriculture as the only way out for urban unemployment and rural land hunger. The purpose of 'colonization' became a debating point in the State Council in which opposition members like Dr. N. M. Perera and Phillip Gunawardene criticised the entire project. Before we devote some space to the highlights of this debate it would be pertinent to look at the ideas of D. S. Senanayake on the peasant question expressed in a book bearing the title "Agriculture and Patriotism" written by him in 1935 when he was already Minister of Agriculture and Lands.

Writing just a few years after the granting of universal suffrage and in the aftermath of the depression he said:

> "It is indeed clear that the establishment or rather the re-establishment of a rural gentry on the land is a step that must be taken if progress in the agricultural development of the country is to be made." [8]

Citing Sir Hugh Clifford, a colonial governor, from whom he drew a lot of inspiration he advocated that the time had come to "devise means for the multiplication of small holdings and the bringing into existence of a properous self-supporting and self respecting multitude of peasant proprietors." [9] In his scheme Senanayake also assigned a place for educated farmers drawn from the well to do middle classes who would serve as example of modern farmers to the peasants in the "building of a rural civilization reared on the pillars of Better farming, Better business and Better living"[10].

Such a vision of D. S. Senanayake may be interpreted to reflect a belief in an independent peasantry as a basis of agricultural development. A further logical deduction from such a belief is a land reform aimed at a restructuration of the existing agrarian relations including that of the plantations. But Senanayake did not pursue such an alternative. Instead he opted for a strategy that did not disturb the colonial agrarian structure by extending peasant cultivation on uncultivated land in the dry zone. Within his frame of thinking, determined by the allied interests of the comprador and landed groups, Senanayake had a reasonable understanding of farming as a business. He recognised some of the problems manifested at the level of the peasant household although it was the very structure which he did not want to reform, due to the class interests that bound him, that created them. For instance problems of fragmentation of land to uneconomic extents among heirs and the exploitation of the credit market by private money lenders loomed large in Senanayake's book. He regarded these as impediments to development. "Little agricultural development can be undertaken if credit is uncertain, if its cost is undully high, and if it is exposed to the peril of recall at the caprice of the lender"[11]. He advocated state intervention to offer developed land with "restricted tenure" and institutional credit. The people of Ceylon he argued were "traditionally accustomed to look to the government for help" but the government had "relapsed into the convenience of Laissez-faire" which meant a "dangerous drift"[12]. "Restricted tenure" was advocated as a means to prevent the uneconomic subdivision of the allotment granted to a settler by restricting the heir to one person. Further, legal provision to prohibit mortgage or sale was envisaged. It is of interest to note that subdivision of allotment and private money lending are striking features even in today's settlement schemes.

The debate on 'Aided Land Colonization' took place in February 1939 in the State Council. The chief critics of the scheme of dry zone resettlement were Philip Gunawardhene and Dr. N. M. Perera, both leading members of the left oriented Lanka Sama Samaja Party. Gunawardehne argued that it was still possible to bring into cultivation an extent of 10,000 to 15,000 acres of paddy in the wet zone particularly in the southern and western provinces if the government was prepared to provide irrigation and drainage facilities. This would cost less than that of the proposed dry zone schemes. While advocating large farms of 5,000 - 10,000 acres for crops like grape fruit he gave a short discourse on why paddy was not attractive to capital. "The reason why you can not induce capital to be invested in paddy cultivation is that it does not give the investor the normal average rate of profit to be obtained from other forms of cultivation"[13].

N. M. Perera questioned the economic justification of allocating more than Rs. 14 million for a scheme which offered no promise. He argued at length to show that the project of the Minister of Agriculture and Lands lacked direction and clarity of purpose. He expressed agreement with the following view of a report on Economic Survey of the Puttalam which he quoted,

— 8

"A mixture objects is often fatal to success. We should make sure whether our aim is to increase food production or create a peasantry or simply relieve congestion of population in other areas, or do something for the unemployed or ill employed people of the country".[14]

This confusion was in Dr. Perera's view the first defect in the policy. He contended that resettlement of peasantry from congested areas should be confined to the more inhabitable areas in the south. Food production schemes, conceived in economic terms should be carried out on a large scale in the dry zone with the help of machinery. He said that the Minister's earlier scheme of resettlement was an economic failure with only 1,600 persons settled on an area of 5,000 acres at a capital cost of Rs. 3,000,000[15]. He further charged that the Minister had brow beaten the Financial Secretary and had his unreasonable scheme approved. It was implicit in his speech that D. S. Senanayake was more influential than some other Ministers with the colonial administration.[16]

The 'mixture of objects' that N. M. Perera, and the report referred to by him, criticised was, however, not a result of any confusion. In the 'mixture of objects' one sees several related interests brought together. The politically conceived propagandist need to "alleviate social distress' and a way to achieve it without any alteration in the existing property relations by the use of instruments at the level of state were met by this policy. The main object was therefore the preservation of the **status quo.**

The social welfare motive of the policy found clearer expression in the reply of Dudley Senanayake, son of the Minister and a member of the State Council, to N. M. Perera;

"The existence of distress, poverty, and unemployment among the people of this country is fertile soil for the development and the creation of class hatred among the people of this country. Any measure, any endeavour to remove the existing distress of unemployment would no doubt evoke opposition from the Hon. member for Ruwanwella"[17].

Philip Gunawardhene was right in pointing out that paddy cultivation was not attractive to capital. Even during times when price of rice shot up, as it happened in the war year, capital did not find paddy production attractive enough. Apart from profit which was crucial there were the other factors like risks and uncertainties that worked against a transformation. It may be worth recalling here that efforts by government to attract capital on a large scale into food production in the dry zone in the early 1920's proved to be unsuccessful. In fact certain private firms took over thousands of acres under several incentives offered by the government in the dry zone. But they all gave up after a short while. Malaria and several other physical hazards were among the main causes. Labour for such projects was again a problem and the government thought in terms of Indian or prison labour. Even the miseries of the congested wet zone village were not harsh enough to drive the destitute peasants to the derelict dry zone as labourers. Experience showed that large scale food production ventures were not feasible. This further reinforced the idea of peasant resettlement. The Administrative Report of the Agriculture Department of 1922 noted that if paddy cultivation on new areas was to be increased it must be through the small cultivator.[18]

The landless peasant in a non-industrial context, and with his anchorage within a peasant world despite his destitution, would always cherish a desire to own land and regain his lost status. Thus a land alienation programme which promised paddy land with irrigation facilities housing etc. was bound to attract him sooner or later. This did happen indeed after the dry zone became more habitable with the control of malaria and the development of basic infrastructure. The numbers that sought land under the various land settlement projects kept growing and the alienation of land has become an overtly political exercise with ruling party politicians having the final say on the selection of settlers.

The policy of land development and alienation to peasants has remained basically unaltered since 1939. The changes have been mainly in the size of allotment granted which has dropped from five acres of paddy land and three acres of highland in the 1940's to 2.5 acres and a homestead at present, and in the extent and type of social amenities, subsidies and other facilities. Various reasons have been adduced for the deliberate reduction in the size of allotment granted. One reason seems to be related to the manageability of the farm with family labour. It is believed that the earlier size granted was too big. Another reason, an obvious one, is that the land available has become limited compared to the demand which emanates from an agricultural population that is growing due to the inadequacies of the development of non-agricultural sectors. Currently a third reason would come into existence. There is now a definite policy move of encouraging the flow of big capital, foreign and local, into certain spheres of production linked to agribusiness. This would mean a cut on the land allocated for peasant resettlement, in the event of demand for large extents to be cultivated with hired labour. The reduction in the size of allotment granted also apparently follows the general trend of declining average size of agricultural holding in the country, which has dropped from 3.31 acres in 1946 to 2.36 acres in 1973. This general trend is again a confirmation of the centinuing decline in land-man ratio due to the growth of the agricultural population which has no prospects of joining an industrial labour market.

The concept of restricted tenure had a fairly long period of gestation. The idea originated in the minds of certain colonial officials and got its conceptual form from Governor Clifford. It was inherited from him by the Land Commission of 1929 and adopted by the Minister of Agriculture and Lands. The idea of preventing mortgage or sale or subdivision by legal sanctions was apparently motivated by the government's desire to prevent the process of fragmentation and "ill advised sales" which were found in the traditional village. This was an attempt to "save the peasant from himself". The absurdity of this legalist approach to put an end to a process dictated by stark economic realities, has been most amply demonstrated in the colonization schemes where illegal sale mortgage, renting, and subdivision are widespread.[19]

This notion of "egalitarianism" based on a physical equality in farm size had, and continues to have, undertones of an agrarian populism which idealised the peasantry as an undifferentiated category. In fact legal prohibition was considered to be the most effective means to prevent any tendency of differentiation. Experience has proved that the thinking behind such a proposition was naive to say the least. The legalist approach ignores certain basic laws that operate due to inequalities in physical, financial and intellectual resources within a community. In this instance the concrete manifestations of these inequalities, even when land is assumed to be equal, are found in the individual economic strengths, access to water and other unputs and institutional sources of credit, marketing etc., and technical knowhow among the settlers. The cumulative effects of such inequalities lead to a differentiation which has become a more distinct process in the past two decades with the onset of the "green revolution" and modernization. The process has its most remarkable presence in the colonization schemes, in the entire country. The upper layers of these communities include members of nonsettler origin who have usurped land by illegal means. Thus, law has become a dead letter and statistics of size and ownership based on official documents are bound to be misleadnig

The endless discussions on 'viable allotment size' and 'optimum farm size for a family of five' that take place in policy circles would seem meaningless in this context where the dynamic that operates works unalterably towards an uneven farm size structure under any conceivable situation within the given framework. The concepts of 'viability' and 'optimality' as seen by policy makers are products of a static frame of reference for categories that are relative and dynamic. The economically stronger farmers, and some of them are non-settlers, endeavour to extend their land under cultivation by renting-in, illegal purchase and by other means of circumventing the law. The poorer farmers, most of them settlers, are compelled to rent-out or mortgage or sell by illegal means to obtain cash for their living. There are also landless peasants who have become tenants in the colonization schemes. In such a context where the operational size of farm is determined by the economic strength or weakness of the farmer any concept of a fixed viable or optimum unit and its legal imposition are of hardly any relevance to practice. The legally existing terms of tenure have in fact become an additional barrier to the centralization of land and expansion of scale in the colonization schemes. It is a well known fact that there is an "illegal" land market operating in the colonization schemes and the illegality of land transactions further weakens the bargaining position of the settler vis-a-vis the purchaser or the lessee. This practice has also encouraged corruption among some officials who, according to settlers, need to be "looked after" to turn a blind eye to the illegal transaction.

The size of allotment nowadays, given the limited supply of developed land and the growing demand, has a political determinant. The tendency would be to accomodate the largest possible number of supporters of the party in power. This seems to be having an overriding effect on decisions pertaining to allotment size.

As regards other aspects of policy the notable developments were the impact of "import substitution", and the promotion of the new bio-chemical technological diffusion among farmers from the 1960's. In fact the latter was an essential element of a package of measures adopted to promote import substitution by successive governments since 1960 or so. The other measures included guaranted price for paddy greater credit supply by institutions and fertilizer subsidies. The evolution of several high yielding varieties of rice by the Department of Agriculture and their widespread adoption by settlers were significant changes indeed. An overall indicator of the effect of new technology and the incentives granted by the state is the average yield of paddy per acre in the resettlement schemes which is 70 bushels as compared with the national average of 52 bushels per acre. In the 1960's a selective strategy of "special projects" was adopted to increase food production. Some schemes, already in existence, were selected to be given a 'bigger push' by way of inputs and supervised management. These 'special projects' received substantial foreign financial aid and foreign expert advice.

These changes of the sixties accelerated commoditization of inputs and the replacement of non-market relations by market relations. The market relations, however, suffer from imperfections. The post 1960 period can be regarded as the real beginning of 'modernization' of peasant agriculture in the settlement scheme. It is during this period the various intensification programmes with foreign aid enter the settlement schemes in a significant and continuous scale.

Some Implications of the New Strategy

Current policy moves seem to suggest that the imposed legal barriers to centralization of land and hence accumulation and reinvestment have begun to disturb the minds of the policy makers. Unlike in the colonial days, the rapid advances made by bio-chemical and mechanical technology in agriculture during the past two decades have created a new range of opportunities for bigger capital investment in agriculture . The present government of Sri Lanka which came to power in 1977 has adopted a policy of "open economy" and "export orientation". The new economic strategy is more conducive to foreign capital investment although it can not offer all the incentives needed by the INC's for direct investment in agricultural production.

In October 1980 the press reported a "Major Shift in Land Policy" envisaged by the Minister of Lands, Land Development and Mahaweli Development. According to this report the "egalitarian" distribution adopted for half a century had produced unsatisfactory results with only ten per cent of the settlers living up to the expectations of the state. The Minister has recommended policy changes to accomodate the following.[20]

— Priority for release of lands for high value crops and livestock farming
— Enlarged unit size to attract more intensive capital investment
— Longer lease period of ten to thrity years to the private sector

The Minister has stated that certain areas in the Mahaweli Project will be set aside for large scale plantations and commercial livestock production while peasant resettlement goes on. A new institution called the Mahaweli Economic Agency is being formed by the government with a capital structure similar to a private company to promote local business development and investment, and collaboration with foreign companies.

An eloquent indicator of the commitment of the government to these policy changes was its decision to permit the setting up of a massive, one billion rupee palm oil project by Guthrie, in the Mahaweli area. An extent of 24,000 acres of highland was to be granted for palm oil plantations under this project. This project seems to have been shelved due to some reasons. Yet the manner in which the government set out to promote it shows its orientation. The idea of drawing private capital for dry zone development was, as already shown by us, not new. It was in the cards for a long time but private capital finds it worthwhile to invest in certain agricultural ventures only now. The IBRD mission of 1953 highly recommended to the government that, economic development could be speeded up if parts of the new lands brought under irrigation were leased in blocks to "financially responsible individuals or corporations" thereby attracting "private capital and energy".[21]

Any allocation of land for export oriented agro-based industries in large extents would limit the land available for peasant resettlement at a time when, the peasantry's demand for land does not show any sign of decline. Initially, this contradiction, however, is not so difficult to resolve. An export orientation of peasant production by subordinating and linking it to the TNC's offers a happy compromise. Such a device is in fact most welcome to the TNC's engaged in agribusiness. For they are reluctant to invest their own capital and directly engaged in the cultivation of many crops. The risks and uncertainties of agricultural production and the production time which includes a lot of "idle time"for capital due to ecologically determined production cycles make the whole venture unattractive. The TNC's in such a context would prefer to leave the cultivation to the peasants and buy the produce for processing.

Moreover as regards 'agribusiness-peasant farming' linkage, there is already an example of "success" in the tobacco sector which may be adopted for other crops. The Ceylon Tobacco Company, a subsidiary of British—American Tobacco, enjoys a virtual monopolist position over cigarette tobacco in the entire country. It has evolved an optimal institutional arrangement with growers to exploit rural labour without the company's direct involvement in production. The company offers certain extension facilities and services and a more or less fixed price. It arranges credit facilities from the local banking system to the growers. Thus, local capital is mobilized to serve the capital of the TNC which by this organizational arrangement is assured of a regular supply of the raw material without having to face the risks of producing it.

An April 1982 government sources announced that the private sector would be called upon to participate in the management of the Mahaweli settlement schemes. This was reported in the "Sun" on the 23rd of April under the caption "Mahaweli Settlement Schemes - Private Sector Expertise to be harnessed". According to this report the private sector would take over the functions of water management, provision of agricultural facilities to the farmers, and the maintenance of the irrigation systems while the Mahaweli Authority will remain as an overall supervisor. This turn of policy in settlement management is apparently based on the experiences of a pilot project in system of the Mahaweli area managed by the Ceylon Tobacco Company. The Tobacco Company experiment has been considered successful by the officials of the Mahaweli Authority as reported in the same paper referred to above.

This move of the government is not surprising. When the private sector takes over management of the production oriented services and the cropping activities it gets a complete hold over the main physical resources and the producers. With this the institutional arrangement required for contract farming is achieved. Agribusiness TNC's will have a very conducive readymade organization of producers and resources to step in. There will be no question of use value production or subsistence farming in these circumstances. To the agencies like world Bank contract farming would be a more acceptable proposition than large privately owned plantations. This is because in contract farming the small holding based production is retained and therefore "growth with equity" is "feasible", to use World Bank's own terms.

The current moves would drastically undermine the so called independence of the peasant producers. They will be integrated into a commodity production system under the dictates of finance capital which has its ultimate interest in the application of modern inputs and the processing of agricultural produce for a consumer market, invariably abroad.

Another novel feature of land policy is the creation of Agricultural Processing Zones (APZ) which are an agrarian version of the Industrial Processing Zones (IPZ). APZ is expected to offer incentives in terms of infrastructure, tax holidays etc. like the IPZ for agro-industrial projects. The Guthrie type projects referred to earlier would come under an APZ.

These new developments are bound to have far reaching implications in the rural sector. Today, peasant resettlement has to be seen in the light of these changes towards export orientation. These changes are being justified on the basis of an economic rationale that the country must utilise the land developed at very high costs and foreign debt in more productive ways that would pay back the investment in a reasonable period.

From the mid sixties onwards there have been occasional appraisals of "colonization schemes". A FAO/IBRD team reported in 1966 that the very high cost involved in the provision of irrigation facilities infrastructure, housing, credit and marketing etc. by government has been out of proportion to the economic returns obtained. According to this report the overall capital-output ratio was a staggering 12 : 1. The Galoya evaluation committee of 1970 estimated the Cost - Benefit ratio at 0.5 with the discounted costs exceeding the discounted benefits by a colossal sum of Rs. 277,313,510/- The committee advised policy makers to "take a long, hard look at the advisability of diverting resources to what is essentially a social-welfare function in an economy where the greatest need is to maximise production."[22]

The present rulers have begun to take these warnings and advise seriously. The government has initiated a progressive slashing down on social welfare. Such a step within a parliamentary democracy is bound to have serious political consequences for the ruling party. Further any step in that direction needs to be necessarily associated with several other steps by way of legislation to impose restrictions on democratic freedoms. Sri Lanka's government has definitely taken several steps towards such ends. I shall not go into details of this aspect. I may state that the present moves are necessitated by a vision of a dominant section of the ruling class that sees the furtherence of its own interests with an "open economy" approach to development.

The "cost consciousness" of the government, however, has arisen from its own gross irrationality and not from any sensible development thinking. The acceleration of the Mahaweli project, for example, has set in motion a cost spiral. The following remark of an eminent critic of the present Mahaweli scheme reflects the cost situation,

"Assuming the cost of the irrigation, agricultural and settlement aspects at Rs. 30,000 million, the overall average capital investment per settler who gets $2\frac{1}{2}$ acres of irrigable land would be Rs. 75,000/-. The farmers settled must be the best in the world to give the country the minimum essential return for the world's most expensive irrigation project to date"[23]

"Much of the money is borrowed" says the critic, "on behalf of the people alive now and yet to be born"[24]

The "cost consciousness" and the concern for higher returns on investment on the part of the government will drive it to impose greater "discipline" on the settlers. The legal framework for the enforcement of "efficiency and discipline" has been provided by the Agrarian Services Act of 1979 which has superseded the earlier legislations like the Agricultural Producticity Law and the Agricultural Lands Law.

Under this Act farmers can be asked to observe a prescribed cropping calendar and those who fail to do so are liable to be punished. Punishment includes eviction from land. The institution responsible for the implementation of the Act is the Agrarian Services Committee which is appointed by the government. It consists of fourteen members including government officials and farmers of different categories. There is provision to have a maximum of eight members from officials and rich farmers of nonpeasant origin (for example middle class farmers). This would mean that the bulk of the cultivators could be reduced to a minority representation in the committee. The committee would obviously serve as an instrument of the richer farmers. This is not new. What is new is the legal power enjoyed by the committee with regard to implementation of cropping programs. The government now has a legitimised instrument to eliminate the "inefficient" lot and put that land into 'more productive use'. Such a measure would help to swell the ranks of the agrarian workers. and the rural poor.

A few words on Sri Lanka's "Land Reform" (1972 and 1975) would be in place. Dry Zone resettlement could be viewed as an alternative to land reform inspired by class interests on the part of the policy makers to preserve the existing property relations Is is also significant to note that a redistributive land reform did not have any place in the political manifesto of any party in Sri Lanka. Even the most radical critics of the policy of dry zone resettlement in 1939, N. M. Perera and Philip Gunawardhene, did not advocate a land reform as an alternative. The land Reform introduced in 1972 after the ill fated insurrection of April 1971 and the nationalization of company owned estates in 1975 (Land Reform phase 11) did alter land ownership pattern However the main thrust of this change was not redistribution but statisation The state emerged as the biggest plantation owner in the country. I have dealt with Sri Lanka's land reform from this angle elsewhere.[25]

The ownership ceiling of 50 acres imposed by the law under the previous government is being circumvented by the present government by other legal devices. The dry zone which served as a source of land for resettlement of landless peasant is now likely to become also a home of a new style export oriented agriculture.

A problem of 'serious concern' to land administrators in the resettlement schemes is the so called "encroachment" of state land within or around the schemes by "unauthorised" persons. In many schemes these encroachments have extended into reserves. The "encroachers" tap irrigation water "illicitly" from channels mean to serve only the legitimate settlers. This has surther complicated the problem of water management as encroachments often include lands not originally intended to be irrigated. Thus there is an "unanticipated" demand for water The encroachers, engage in the cultivation of the same crops as the settlers and often prove themselves to be more efficient entrepreneurs than the average settler In reality their production activities, though illegal according to the statute, contribute to the national output. In several instances the real encroacher is not present on the spot. He settles a landless family which is expected work for him on the land for a share of the produce. The working capital in this arrangement is often entirely advanced by the absentee "landlord". 'Sharecropping' again!

An aspect of land settlement that has not been touched here pertains to the ethnic implications which have become a political issue of serious importance today. The Tamil speaking people of the Northern and Eastern provinces, who constitute a minority nationality in Sri Lanka have expressed serious concern about the "Sinhalization" of their "traditional homeland". They view state aid d re-settlement as deliberate "frontier colonization" aimed at undermining their regional integrity. Though of crucial political importance this aspect is beyond the scope of the present paper.

State Capital and Bureacracy in the Settlement

A resettlement scheme is a spatially defined area under a bureacratic organization headed by a senior official. Most of the schemes are under the direct administrative control of the Land Commissioner's Department. In the early 1950's a separate statutory body was created with special authority to carry out the construction, land development and settlement works of the Galoya project. This body was then known as the Galoya Development Board. Subsequently it became the River

Valleys Development Board (RVDB) when it took over the same tasks in the Uda Walawe project. The Mahaweli Development Board was created to undertake the Mahaweli diversion scheme which involves the construction of several dams and the development of 900,000 acres finally.

These statutory boards (corporations) were expected to hand over the various divisions of the project after completion to the relevant state departments. The setting up of these state corporations was motivated by an idea of creating more efficient organizations than the government departments, which had evolved on a different functional basis since the colonial days, to undertake heavy construction and large scale land development. With the flow of heavy doses of state capital the number of statal and para-statal organizations charged with supervisory and extension functions has increased. Prior to the mid 1960's foreign aid did not play a significant role in the development of resettlement schemes. State's major source of capital was the surplus generated by the commercial plantations of Tea and Rubber. The plantation workers created the major part of the capital for Dry Zone development and many other state sponsored activities. But presently foreign aid of varied forms has become a major factor. Some of the older schemes have been also brought directly or indirectly under the foreign aided Integrated Rural Development Projects (IRDP) which are underway in several districts.

These activities have intensified the involvement of the state bureacracy at all levels, and one of the key managerial tasks of the statal an para-statal organizations is to achieve a vertical integration of the settlers in each scheme. The settlement management officials and the extension, credit and marketing institutions are concerned with this. However the same organizations also objectively encourage differentiation by supporting the "progressive farmers" who are a minority that ultimately enjoy the best of all state rendered facilities.

The state, nevertheless, has an interest in intensifying production on an all round basis in order to facilitate a maximal appropriation of the surplus food grains for the urban and non-agricultural consumers. Moreover, the state has been becoming more and more cost-conscious and its concern with return on investment in the infrastructure is very significant today. Thus there arises a contradiction between the state's need to maximise returns from an overall point of view and the inefficiencies and diseconomies created by individual allotment based production in a scheme. The concern for vertical integration is to minimise this. With the involvement of the World Bank, IMF, and other foreign aid agencies in peasant agricultural development and the problem of debt repayment looming large a revision of policy by the state was imminent as pointed out here.

The experiences of resettlements on the whole over more than fifty years have far reaching implications to the state in its present context of heavy reliance on foreign finance capital. Time has also brought about an extensive limit to the continuous establishment of resettlement schemes as a means to ease "agrarian pressure and unemployment". The entwined dynamic of pauperization and proletarianization shows that a growing number of settlers and their second and third generations have reached a state of distress that calls for their resettlement anew if one were to extrapolate the original purpose of resettlement. But then, that will lead to a never ending cycle. In fact what is on in the name of resettlement is such a cycle. But this cannot go on indefinitely due to obvious physical and economic reasons. Export orientation Agricultural Promotion Zones and invitation to private capital and tougher agrarian legislations are all a logical sequel of the end of a policy motivated by parliamentarist considerations and ad hoc reactions to economic crises.

Today the state bares itself as a true representative of capital. As an instrument of the ruling class its policies of modernization of peasant farming are guided by the accumulation requirements of that class. The large scale injection of state capital and the various construction and related activities farmed out by the state to the private sector in the rural areas have certainly expanded the opportunities of accumulation of the domestic ruling class. Radical critics of foreign aid (which is now a major source of state capital) tend to disregard its function as a means of promoting accumulation by the domestic ruling class and its allies. When this dimension is given its due place the role of state as an instrument of the domestic ruling class which has its own concerns of accumulation becomes more evident. The projects of rural transformation which are foreign funded cannot enter a national economy without serving the interests of the dominant domestic class. The logic of the process is such it seeks to undermine the subsistence orientation of peasant farming and promotes commoditization as a necessary requirement for accumulation both within the peasant sector and outside it.

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25. N. Shanmugaratnam, (1980), op. cit.

ARCHAEOLOGICAL EVIDENCES OF THE TWO MAJOR ROUTES THAT LINKED VANNI WITH JAFFNA

PONNAMPALAM RAGUPATHY

Introduction

It is quite obvious that the present major transportation links between Jaffna and Vanni, i.e. the Kandy Road and the Railway line, do not connect the traditional settlements of these regions. It was the British, who developed this Colombo-centric communication system which eventually led to the decay of the old routes, affecting the traditional settlement and subsistence patterns of the above said regions.

There are no substantial indigenous literary records specifically helping us to reconstruct the routes extant at the time of the Kingdom of Jaffna or prior to that. It is only in the Portuguese records that we come across the description of two major caravan routes connecting Vanni with Jaffna. They were the Colombuthurai Ferry, and the Pachchilaipalli Sand Pass. They were mentioned in the context of levying a tax for the use of these routes, which the Portuguese records claim was a practice of the native Tamil Kings and was continued by them.

The extracts from the Portuguese references,[1] describing these routes are given below to give an idea about transportation activities in the mid 17th century.

The Columbogam Ferry (passo):

"This ferry connected the Peninsula with Punarin[2] and the Renter of the ferry was also Adigar of the Port of Colombothurai. All passengers to and from the mainland, as well as all the fishermen living in the Port, paid to him the customary dues, which were as follows":-

"Every fishing dhoney paid for every day it went out fishing one large cash (caixa) of which fifteen went to the fanam. Passengers from either side making the use of the ferry paid the same. Cloth which has been already declared at the Customs and which was meant for coastwise transport, paid no further duty here, but otherwise it was treated in the same manner as at the Pachchilapalai Passes; cattle were not taken across at this ferry; all other commodities had to be taken to the Customs. Foodstuffs conveyed on men's back paid half a marca for each load."

The Land Passes:

"These led from Pachchilapalai to the Vanni, and the Customs in force under the Tamil Kings were continued in respect of them.'

"No goods could be moved through them unless properly declared, and, if cloth, duly stamped. If in order the merchants paid for each cacha quarter fanam; for twenty-five toucas, red or black, half a fanam; for seventy white head cloths, one fanam, for opium, quicksilver, China wood, cloves, nutmeg and suchlike ,8% of their value".

"Goods brought from the Vanni paid:-
For each oxload of cotton, a quarter fanam, and
for every six oxen laden with varago, one fanam".

"In the time of the native Kings the inhabitants of Pachchilapalai and Illidematual[3] used to go to the Vanni to cultivate camas[4] there and would pay to the renters from ten to twenty lachas of food-stuffs for each cama, in accordance with its size. A large proportion of these lands had since been given to the Portuguese, who took the dues there from, and the bulk to these same natives; with the result that, when the produce came to be conveyed to the Kingdom, it was difficult to ascertain to whom it belonged".

"Thereupon Lancarote de Seixas when he rented out the Passes, gave orders that all grains taken over them should pay a fanam for every four ox-loads; this regulation was now continued, except in the case of produce brought by water to the town, when foodstuffs paid nothing. All other goods coming by the Passes, such as wax, ivory, musk etc, paid to the renter 8%, areca paid two fanams the amunam of twenty thousand nuts, and sapan 8%'.

The position of the Dutch Forts along the routes discussed confirm the popularity and continuity of these routes mentioned in the Portuguese records. They had a Fort at Poonakari covering the Columbothurai Ferry route and two Forts at Pachchilapalli covering both the coastal and the interior tracks.

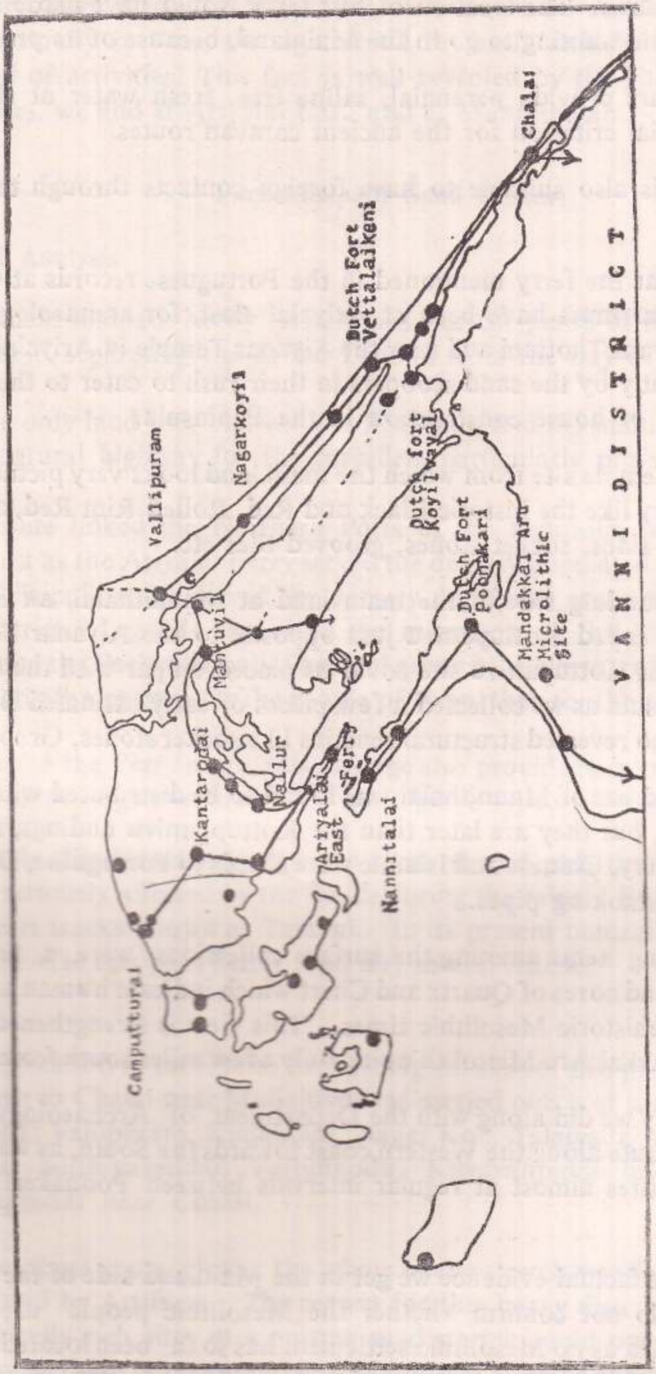
In this paper we have attempted through Archaeological methods to confirm the existence of these routes during pre-Portuguese times, and to establish their antiquity.

The Ferry Route:

Locational Analysis

During our field surveys, Archaeological sites were located both at the correspond ing points of the probable ferry stations. There are two sand bars, Ariyalai East in the Peninsula and Mannithalai in the Mainland,which run parallel to each other and separated by a narrow and shallow patch of the Jaffna lagoon.

This location has few geographical advantages other than being the nearest points to connect the mainland with the Peninsula.


Chalai
Dutch Fort Vettalaikeni
Nagarkoyil
Vallipuram
Mantuvil
Dutch Fort Koyilvayal
Dutch Fort Ponnakari
Mandakkai Aru
Microlithic Site
Kantarodai
Nallur
Ariyalai East
Ferry
Nannitalai
Camputtural
VANNI DISTRICT

As it is now, even in the old days the Valikamam sector of the Peninsula was the densely populated area. The location of this ferry would have made it the natural choice for the people wanting to go to the Mainland, because of its proximity.

These sand bars provide perennial, saline free, fresh water at shallow depth which is an essential criterion for the ancient caravan routes.

The location is also suitable to have foreign contacts through the sea routes.

The Sites:

We assume that the ferry mentioned in the Portuguese records at Colombogam near Colombothurai must have been at Ariyalai East, for archaeological sites are located near Maniyam Thottam and near the Aiyanar Temple in Ariyalai East Both were exposed recently by the sand scoopers in their rush to cater to the needs of the mushroom growth of house construction in the Peninsula.

The Aiyanar Temple site from which the main land looks very picturesque, yields early type of pottery like the historic Black and Red, Rolled Rim Red, and structural remains like stone slabs, socket stones, grooved tiles etc.

In the corresponding side of the main land at Mannithalai, an early site was located at a place called Kottupanivu just opposite to the Aiyanar Temple site at Ariyalai East. This Kottupanivu site could be placed on par with the earliest settlements of the Peninsula as we collected a few pieces of early carinated Black and Red ware sherds. It also revealed structural remains like socket stones, Grooved tiles etc.

The whole sand bar of Mannithalai was found to be distributed with pot sherds and other artifacts, but they are later than the Kottuppanivu findings, ranging from post-Christian pottery, Chinese and Islamic ware sherds to Portuguese, Dutch, pottery and fragments of smoking pipes.

Some interesting items amoung the surface collections were a few pieces of Microlithic flakes and cores of Quartz and Chert which indicate human activity in this area right from Prehistoric Mesolithic times. This view is strengthened by the presence of the Mandakkal Aru Microlithic site, only a few miles south from this stretch.

A recent survey we did along with the Department of Archaeology confirms the continuity of this route along the Western coast towards the South, as we have located more than fifteen sites almost at regular intervals between Poonakeri and Mantai.

Chronology:

The earliest artifactual evidence we get in the Mainland side of the ferry, i.e.the Microlithic tools do not confirm whether the Mesolithic people used this route to enter the Peninsula as no Mesolithic settlement has so fa been located in the Peninsula But the possibilities cannot be ruled out unless we are sure about the underneaths of the recent sand dunes of the Peninsula.

The pottery analysis at both points of the ferry fix a lower date for the route around the dawn of the Christian Era, if not earlier. Artifactual evidence points out its continuity in time, throughout till the early British times when we find an abrupt end of activities. This fact is well revealed by the ghost buildings of early British times, we find at Ariyalai East, and at Mannithalai.

Pachchilaipalli Sand Passes:

Locational Analysis

The Pachchilaipalli sandy stretch is a narrow patch of dune sands, along the Eastern coast, separating the Jaffna Lagoon from the Bay of Bengal.

As the only land link between the Peninsula and the main land, this could have been the natural highway for the travellers particularly preferred by the caravans.

The route linked the Northern Ports of the Peninsula with the heart land of Vanni. Just as the Ariyalai Ferry served the densely populated areas of the Peninsula, the Pachchilaipalli route served the densely populated areas of Vanni, i.e. the Mullaitivu District. Legends regarding the migration of the Vanni chieftains always center around the Pachchilaipalli Pass and around the Northern Ports of the Peninsula. This was actualy a passage for the people of Vanni than for the people of the Peninsula.

Similar to the Ferry route, this passage also provides perennial, saline free,drinking water all through the stretch, in the Turavu type of shallow wells

The only disadvantage is that the route should pass through the marsh lands, which are seriously affected by the floods during the rains. By summer, they become excellent cart tracks known as Taravai. In its present natural conditions, a bullock cart will traverse this pass better than any motor vehicle.

The Sites

An exploration to survey the Archaeological sites of this passage from Vallipuram in the North to Chalai near Mullaitivu was carried out, and the following areas have been studied; Vallipuram, Kudatanai, Nagar Koil, Talaiyadi, Vettilaikeni, Mandalai, Koyilvayal, Nitthiyaveddai, Tattankodu, Kuyavanpiddi near Chundikulam, and Papparavappiddi near Chalai.

Besides these spots, almost the whole of the stretch was found to be dotted with potsherds and by Artifacts. The reason for this heavy distribution of a number of archaeologically rich sites in a narrow sand stretch could only be attributed to the trade route, as there is no agricultural hinterland suitable for permanent type of settlements

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Among these sites, Vallipuram, Nagar Kovil and Vettilaikeni seem to have had a long continuity, as revealed by their Artifacts. The Vettilaikeni archaeological site and its neighbouring satellite sites of Pachchilaipalli should be discussed in detail as they are in the key location of the pass. Nearly six sites were located in the scrub forest around Vettilaikeni, and many more are likely to be located.

The Marsh land begins south of Vettilaikeni so that this location could have acted as a market centre before crossing the uninhabitable marsh land. Likewise it would have been the first centre of activities for the people coming from the Vanni.

The Vettilaikeni site has yielded variety of ware sherds like the Rouletted, Historic Black and Red, Rolled Rim Red, Chinese, Islamic and in the last phase Dutch and early British ware and tiles. A rich collection of beads and early coins were also obtained from here. The other Pachchilaipalli sites in the hinterland of Vettilaikeni provided mostly medieval pottery and coins ranging between Eleventh and Thirteenth centuries.

It must be by realizing the importance of this location that the Dutch constructed two forts, one on the top of the earlier archaeological site of Vettilaikeni and the other at Koilvayal which is also another earlier archaeological site two miles west of Vettilaikeni.

Chronology:

The origins of this route seem to be comparatively later than the ferry route. On the basis of the earliest pottery available, the lower date for this passage could be assigned to the early centuries of the Christian Era. It was only during the Medieval times the route seems to have witnessed full fledged activities. This was the time when the Vanni region, particularly the Mulaitivu District was inhabited by the waves of migrants from South India, who eventually established chieftaincies at Vanni. The Pachchilaipalli route seems to has been a pivot for these migratory and trading activities of Vanni.

The Archaeological evidences show that this passage was connected with Nallur through Mantuvil near Varani where there is a natural passage to cross both the Upparu and Tondamanaru Lagoons.[5] The Archaeological finds in these places confirm the route taken by Sankily during his flight to Vanni during the Portuguese occupation, as mentioned in the Portuguese records.

After flourishing through the Dutch and early British times the route was almost abandoned around the mid 19th century, the remnants of which could be seen as ghost buildings. Still there are old people at Pachchilaipalli who recollect their grand-father's tales narrating the market places and the caravans of buffaloes which passed along that way.

Conclusion

Archaeological studies are intended not to evoke nostalgia for a nation or for a region or about a particular culture. It is to understand the various forces that have shaped the man—environment relationship in the past. Such an understanding may eliminate superstitions and cultural fanaticism which are nowadays the unwanted by-products of Archaeological studies in Sri Lanka. If properly channeled Archaeological information and understanding could provide clues for the development planning of a particular region.

The Archaeological knowledge of these two extinct routes has shown us how they were vital for the settlement pattern and for the economic activities of Jaffna and Vanni. At least the importance of one of them is now realised and it is being reconstructed as Mahadeva Tambothi. It will be a great pleasure if Archaeological studies could evoke inspiration to restore the other one, in the Pachchilaipalli coastal route which will not only develop Jaffna and Mullaitivu districts, but also will become a boon for the entire Tamil settlements along the Eastern coast of Sri Lanka.

Postscript

After this article had been sent to the Press, a significant discovery was made in the Fort site at Mantuvil, Varani. Mr. M. P. R. Emmanuel, a student of architecture at the Moratuwa University has brought to my notice some Roman coins reportedly found by a farmer in his vegetable gardens within the premises of the ruined fort. Further investigations confirmed that the coins were found in a hoard by the farmer Mr. V. Sittampalam, who kindly gave me the surviving pieces, and thus totally sixteen coins reached me. All of them are datable to 4th Century A.D and belong to the emperors Valentine, Constantine and Arcadins. As said earlier in the article, the Kalvalai fort is located in a strategic spot, which links the four traditional districts of Jaffna i.e. Valikamam, Vadamaratchi, Tenmaratchi and Pachilaipalli, with each other and then connect, them with the highways that linked the Peninsula with the Mainland. With the present discovery the possibility of the extant of a trade route through Mantuvil-Varani will date back to the early centuries of Christian Era.

Notes

(1) Pieris P.E. The Kingdom of Jaffna Patnam, Pages 14-15

(2) Poonakari

(3) Elutumattuval

(4) Paddy fields

(5) Massive structural remains were noticed at Talvalai, Mantuvil, which we presume as a fortress of the times of the kingdom of Jaffna.

CONTRIBUTORS

V. Nithiyanandan,
B. A. (*Cey.*), *Ph.D.* (*Reading*).
Senior Lecturer & Head of the Department of Economics, University of Jaffna.

S. K. Sitrampalam,
B. A. (*Cey.*), *M. A., Ph. D.* (*Poona*).
Lecturer & Head of the Department of History, University of Jaffna.

N. Shanmugaratnam,
B. Sc., M. Sc., Ph. D.
Lecturer, Faculty of Agriculture, Agricultural University of Norway, Oslo, Norway.

Ponnambalam Ragupathy,
M. A. (*Mysore*), *Ph. D.* (*Jaffna*).
Formerly, Lecturer in History, University of Jaffna.

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