

**LANKA**

# **GUARDIAN**

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## **Constitutional Coup**

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**Foreign hands and fine-tuning**

*Mervyn de Silva*

**Means and Ends**

*Radhika Coomarasamy*

**SOVIET DIS-UNION**

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*Reggie Siriwardena*

*Richard Pipes*

*Inder Malhotra*

**SAARC**

*Godfrey Gunatilleke*

**AGRICULTURE AND LAND**

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*S. Sathanathan*

*D. L. O. Mendis*

**INDIAN FOREIGN POLICY**

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*David Housego*



**Black Knight**  
It's your move

## Briefly . . .

### NO CONFIDENCE MOTION ON SPEAKER

● After Speaker M H Mohamed told parliament that he had ceased to entertain the impeachment motion against President Premadasa, which he had earlier accepted, the joint Opposition moved a motion of no-confidence against him.

In rejecting the impeachment motion the Speaker said that it did not contain the requisite number of valid signatures. At a press conference following this Opposition Leader Mrs Sirimavo Bandaranaike said that the Speaker had rejected a request by her to appoint a select committee of parliament to go into the validity of the signatures. How could the Speaker now reject the impeachment motion after having written to the President and to herself indicating that he had entertained the motion, Mrs Bandaranaike asked.

In the debate on the no-confidence motion on the Speaker the UNP forces rallied, minus the dissidents but together with some MPs of Muslim and Tamil parties, and defeated it 123 to 85.

### FIVE CAMPS SMASHED

● Government security forces were reported to be continuing search and destroy operations in the jungles south of Ampara in the Eastern Province, after smashing five large Tiger camps in the area. Operational Headquarters

said that camps seized in a joint army-airforce operation included a well equipped training base complete with parade square, obstacle course and a bakery.

A military spokesman said that about a dozen top LTTE fighters who were normally in the Northern Province had now penetrated the Eastern Province to boost the morale of the Tigers there.

### DEVELOPMENT EFFORTS 'ENCOURAGING'

● Dr Ronald W. Roskens, Administrator of the United States Agency for International Development (USAID) said in Colombo: "We have been especially encouraged by the Government of Sri Lanka's economic liberalisation efforts in recent years. These efforts have encouraged private initiative, created new jobs, increased exports and contributed to the country's admirable economic

growth rates in the last few years."

Dr Roskens was in Sri Lanka for a first hand assessment of the country's development efforts and American assistance projects.

### DEFENCE IN 1992: RS 15.3 BILLION

● The government has allocated Rs 15.3 billion for defence and Rs 6 billion for reconstruction and rehabilitation in 1992, because of the protracted northeast war, the state owned Daily News said, quoting authoritative sources.

This amount was slightly higher than the current year's allocation, the sources said.

### TEA CRISIS

● World tea prices have declined 12 per cent. This phenomenon will come under intensive study at the FAO meeting on tea in Rome.

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# Constitutional coup: no foreign fine-tuning

Mervyn de Silva

NEWS  
BACKGROUND

The constitutional "coup" has collapsed. The drama may be over, the final curtain likely to come down on a court-room rather than parliamentary scene. But the 'crisis' may stay with us.

Meanwhile the UNP, taken by total surprise and greatly shaken, will never again affect the cocky complacency into which it had so nicely settled. A rudely awakened public is no longer a silent spectator. The media has regained something of its combative vigour.

A dis-united United National party is always a nett gain to its main rival, the SLFP but will the rewards be immediate and substantial, or mid-term and modest?

My chief concern however is the external factor or factors, the external involvements and implications. The press too. I don't suppose the aim of the external players was to oust the government. It was to "soften" up the regime, to make it less powerful, more accountable to parliament. An independent parliamentary "caucus", UNP but hostile to the Presidency, would have done nicely. Both a numbers and checks-and-balances game. It didn't work out that way. The self-opinionated diplomatic fine-tuning chaps didn't write the final score!

Regarding the external or the internal/external, what do we see? (1) The least politicised minority is now an activist—more self-conscious and assertive actor—the Muslims. With the Tamils, they hold the traditional balance. Include Mr. Thondaman's CWC, independent player, and that's it. Mr.

Thondaman was also the main adviser-confidential agent of Delhi for a quarter century. This time he was left out. Either the game in Delhi is run by a new set, or a new set of rules, or the game was *not* organised by the real bosses, Prime Minister Narasimha Rao and his group. Was part at least of the game an effort to weaken or embarrass Mr. Rao?

The two most important external players of course are INDIA and the U.S., the world's largest and the world's most powerful democracies.

In both countries, the Big Chief is in serious trouble chiefly because of the democratic context in which they are compelled to operate.

(1) President Bush, on the eve of a second-term campaign, is on an unprecedented collision course with the mighty Jewish Lobby in the US and ISRAEL. The Jewish Lobby operates within and outside the system, sometimes within the administration too.

(2) Mr. Narasimha Rao is in much greater trouble than President Premadasa. "Factional groupings are acknowledged *de facto*" writes Nikhil Chakravarty, India's most respected editor. He adds: "The Coterie, the Palace, the Maratha Brigade—all these are part of the Congress vocabulary today, at least in the capital. Open lobbying and backbiting go on. It is a veritable minefield through which he has to steer to maintain his leadership".

When democratic leaders are in trouble, mavericks, rogue-operators and the covert agencies come into their own. One of their favourite instruments is the media, to whip up passions,

to create confusion, to send wrong signals to increase tension. Wittingly or unwittingly, the politician, the journalist and foreign correspondent, the diplomat and the businessman are co-opted.

Like the Tamils, the Muslim community is now an identifiable player. To meet a challenge perceived as anti-Arab/Islam, the Muslim world responded, and Sri Lanka's foreign policy orientation became more West Asia (Pakistan westwards) than South Asian, a possibility that the gamesmen in Delhi may not have anticipated... nor the Jewish Lobby.

In the north-and-east, Sri Lanka has been ravaged by one of the world's fiercest ethnic insurgencies for the past decade or more. Colombo and most parts of the Sinhala South were in the vice-like grip of a barbaric youth revolt that was brutally quelled by 1989. And yet in late 1991, after three islandwide elections—Presidential, parliamentary and provincial—we have a "coup". Not an army coup, once a common 3rd world malady. It is a "constitutional coup" i.e. using the provisions of the 1978 J. R. Jayawardena constitution, supported by a conspiratorial parliamentary numbers game, to oust an elected President, the leader of the party that won all three elections, and has governed this island for 30 of the 44 years since the 1947 general election. And the plot was hatched before May 26, when five key personalities involved, met for the first time. And the police didn't know, though the plot evidently was to topple a "police state".

Since it was a "coup", bloodless and constitutional, the masses were kept out until the parliamentary trap was sprung, the impeachment motion, supported, it is said, by 35-45 UNP'ers, to be "entertained" by the Speaker. But the main aim was "parliamentary democracy", an end to centralised Presidential power, concentration of authority in the an Executive Presidency, the vital change between the 1977 post-independence Westminster model, and the 1978 so-called "Gaullist" experiment.

Since the main banner unfurled after the impeachment motion was "Democracy", it was hardly surprising to see the UNP "dissidents" making a conscious effort to indentify their exercise with the worldwide phenomenon of popular rebellion and a triumphant democratic upsurge — not merely in "socialist" Europe and the Soviet Union but in many parts of the Third World, including South Asia.

The subcontinent has had only two sturdy democracies, India and Sri Lanka, though this island has had prolonged emergencies which have led to the effective erosion of democracy, sometimes temporary.

The other South Asian regimes have seen various forms of regimentation and authoritarian control, chiefly under the military in the two largest Muslim states (Pakistan and Bangladesh) and under monarchies. (Nepal, notably).

As the world's most populous democracy, India, certainly under Nehru, believed that the spread of democracy on the sub-continent was not just a virtue but a asset. Later, when the Cold War contest intensified to the point where the actual independence and sovereignty of the 'new' States were threatened, Nehru place great value on non-alignment too. It would be easier for India to get on well with non-aligned — democracies — that belief was a cornerstone

of India's regional policy. The objective was an accommodating, tension-free security environment in which India could re-build itself to realise his vision of the glory and the naturally endowed "greatness" of India. With the army quickly emerging as the effective ruler of Pakistan, and Pakistan establishing links, formal and non-formal, with US-dominated military alliances, Nehru emphasised nonalignment even more than democracy, though he did give his blessings to democratic oppositional movements in the region, but such encouragement never crossed the line to become direct military intervention, covert action or coercive diplomacy, or a 'mix' of all three. On account of its military strength, and its close cooperation with the US, and soon, China, Pakistan was always a special case.

'No Indian version of the Monroe Doctrine has functioned in South Asia "observes Surjit Mansingh in INDIAS'S SEARCH FOR POWER, and another scholar Raju Thomas notes that "Indian defense policy has usually been characterised by flexibility and ambivalence" (INDIAN SECURITY POLICY), quoted by Devin Hagerty in ASIAN SURVEY. But Prof. Bhabani Sen Gupta argues that the ethnic conflict in Sri Lanka did spawn an Indian doctrine of regional security.

There are two basic considerations to be borne in mind when understanding India's regional interests and how these are pursued. First, security must be studied in the broadest terms. An active democracy in a neighbouring country is welcome in Delhi... but not if that democratic regime follows a foreign policy which is "hostile" to India e.g. the JR government, a sharp break with the Bandaranaike past. Secondly, a neighbour, however friendly, ceases to be a friend if its defence policies (even arms supplies and training) are linked to another country or countries, regional or extra-regional e.g. Pakistan,

China or US. Thirdly, a neighbour whose internal policies have a disruptive effect on India (e.g. Tamil problem in Sri Lanka.)

All three were factors when JR assumed office and Indira Gandhi was running India, after the defeat of JR's friend Moraji Desai.

By the referendum of 1982, JRJ had shrewdly pre-empted Delhi, denying Mrs. Gandhi the policy option of subverting JR's "constitutional dictatorship" in the hope of Mrs. Bandaranaike's return. The only options left were covert action and coercive diplomacy i.e. training and arming the Tamil separatist-guerrillas and using the reasonable argument of "spill-over effects" (Tamilnadu) to legitimise coercive diplomacy — the instant arrival of Narasinha Rao, External Affairs minister, in Colombo to be followed by the pressures of the Parthasarthy diplomatic exercise the first phase.

The advent of the Rajiv regime showed a softening of the Indian attitude, with the LTTE recognised as a dangerous 'actor'. Thus, the reply to the LTTE in the form of other India-backed military groups, especially the EPRLF. Along with that, the JRJ government was gradually adopting a new posture, influenced by (a) failure of the military option. Vadamaarachi, identified with Lalith Athulathmudali, the National Security Minister and (b) economic-diplomatic pressure within the Cabinet, identified with Finance Minister Ronnie de Mel (IMF-World Bank-donors) and Mahaveli Minister (the pro-Indian) peacenik, Gamini Dissanayake, and (c) mounting Indian pressure plus friendly persuasion (Dixit, N. Ram etc).

Nepal, the only other neighbour, comparable in a way to Sri Lanka, was following a precarious policy of counter-balance i.e. relying on China and the US as counterweight to India. Delhi's reaction, (Rajiv) was an economic squeeze choking off the land-locked

Nepal) and political pressure via pro-Indian opposition groups to "soften up" King Birendra through an agitational pro-democracy campaign that swept the streets of Kathmandu. The advent of the Premadasa government coincided with the political crisis in Delhi — two minority governments V. P. Singh and Chandra Sekhar, the second hobbling along on Congress support until Rajiv Gandhi was ready for general election.

### Regime Change

Persistent demands for the withdrawal of the IPKF and talks by the Premadasa government with the LTTE were received with poorly suppressed irritation, if not anger, by the Congress and Foreign Policy establishment in Delhi. Given his publicly declared "good neighbour" policy priority, Prime Minister V. P. Singh negotiated the IPKF's pull-out . . . on Indian terms. It is during Mr. Singh's tenure that India's relations with Nepal also improved markedly.

### Indian Options

With the imminent collapse of the Chandra Sekhar government, the Congress needed to craft a new Sri Lanka policy — how to deal with the Premadasa regime in the context of a Rajiv return. *To a Delhi policy-planner the only practical realistic choice was a critical weakening of the Sri Lankan government, not a ouster by democratic means (the provincial council polls were not a good sign) nor a move by the armed forces.* The SLFP, under Indira, was the preferred option. Not any more. *First, there was the SLFP's Sinhala Buddhist constituency-bound thinking on the Indo-Sri Lanka 'Accord' and any serious quasi-federal devolution essay was simply not on. Apart from that, the possibilities of a regime-change through democratic instrumentalities, were slim.*

Any intelligent South Block-wallah, and there are heaps out there, would however have

noted an advantage which may compensate for the inherently narrow limits on operational choices. In recent times, Sri Lanka has increasingly come within range of Human Rights sharpshooters, and become in fact a target gradually of NGO's, the donor agencies, and some members of the AID Group, European and Commonwealth. This is the brief history of the issue from the ghastly Richard De Zoysa murder to l'affaire Gladstone. *The idea is to punish the regime, teach it a lesson, rather than to overthrow it.*

The government after all is working well within the IMF-World Bank framework (the more important test) and has held and won too many elections to qualify reasonably for the hard option of have-ho, C.I.A.-style earlier. If in the business of 'punishing' the regime, some constitutional-political changes can also be introduced (such as opening up the centralised system, encouraging freer discussion and debate, in the media for example) so much the better.

### US Policy

The minority Congress government is overwhelmed by a rare conjuncture of crises, political, economic and security. Thus the agonies of the IMF-imposed adjustment, popular protest over various issues, armed violence and burgeoning insurgencies, the serious threat in Kashmir and the confrontation with Pakistan, caste and class conflicts, the collapse of the Indo-Soviet relationship and search for a new foreign policy — defence framework. All this afford the bureaucracy together with not-so overt agencies, a much larger freedom to make policy. But can India play the old-style regional hegemonic role at the risk of alienating the single superpower? Although small, Sri Lanka will also prove an interesting test of the new emerging Indo-US relationship — itself a test of how the sole superpower will relate to major regional powers, the division

of responsibility and influence in the context of regional conflict and conflict-resolution. (Even the large collective, the E.C., has not been too successful in the experiment in Yugoslavia).

The notoriously outsize Sri Lankan ego sometimes accommodates the flattering thought that if the lights in the White House burn late or Messrs Baker and Snowcroft are holed up in the basement, their labours are somehow connected to some ruckus in Sri Lanka. [The only useful corrective to such idle vanities is to give a schoolroom globe a fast spin and try to spot Sri Lanka as it turns.

Right now, in any case, the only crisis that concentrates the minds of President Bush, Mr. Baker and their top aides is the Arab-Israeli issue, where the superhawk, General Arik Sharon has created more problems for Mr. Bush by organising overflights to Iraq that have angered Syria, Jordan and Saudi Arabia, all important to the success of the Baker mission. Prime Minister Shamir is determined to sabotage the Bush initiative one way or the other. He may even dissolve Parliament.

### Jewish Lobby

Shamir is not the only enemy that Mr. Bush faces. The enemy within is more powerful. The Jewish Lobby could damage his campaign for a second term, the dream of every President.

One of the leading lights of the Jewish Lobby is Congressman Stephen Solarz, chairman of the Congress Subcommittee on Asian and Pacific Affairs. In his book *THEY DARE TO SPEAK OUT*, PAUL-FINDLEY, who was a US Congressman for 22 years, says: "Stephen J. Solarz, a hard-working Congressman who represents a heavily Jewish district in Brooklyn (New York prides himself on accomplishing many

good things for ISRAEL. Since his first election in 1974, Solarz established a reputation as an 'intelligent eager beaver', widely travelled, aggressive and totally committed to Israel's interests. In committee, he seems always bursting with the next question before the witness responds to his first..."

I have had two brief conversations with Mr. Solarz and about his brilliance and combative vigour, especially on any matter connected with Israel, there could be little doubt. The last trip he did to Colombo was to try to persuade President Premadasa to change his mind on closing the Israeli interests section. He failed.

A few years back, he tried to get Prime Minister Rajiv Gandhi to agree to raising Indian-Israeli relations now very low-level, to Embassy status or at least Consul-General in Delhi. He did not succeed. One of those actively canvassing support for the same cause was Dr. Subramaniam Swamy, leader of the Samajawadi Party, and the man who told INDIA ABROAD paper in Washington that it was he who used his Harvard contacts (he is a visiting professor) to get David Kimche, the Director-General of the Israeli Foreign Ministry, to channel Israeli assistance to the LTTE, including expertise in land-mines, as we now know from Viktor Ostrovski and JANE's Defence Weekly. It was Dr. Swamy's party that organised a demonstration at the Sri Lankan High Commission office in Delhi the other day. It was Dr Swamy who introduced US LTTE fund-raisers to Bnai Brith the powerful Jewish body.

The Jewish lobby consists not only of top US politicians but eminent academics powerful businessmen and fund-raisers and US officials including ranking diplomats.

Mr. Gamini Dissanayake, who was not educated at Oxford or Harvard, may not know Dr. Subramaniam Swamy since he

has no connections as far as I know with Cambridge where the former Mahaveli Minister follows a post-graduate course.

### Rogue Operations

If the real objective was regime-change (i.e. a non-UNP option) then the sole beneficiary would have been Mrs. Bandaranaike, the SLFP and its allies, all generally supportive of Indian policy but aggressively anti-Israel. People forget that Mrs. Bandaranaike shut down the Israeli legation in 1960 and made the first statement on President JR's announcement to open 'an Interests section' on July 1 1984 to the L.G. As against Mrs. Bandaranaike's statements in and out of Parliament, and the statements of Messrs Anura Bandaranaike, Lakshman Jayakody and Haleem Ishak, the only UNP Minister to match them both in number and pro-Israeli vehemence was National Security Minister Lalith Athulathmudali not Mahaveli Minister Gamini Dissanayake. He was later a key figure in Indo-Lanka negotiations and a "fellow traveller" so to say, with Mr. Anura Bandaranaike to Delhi for the funeral of an Indian leader (Mr. Rajiv Gandhi) who both knew very well. If Mr. Dissanayake, has excellent credentials in Delhi, Mr. Athulathmudali has had close links with ISRAEL.

It is sections of the Indian press, chiefly Madras-based, that have laboured hard to create Delhi-Colombo tensions, not Prime Minister Rao nor the Foreign Minister nor top officials on the LTTE and Rajiv murder, and on SAARC. The only exception is party leader Dr. Subramaniam Swamy. Both attempts were soon de-fused but damage had been done via a neat Colombo-Madras-Delhi-Colombo circuit which any foreign correspondent or senior journalist can easily recognise. The same may hold good for Colombo-London of course.

That is why I think that the ARAB LEAGUE and PLO's

Yassar Arafat, both greatly encouraged by the bold BUSH-BAKER Middle-east diplomacy, decided to give helping hand to a besieged Colombo regime. The Islamic states, Pakistan and Iran, the two most important in this region, teamed up with the Arab League.

At least one influential Indian paper, has raised the issue of how much autonomy is exercised by sundry Indian agencies when the Central government is weak, far too deeply immersed in politics, or is clearly a transitional administration.

These are questions more frequently and doggedly pursued by the U. S. media, now excited over the revelations of the Senate Gates inquiry. Mr. Gates is the President's nominee for CIA chief. The number of "rogue" operations, clandestine work without the permission or the knowledge of governments and elected representatives, is staggering indeed. As democratic ideals spread across the world, it is possible that democracy and even interstate understanding and cooperation are being subverted by men and agencies not answerable to the people.

With the superpower struggle over and the US-funded insurgencies in Afghanistan irrelevant, the US sees South Asia and the Indo-Pak conflict in a different light. As Pran Chopra notes that is clear from the paper on "National Security Strategy" that President Bush presented to Congress recently. Spelling out this strategy in much greater detail, the senior US official in charge of the foreign policy/defence planning for the region, Richard Haas who works in the White House, emphasises the need for discussing regional and global security issues with India. The US visit of Indian Army Chief and the reciprocal Pentagon gesture prompted the HINDU to note editorially:

*"Though the Pressler Amendment intended to disqualify Pakistan's eligibility for US military*

and economic aid, and the backing India is getting from Mr. Stephen Solarz, do not indicate a change in US perceptions, not many in India could still seriously believe that the US would yet begin to discard an ally in the sub-continent, and make matters easier for India".

Solarz has attacked Pakistan on another issue. On Oct. 3 Solarz warned Pakistan that relations could "freeze" if Pakistan carried out a sentence passed by a Rawalpindi court on two Muslim Americans.

### Domestic Problems

Democracies are more prone to internal differences and conflicts than one-party states. At least the differences are more visible. Minority regimes in large democracies like India find it difficult to conceal such tension, including the contest for leadership. *Is Rao all that secure? Are younger, more ambitious men advancing their own interests? Are the bureaucracy and agencies, such as the Foreign Office and RAW, totally loyal to him or in total agreement with him? Is ambition, whether at the highest levels of the party or officialdom, a factor that decides policy, including foreign policy? The SRI LANKA issue of course is never exclusively foreign. At least it concerns TAMILNADU. The Indian Establishment is running scared about the long leap of the 'Tiger'.*

After all, there is now a separatist—terrorist movement styled "Liberation Tigers of Khalistan". Chief Minister Jayalalitha jumps like a terrified pussy cat when Prabhakaran's name is mentioned. Delhi's defence analysts talk of the "exposed southern flank" of India—the enemy here is not Pakistan or China but the LTTE.

Was Prime Minister Narasimha Rao "misquoted" (innocently? deliberately?) on the Rajiv assassination? How was it that the HINDU correspondent in Delhi (too shy suddenly to have

his name in print) promoted the story that the Prime Minister would NOT attend the SAARC summit. Those who know all about the veteran

G. K. Reddy's "special relationship" with South Block and how skillfully he handled it would have been taken aback by this clumsy exercise.

## NEWS BACKGROUND

# Jayalalitha on warpath

"I am a person who likes to call a spade a spade" said an aggressive Tamilnadu Chief Minister summing up as three-months as a First Lady of Tamilnadu. The fire thunder in a long interview with the HINDU had the Congress-run Central government for a target.

The Sri Lankan Tamil militant menace, the financial burdens on the State budget, and the Cauvery Waters dispute involving neighbouring Karnataka were the main complaints. "They (the Delhi authorities) must recognise that the LTTE is not a party issue relevant only to Tamilnadu. It is a national problem, a terrorist issue. We are seeking special financial assistance to deal with these anti-national activities here but the Centre has not responded".

Chief Minister Jayalalitha has now taken up another question which concerns the Indian and Sri Lankan governments directly—Kachchativu. Denying the charge that she is in pursuit of a confrontationist policy on Centre-State relations to appease Tamil chauvinist sentiment, Ms. Jayalalitha claims that her position has been "distorted by political rivals. "I say India must retrieve Kachchativu... not Tamilnadu must get back Kachchativu... More than 50 Tamil fishermen have been killed by the Sri Lanka Navy... the government of India has not lodged any protest since 1983. Was it

because Rameswaran fisherman are Tamilian?... They point to the 1974 agreement as though I was not aware of it. Under the agreement, our fishermen should enjoy full rights to dry their nets, visit the church or attend the festival without visas. What is the reality? Whenever our fishermen approach the waters—and they have to go there because there is only shallow water and this area is rich in prawns—they are threatened and shot at by the Sri Lankan navy and the boats confiscated...."

Commenting on the agreement signed by the Indira Gandhi and Mrs. Bandaranaike's governments, India's foremost scholar on the subject, the J.N.U's Prof. Urmila Phadnis observed that whenever the issue was raised, Delhi adopted an ambivalent attitude, India neither asserted its claims nor did it yield to Sri Lanka's claims, supported by cartographic evidence as well as the ecclesiastic jurisdiction of the diocese of Jaffna.

"The signing of the agreement—said Prof. Phadnis "augurs well as it settles a controversial issue once and for all". The issue of sovereignty over Kachchativu, she said "is part of a much broader settlement pertaining to the 18 mile wide Palk Straits".



## Good Report From I. M. F. But.....

**"A** marked improvement" was the IMF's summing up in its report on Sri Lanka's performance in the three-year IMF-supported SAF program, an Agency news release noted. It has now approved a Sri Lankan request for US 455 million dollars for a year E.S.A.F. program, 91-94. Sri Lanka is entitled to 152 million in the first year.

Evaluating the 1988-90 performance, the IMF said the output that began to pick in late 1989 (after past-insurgency JVP terrorism had ceased) grew in 1990 and GDP exceed 6%, maintaining that growth rate in the first six months of 1991. Improvement in export performance was reflected in a strengthened external position. Controlling inflation however proved difficult. Nonetheless anti-inflation measures had cut inflation from 20% to 12% by August 1991.

The new program will seek to accelerate industrialisation by expanding the area in which foreign and local private investors will play a large role, with a correspondent lowering of the State sector's profile. The public sector will focus on (a) public investment on infrastructure and (b) agriculture.

One of the main tasks of the new program is re-structuring the budget by (a) holding down current expenditure growth below nominal GDP. (b) avoiding cuts in capital expenditures (c) broadening the revenue base and (b) improving tax collection.

Privatisation at a much faster pace in the next 2 years will be a top priority. Restricting state regulation of industry, attracting foreign investors, liberalising trade and payments system, overhauling the commercial banking system, ensuring interest rates reflect more accurately market conditions.

The government hopes to maintain annual growth rate of 5-6% in next few years. The Central Bank will introduce measures to contain State spending, limit credit to State corporations, and strengthen market-based determination of interest rates.

Sri Lanka's traditional concern for policies that protect the poorest of the poor will be reflected in (a) budgetary allocations for social services (b) cushioning "impact" of adjustment" on poorest strata (c) replacing consumption-based programs with increased opportunities for the poorest to engage in productive activities.

### ADJUSTMENT PROGRAM

The six phases of the 455 million dollar ESAF will begin with a grant of US 65 million in March. The SUNDAY ISLAND reported:-

- \* Further reductions in tariff protection afforded to local manufacturers.

- \* The tariffs on cars, motor spare parts and cement will be included in the tariff reduction programme.

- \* Phase out import licences on approximately 250 items by mid-1992 (Only exceptions are those items posing threat to national security or health).

- \* Eliminate state monopolies in imports by mid-1992, except for petroleum and wheat:

- \* Eliminate stamp duty on letters of credit by end-1992.

- \* Relax the limitations on commercial bank holdings of foreign exchange and undertake measures to develop forward foreign exchange market.

- \* Permit domestic banks to make foreign currency loans under adequate safeguards.

- \* Restrict welfare expenditure (mid-day meal, food stamp etc.) to Rs. 3.5 billion per year.

- \* Revise the exchange control law to permit foreign investors free access to foreign exchange and simplify dividend repatriation regulations.

- \* Allow firms greater flexibility in employment practices to respond to fluctuations in output demand and more readily adopt new technologies.

- \* Eliminate the tax on transfer on equity from domestic to foreign ownership.

- \* Reduce the restrictions that currently prevent foreign firms from undertaking investment in the Sri Lanka market, except for a limited categories connected to health and security.

- \* Break up the JEDB and SPC into 22 independent public companies to operate estates under private management contracts.

- \* Privatisation/peoplisation of the 22 independent companies over the medium term.

- \* Accelerate the restructuring and privatisation of the public enterprise sector.

- \* Government expenditure to be restricted to 28 percent of the Gross Domestic Product and budget deficit to be under 8.8 percent of the GDP.

- \* Central Bank refinancing to be restricted to Rs.1.5 billion by 1992.

- \* Introduction of tax reforms recommended by the Taxation Commission, whereby Income Tax will be brought down to 35 percent.

- \* Begin the introduction of Value Added Tax system from 1993, and

- \* No more tax holidays.

# CRISIS: Editorial opinion

We need to also reflect on other merits of this drama. Despite the impeachment motion being made a public document when it was annexed to the plaint in a District Court action filed by rebel MPs last month, no national newspaper has published the contents of the motion. This was perhaps a matter of courtesy to the President. It was a manifestation of a sense of responsibility and we hope politicians would remember such things before they rush into press control or media commission bills.

The double-barrelled impeachment cum no-confidence drama has also opened out political discussion and debate in the media and among the people. More and more, the people are exercising their freedom of speech. Thus we could say this crisis has not done any damage to the spirit of the democratic process which the sovereign people consider and cherish as a way of life.

Yet we must admit that feelings have been hurt. The stress and strain of this six-week saga is obvious in every quarter. Through it all we have seen that politics makes strange bedfellows. The people are now convinced that in politics there are no permanent friends or stable relationships. In politics there are only personal interests and convenient or bought relationships. The

politics of politics is selfish politics.

The nation is torn apart and the ruling party is also divided. This situation does not augur well for the greater good of the nation. Thus we hope the abortive peace talks within the UNP would be resumed soon and a consensus could be reached on the referendum issue.

The UNP has been a powerful force in this country drawing mass support and a major split in this party will not help the people at large.

(Sunday Times)

The Colombo Stock Exchange, which had been attracting a great deal of investment from funds abroad in recent months, suddenly saw this money drying up. Sharply reduced turnover clearly indicated a dampening of foreign interest in Lankan shares. A leading city businessman was quoted in our columns saying that many foreigners were putting their plans 'on hold'.

The Speaker made a formal statement to Parliament. The country hopes that this will place the so-called political and constitutional crisis behind us, and Sri Lanka can, without distraction, get on with the urgent business on the national agenda: finding peace and banishing poverty.

(Daily News)

It can be argued by some students of politics that inner party democracy is largely a fiction in countries particularly with a strong two-party system. The two-party system by its very nature requires a high degree of political conformity. While there is some truth in this argument it is not the whole picture. Inner party democracy is necessary if a democratic political system is not to wither and die. It is not enough merely that there should be several parties from which the voter can choose. It is also necessary that these parties should be democratic in their structures and methods of organisation and functioning. There should be a free interplay of ideas and debates on policy. Even Marxist political parties recognised this as democratic centralism though sadly it became an extinct entity within these highly monolithic organisations.




The politics of conformity inevitably leads to the psyche of the underground. An open society cannot encourage such a mentality among its leaders. Democracy demands not only political pluralism but also a high degree of democracy within the parties which constitute the political system. No great political party has been harmed by healthy differences of political opinion among loyalists.

(Sunday Island)

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# Democracy and a 'legal coup'

Radhika Coomarasamy

Impeachment cannot and should not be a quick fix. If you are moving against the elected representative of the people whether it be the President or a member of parliament, there must be a fair, deliberate and open process. One cannot hand in a motion for impeachment on thursday and impeach a man on the following tuesday. The problem here does not lie with the rebel construction of their cause but with our Constitution. On the one hand, the threat of dissolution hangs like the Sword of Damocles before any impeachment motion. On the other hand, the speaker can entertain an impeachment motion and never place it on the order book, holding the President to ransom. Neither of these situations is healthy for democratic decision-making.

The reason for this peculiar stalemate is that we have tried to graft a presidential system onto a westminister model while our thinking remains westminister. When judges and Presidents are impeached in the U.S. and this is a very rare occurrence, a select Committee of the House of Representatives first sits as a grand jury, listens to the evidence from all quarters and then only decides on whether to indict the President for impeachment. This process can take up to six months. It is quite different to our reality of writing a resolution surreptitiously and then gaining signatures. Indictment in the U.S. is an open, consultative process involving both sides of the house.

Once the House judiciary Committee indicts the President, then the setting moves to the Senate where the impeachment proceedings begin. Again, it is a very open process with the right to summon-witnesses and listen to the general pub-

lic. The Senate sits as a judicial body and party differences are supposed to give way to the impartial examination of fact. This process may take another six months or so. If the evidence is very strong as in the case of Nixon, the President usually resigns. The long process also allows the system to adjust to new realities and new power blocs. In the two hundred years of U.S. history there have been only two impeachment proceedings and none have reached their finality, ie the removal of the President by Congress.

It is very obvious from the above, that our Constitution does not provide for the kind of process which will make impeachment a judicial and not a political issue. Given this lacuna, the present impeachment can appear as an overt political coup by partisan interests. The rebels may not have had another choice but it is important that if this motion does go through that the semblance of the type of open judicial process involved in the U.S. is reproduced. Otherwise, it will always have the touch of illegitimacy and given the social and class differences among the main contenders, this illegitimacy will be mobilised in the future to prove that the common man does not have a chance. That is the political repercussion that all sides must seek to avoid.

All that any citizen in this country can ask for is an open, deliberate and consultative process with regard to constitutional decision-making. If the President dissolves Parliament then

it is important to go to the people in a general election and canvass their support. If the people feel he should not be impeached then their will should prevail. If he does not dissolve parliament then there should be patience and the political and judicial process should take their course without the hysteria and glare of media headlines. If the presidential system has to be scrapped, a move that I believe will not be in the best interest of the country since the system has some benefits, or an alternative formulation of presidential powers has to be delineated, let that also follow the proper course and involve the fullest debate.

It is time that we go beyond conspiracies and horse deals on both sides and try to interpret or rewrite a constitutional order based on what may serve the national interest and not the political exigencies of the hour. If we can move beyond our venomous, parochial concerns to a concern with the democratic order then this crisis may have possibilities of a more open society. If on the other hand, we allow the venomous and the personal to get the upper hand, then we will only drown in our own slime and it is the democratic system as a whole that will take a bashing. In this climate of fear, apprehension and general mud-slinging, we must keep stressing the point that these are monumental questions, that Constitutions should not be trifled with and if all else fails then you must go to the people. For when we come to constitutional issues of such magnitude, the means are, definitely, more important than the ends.

# Peasant Agriculture

S. Sathananthan

**B**ut the political goals of (a) avoiding land reform in the Wet Zone to protect rights of landowners and (b) turning the Dry Zone (with the possible exception of the Jaffna peninsula) into an area dominated by the Sinhalese over-rode environmental and other considerations and could not be contained.

The debate over the environmental problems in peasant agriculture began in fits and starts. While reporting on a motion by a Member of State Council in 1932, calling for *chena* land to be made available for cultivation, the Executive Committee explained that *chena* cultivation was detrimental to soil conservation (PSC 1932: 516).

To establish a more 'scientific' approach, the Executive Committee in 1936 agreed it was necessary to adapt agricultural practices to climatic conditions: to divide the Island into climatic zones and to carry out... experiments... in each zone to work out new varieties and to work up to higher stages of evolution of pure lines' (PSC, 1937:45-46). Yet there is no record of attempts to implement this suggestion at that time.

The first intervention by the State to deal with the perceived environmental problems in peasant agriculture in the post-colonial period (after February 1948) was made in 1953.

## 4.1. The Paddy Lands Act of 1953

Price inflation during the Korean War in the early 1950s increased the cost of the rice subsidy. This underlined the need to raise paddy output; which was further reinforced by a threat to export earnings

and, therefore, to import capacity on the collapse of the Korean Boom which forced a reduction in rice imports. As a crisis response to the potential supply shortage, the government of the United National Party (UNP) enacted the Paddy Lands Act of 1953.

The Act introduced tenurial reforms, offering a degree of security of tenure by fixing the minimum term for future tenants (and not sitting tenants) of paddy lands at five years as an incentive to higher levels of paddy output. It was also expected that security of tenure would induce the tenant cultivator to invest in environmentally sound agricultural practices which yield returns in the medium (3 to 5 years) and long (more than 5 years) term.

Thus the differing environmental impact as a function of the type of land tenure was beginning to be recognized in policy thinking and the legislation was to provide for modifying the tenurial structure as a pre-condition to environmental management.

Under the 1953 Act the bureaucracy was authorized, as under the 1935 LDO with respect to colonization schemes, to regulate land use in all 'controlled paddy lands' (S.3), that is, to paddy lands brought under the purview of the Act. The Act empowered the 'proper authority', namely 'the Government Agent, or an Additional Government Agent... or any prescribed officer' (S.20 (1)), to regulate cultivation operations, if necessary overruling the Meeting of Proprietors (*Kanna* meetings) (S.11 (1)). The cultivator was to proceed according to regulations laid down by the 'proper authority'

who could insist upon the use of improved seeds and more efficient methods of cultivation (Hansard, vol 13, 1952:273).

The creation of the 'proper authority' was expected to minimize bureaucratic bottlenecks and improve implementation whilst the legislation itself was expected to facilitate greater State intervention in land use in paddy cultivation. However, the 1953 Act failed at the implementation stage in 1955 due to opposition from paddy land owners as well as due to resistance from vested interests *within* the State.

An important reason for the failure of the Act was identified even before its enactment. During parliamentary debates over the Bill attention was drawn to the absence of any provision in the proposed legislation for the creation of popular organizations of tenants which would ensure implementation (Hansard, vol 11, 1951: 259). Not surprisingly, at the next attempt in 1958 policy thinking considered State intervention for the reform of tenurial structure and establishment of rural organizations as necessary pre-conditions of sound environmental management.

## 5. Environmental Management Through Rural Organizations

### 5.1. Cultivation Committees

At the parliamentary election of 1956, the radical-populist Sri Lanka Freedom Party (SLFP) formed a coalition government and proclaimed to introduce 'Socialism from below'. In agrarian reform the government enacted the Paddy Lands Act of 1958, which repealed the 1953 Act. The new 1958 Act provided for State intervention

to regulate tenurial relations, agricultural rents and wages, and cultivation methods in paddy lands; and for the introduction of 'collective farms' in paddy cultivation (Parts I, II and IV). The legislation also provided for the creation of Cultivation Committees (CCs) at village level (Part III). The CCs, composed of landowners and tenants of paddy lands, were expected to assist the State to implement the provisions of the Act.

The urgency of stemming environmental degradation was evident during parliamentary debates over the Bill. For example, a Member of Parliament (MP) commented that 'unless we safeguard five or six inches of top soil in this country there is no basis on which we can improve yields'. Supporting the Bill, he argued that the proposed CCs would serve as an institutional framework for environmental management and he believed that 'the problem of soil erosion can be tackled in these units taking them as large units' (Hansard, vol 30, 1957:2078). This proposal to group together paddy lands in order to arrest environmental degradation indicated again a growing recognition of the link between agrarian structure and environmental impact.

The awareness of the need to reform agrarian structure was also evident in the concept, introduced by the 1958 Act, of a permanent and inheritable security of tenure which was expected to be an incentive to the tenant not only to adopt more efficient methods of production but also to undertake medium and long term investments in environmentally sound cultivation practices. But the well known failure to ensure security of tenure under the Act meant that the tenurial structure could not be reformed.

To enable the State to enforce proper farming operations, the Act empowered the Commis-

sioner of Agrarian Services to regulate cropping pattern (S.58 (1)), and the tenant cultivator of each 'extent' of land was required to maintain 'a reasonable standard of efficient production' which included the environmental requirement of 'keeping such extent in a condition to enable such standard to be maintained in the future' (S.18). Where a cultivator neglected to introduce and practice the specified environmentally sound cultivation methods, the Act authorized the Commissioner to enforce higher standards of cultivation by issuing a Supervision Order, which placed the erring tenant cultivator under the Commissioner's supervision (S. 19). While the Supervision Order was in force the Commissioner's authorized agent could require the cultivator to comply with the provisions of S. 18 (S.19 (3)). If the tenant cultivator still failed to comply, the Commissioner could issue an Order of Dispossession S. 20 (1) to evict the tenant. The respective landlord or the CC could also petition the Commissioner for an Order of Supervision of Dispossession (20 (6)). The CCs were to assist the Commissioner in the administration of the Orders of Supervision and Dispossession.

For the first time in Sri Lanka, the 1958 Act provided the institutional basis for enforcing good husbandry in all paddy lands and for sanctions to be applied through the CCs. But the Commissioner's control over land use was ineffective and enforcing good husbandry was equally difficult: up to 1972, only a few Supervision Orders were issued and not one Order of a Dispossession made (Weerawardana, 1975:68).

One reason for the inability to enforce good husbandry was that the provisions of the Act were far from definitive. For example, the legislation required the tenant cultivator (but not the owner-cultivator) merely to maintain paddy land 'in a condition' that would ensure effi-

cient cultivation in the future (S. 18) and it empowered the Committees to ensure 'the efficient cultivation of paddy lands and the maintenance and improvement of their fertility' (S. 36 (1) (f)).

Even where specific action by the cultivators was required, it was found difficult to enforce the same. Land preparation was a case in point: in this process the cultivators were responsible for ensuring efficient irrigation and thereby preventing soil erosion, sedimentation, water logging or excessive salinity. However, they could not be held accountable for failure since defaulting cultivators usually advanced sound reasons, such as the non-availability of agricultural implements. Consequently, it was impossible to allocate responsibility for default amongst the cultivators and the provisions relating to environmentally sound agricultural practices became unenforceable.

A structural obstacle to enforcing environmentally sound standards of cultivation lay primarily in the contradiction between the imperatives of State intervention and the rights of private property. In order to protect private property rights, powers to control land use vested in the Commissioner and, by extension, in the CCs were not applied to landowners. This excluded from the purview of the Act those lands cultivated by owners, either directly or with wage labor, which constituted the majority (55%) of all paddy lands. Moreover, landowners whipped up a climate of hysteria over 'creeping communism'. They resisted State intervention which impinged on their property rights and even the mildest intention to aggregate tenanted paddy lands through the CCs to take advantage of economies of scale was ferociously opposed on the grounds that it would be the first step in 'collectivization' (Peiris, G H, 1976: 32-33. Hansard, vol 30, 1957: 2392). Thus environmental

(Continued on page 17)

# Acquisition and blocking out

D. L. O. Mendis

A response to this long-distance pseudo-criticism has been given by this author earlier:

"What these two authors are trying to say is that official land acquisition and blocking out was forcefully resisted by the old villagers in a disorderly manner, because they were 'infuriated by the coming of outsiders'. The first part is a factual report of events, the second part is the authors' supposition as to the reasons behind the observed facts. This 'supposition' has more than a hint of a claim to 'exclusive occupation' of the lands, of a type similar to the claim by Ponnambalam, quoted above, in respect of so-called 'traditional Tamil homelands'. However, supporting evidence that such a claim to exclusive occupation had been made by the local people has not been provided by these two authors. An altogether different explanation for their resistance to the alienation and blocking out of private lands, will be presented in terms of irrigation ecosystems. (Mendis, 1989, a).

Not long after the attempts by the authorities to force their blocking out plans on traditional peasant cultivators was resisted as described above, the first insurrection against the government broke out in April 1971 in the south. This was suppressed with great brutality, and became one of the major issues in the General Elections of 1977 when the incumbent government was routed, and a new government elected with an unprecedented 5/6ths majority.

— It may be mentioned in passing that this was the seventh

(and last) time in a row that the incumbent government in Sri Lanka had been defeated at the polls in a free and fair General Election since Independence. There are both positive and negative indicators of the term 'free and fair'. Since 1960, one day all-island General Elections have been held in Sri Lanka. The percentage of votes polled, and the magnitude of the victory of the Opposition are considered positive indicators, and the number of spoilt votes a negative indicator of a free and fair ballot. —

After the abortive insurrection of 1971, the Prime Minister Mrs Sirimavo Bandaranaike asked for Technical Assistance from the Peoples Republic of China for the proposed Southern Area Plan, the objective being to create new employment opportunities for frustrated youth in the south. Unscrupulous bureaucratic manoeuvring now took place, and the concept of the Southern Area plan was cleverly aborted (Mendis 1989 b). Technical Assistance from China was asked for and obtained for some minor flood protection projects in the southwest wet zone, and any prospect of restoring some of the small village tanks in the southeast dry zone was forgotten.

Instead, steps were taken to investigate another proposed new large reservoir project in the southeast, identified from the 1957 Map, the Lunugamvehera weva (Mendis 1988, Mendis 1989 a, b, Mendis 1990 a b, c, etc). Directions were then given by the Prime Minister to the Minister of Irrigation to also investigate an alternative site for a large reservoir at a location called Hurathgamuva some 15 miles upstream of the

proposed Lunugamvehera dam site. Over the next seven years, bureaucrats and technocrats conspired to defy the Prime Ministerial directions, so that the alternative site was never investigated.

This bureaucratic skulduggery that was to have the most grievous consequences has been described recently as follows:

In ignoring the directions given by the Prime Minister's Ministry of Planning and Economic Affairs, the Ministry of Irrigation (aided and abetted by the Irrigation department) defied both the basic tenets of inter-Ministerial and collective Cabinet responsibility, and the basic principles of water resources development planning (or any planning for that matter) that at the planning stage if not later, alternatives should be considered (Mendis, 1990 c).

When the new government took power, the new Minister for Irrigation appointed a five man Committee of engineers to report to him on the question of the proposed Lunugamvehera reservoir and the alternative Hurathgamuva site. The Committee included the chief proponent of the Lunugamvehera site as Chairman, two others who were aspiring for office under the new regime, and two who were supporters of the alternative site and the proposed Southern Area plan into which the alternative site fitted but not the Lunugamvehera site. Three members of the Committee recommended to the Minister that the Lunugamvehera project should be taken up for construction immediately since all investigation were complete, and that if the alternative site was to be investigated there would be loss of time! This incredible

recommendation was accepted by the Minister who gave orders to go ahead with construction of Lunugamvehara. No questions were asked as to how long it would take to investigate the alternative site — estimated at six months to one year — or why the alternative site had not been investigated for so long. However, on a later occasion the Minister said that he had followed a dictum of Napoleon that a general could afford to lose a battle or even a war, but not to lose time.

In the event, construction of Lunugamvehera did not start for another one year, in late 1978, during which the alternative site could easily have been investigated but was not. The Ministry of Planning and Economic Affairs was abolished at the end of 1978, and the two engineers in that Ministry who had favoured investigation of the alternative site were forced into premature retirement. Construction of Lunugamvehera headworks was estimated to take four years but took eight, being completed in 1986. Cost is not yet known, but is rumoured to have escalated to four times the original estimated figure. (Mendis, 1989 b).

Shortly after the Lunugamvehera headworks was ceremoniously inaugurated with a lot of fanfare, the site engineers office was burnt down. The unexpected outburst of violence apparently took everybody by surprise, bureaucrats and politicians alike. The easiest explanation that politicians were ready to believe was offered by the bureaucrats — that it was the work of disgruntled anti-government elements'. However, as violence escalated and spread, it was obvious to the discerning that such facile explanations were not going to help solve the problems. The underlying causes had to be found by studying the problems with an open mind. In the prevailing circumstances this was easily said than done.

From May 1988 a number of papers were published in Sri

Lanka and abroad in an attempt to draw attention to the problem of environmental degradation in the South, which was suspected to be one of the root causes of the civil commotion and unrest. This attempt still goes on, and a limited measure of success can at present be reported in this presentation to the 41st Pugwash Conference on Science and World Affairs, in Beijing. It is another in a series of presentations, considered particularly appropriate because the Pugwash conference is being held in China, the repository of one of the greatest hydraulic civilizations in the world. More so because Ministers from 41 developing countries have met very recently in Beijing at a conference on Environment and Development, June 18-19, 1991, and published the Beijing Declaration on Environment, Development, which is most relevant to the content of this paper (Beijing Review, Vol 34, No. 27, 9).

Professor Joseph Needham's attention had already been drawn in 1984, to what was considered to be an incorrect statement due to Brohier, of the evolution and development of irrigation systems in ancient Sri Lanka, re-published in Volume 4, Part 3 of his great work. Needham, having studied the subject, requested this author to undertake a comparative study of hydraulic engineering in ancient Sri Lanka and ancient China, in order to set the record straight. An attempt has now been made to commence such a study, with the preparation of an 'Outline' at the Needham Research Institute in Cambridge (Mendis, 1990 b), followed by a preliminary visit to China, in July 1991.

Meanwhile, it was considered most important and urgent to prove that Uda Walawe and Lunugamvehera reservoirs, both of which had submerged large numbers of ancient small tanks when they were built according to the Brohier hypothesis, were wrongly located. An acceptable new hypothesis was required, and a study of the history of

irrigation systems had therefore to be undertaken. For this purpose, history was seen as a chronological record of successive changes in the means and relations of production. Reconstruction in the history of irrigation was therefore a study of successive changes in the use of water for crop production. A seven stage theory for the evolution and development of irrigation systems was the direct result, from which the concept of irrigation ecosystems was a natural corollary.

The modern concept of ecosystems distinguishes between terrestrial, aquatic, and atmospheric ecosystems. Irrigation ecosystems are recognized as being based on the hydrological cycle which encompasses land, water and air. The ancient irrigation systems in Sri Lanka are therefore described as irrigation ecosystems (Mendis, 1983 etc)

It is interesting to observe, in passing, that the above-mentioned 'Beijing Declaration on Environment, Development' uses a similar turn of phrase in its opening paragraph:

We are deeply concerned about the degradation of the global environment. This is largely on account of unsustainable development models and life styles. As a result, the basic elements indispensable for the human life — land, water and atmosphere — are gravely threatened. (Beijing Review, 34, 27, 9)

From this study of history, defined as successive changes in the use of water as the means of crop production, seven stages were identified in the evolution and development of irrigation systems, in contradistinction to the four stages in Brohier's hypothesis, namely:

1. Rainfed agriculture
2. Seasonal temporary river diversion, and flood or inundation irrigation on river banks

3. Development of permanent river diversion structures, and channel systems on river banks
4. Construction and operation of weirs and spillways on diversion channels
5. Invention of the sorowwa (sluice) with its bisokotuwa (access tower)
6. Construction of storage reservoirs equipped with sluices
7. Damming a perennial river using a sluice for temporary river diversion, or the twin-tank method.

The following six types of irrigation ecosystems were identified from these seven stages:

1. Rainfed agriculture: (a) seasonal cultivation including slash and burn or swidden agriculture, (b) permanent highland plantations, like the Kandyan forest garden for example
2. Seasonal cropping systems based on flood irrigation systems
3. Seasonal cropping systems based on channel irrigation systems
4. Micro irrigation ecosystems based on small village tanks
5. Macro irrigation ecosystems based on large village tanks with one or more micro irrigation ecosystems of types 2, 3 or 4 in its command area
6. A complex of macro irrigation ecosystems based on a system of interconnected large reservoirs and channels.

It was argued that the 'inter-relation of groups of large reservoirs and channels' in the dry zone of Sri Lanka, that Brohier had been the first to identify, was an example of the sixth type of irrigation ecosystem. Each of the ancient large reservoirs, considered in isolation was an example of the fifth type, and the large number of small village tanks was each an example of the fourth type. Seen from this perspective the view that the

small tank was a stage in the evolution and development of irrigation systems and should some day be replaced by being submerged under a new large reservoir was clearly quite ludicrous.

The Brohier hypothesis had assumed that storage reservoirs had been built before river diversion. This wrong interpretation of history, has been set right in the seven stage hypothesis, which also recognizes invention of the sluice (sorowwa) in ancient Sri Lanka (Parker, 1909) as a vital stage before storage reservoirs could have been built.

The other essential difference in the two hypothesis lies in the way in which the function of water in agricultural production is treated. In the Brohier hypothesis, water is seen as an inanimate agent exactly as in the study of hydraulics or hydraulic engineering. In the ecosystems approach water is seen as an animate agent, the vehicle for conveyance of nutrients in nature's bio-geo-chemical cycles. The smallest drop of water is an ecosystem. From the ecosystems perspective, an irrigation ecosystem should include the social organisation and cultural practises, (production relations), whereas from the hydraulic engineering perspective the social organisation is not usually included as a part of hydraulic technology. (This is discussed again, below).

This new hypothesis for understanding the ancient irrigation systems in Sri Lanka was well received among scientists and engineers, but had not yet made any impact on the highest levels of bureaucratic and political decision makers, as the conflict in the country escalated. Then in 1987, an Indian Peace Keeping Force was brought in to the northern conflict under the Jayawardene-Gandhi Accord, allegedly to release Sri Lankan forces to contain the insurrection in the south. This was seen as a violation of the sovereignty of

the nation by many, including the then Prime Minister, Mr. R. Premadasa, but was hailed by other ardent government party supporters as a clever move to 'wipe out terrorism in the north'. It is recent history that the IPKF failed to do anything of that sort. The conflict in the north actually escalated after the arrival of the IPKF, and when the Prime Minister was elected President in January 1989 he insisted that the IPKF should pull out, which they did quite willingly. But another dimension had been added to the conflict in Sri Lanka and another miserable chapter written in the recent tragic history of our country.

With the release of more armed forces to the south, the carnage there increased, quite understandably. Throughout 1988 as civil law failed to contain civil unrest, Universities and then schools were forced to close down. The Rule of Law was now virtually abandoned, the only law being the law of the gun. While fear stalked the country, very little of this was reported in the foreign media where the ethnic conflict or 'tribal war' in the north and its escalation to the east continued to be the only newsworthy events in Sri Lanka.

In these desperate circumstances a presentation was made at the Annual Sessions of the Institution of Engineers, in October 1988, which succeeded beyond all expectations in drawing attention to the situation in the south (Mendis, 1988b). The President of Sri Lanka himself who was Chief Guest at the Ceremonial Inauguration, cast aside his prepared speech to say that there was a paper which carried a 'severe criticism of my government'. He added: 'My government welcomes criticism' and said that he would ask the Minister of Irrigation to appoint a Commission of Inquiry into the Lunugamvehera project.

However, before a Commission could be appointed, a new



President took office in December, and a new Minister of Irrigation was also appointed. Thereafter a Committee of Inquiry was appointed to report to the President on Lunugamvehera. After that Committee had reported that socioeconomic problems in the south could indeed be traced to irrigation problems in the two major irrigation schemes, various suggestions were soon being made to remedy the situation.

The President of Sri Lanka, His Excellency R. Premadasa gave this writer an opportunity to explain to him these views on the causes of the problems in the southern area at a private meeting in his office on January 26, 1990.

The present position is that a suggestion has been made to the President that there is a shortage of water in the Lunugamvehera reservoir, and that this could be remedied by diverting water from the adjacent Menik ganga (river) to Lunugamvehera. This proposal has been severely criticized by conservationists who are concerned for the wild life in the Sanctuary through which the Menik ganga flows in its lower reaches. It has also been criticized by engineers at the Institution of Engineers, Sri Lanka, as a hasty and unplanned move that would create more problems than it could possibly solve. It has also been stressed that even at this late stage the possibility of building a new reservoir at the Hurathgamuwa site should be studied (Mendis, 1990c). There seems to be a great deal of reluctance to do this because Lunugamvehera has already come in to existence, although now everyone seems to agree that it should never have been built.

Another problem is being discussed related to the Uda Walawe reservoir. A wild life sanctuary had been declared in the upper reaches of the reservoir in what is now seen to be prime agricultural land in the middle basin of the Walawe ganga. Wild life enthusiasts

are in conflict with politicians and others who are more anxious to use the land for cultivation of sugar cane than to have it reserved for wild life. Our dwindling herd of wild elephants is now estimated in the hundreds of which some 260 are said to be in the Uda Walawe National Park. This problem becomes more and more complicated. The root cause which is the wrong location of both the Uda Walawe and Lunugamvehera reservoirs is now given guarded precedence by engineers, but no one has the courage to stand up and insist on the remedies — relocation of both these reservoirs in their alternative upstream locations.

The situation is typical of what happens in a poor third world country, where there is a stratification of society with a westernised bureaucracy in the upper echelons allegedly advising the politicians who more and more come from lesser stratifications of society. The bureaucrats, including the professionally qualified and trained technocrats, survive without much care for scruple, alleging that it does not pay to be honest when giving advice to politicians. They therefore only pay lip-service to professional integrity when giving an opinion to a politician. For their part, politicians have acquired a reputation for giving short shrift to a bureaucrat or technocrat who speaks 'out of turn' or expresses an opinion that may appear to be politically unacceptable.

In modern Sri Lanka this situation has been further compounded and confounded by the fact that at the time of Independence in 1948, there was a gross disproportion in the numbers of Tamil public servants compared to their population. This was due to the simple fact that the availability of education, especially higher education and science education was something like seven times higher for Tamil students in the north than for students in

the rest of the country (Mendis, 1989a). Thus at the time of Independence in 1948, whereas the proportions of Tamils to Sinhalese was about 1:7 their representation in the higher levels of the public service was sometimes almost 1:1 (Ibid). From 1956, successive governments have been evasive in speaking out about this problem, while at the same time trying to increase the proportion of the majority Sinhalese in the public service, sometimes surreptitiously. Predictably these efforts have been seen as infringements in to the 'rights' of the Tamil minority, and have been resisted by them.

Educated Sri Lankan Tamils had started finding alternative means of livelihood by migrating or moving temporarily to foreign climes long before the ethnic conflict escalated. Today it is estimated that there are some 300,000 Tamil expatriates in all parts of the world, most of whom are believed to support the armed struggle of their brethren in Sri Lanka. The Sri Lankan government continues to employ Tamils at all levels of the public service, but in decreasing proportions compared to the Sinhalese. There is a feeling of resentment among Tamils because the Public Service can no longer absorb qualified Tamils who pass out of the secondary and tertiary education system to the extent it once did, long ago. The Sinhalese masses too feel deprived because, lacking the better educational facilities available to the more privileged Sinhalese, and Tamils they can find employment only at comparatively lower levels, both at home and abroad. It has already been remarked that the war in the north and east is being fought by the masses, although this is not strictly correct. Thus the glimmer of a new class struggle that may emerge from the war is already evident.

In this complex situation there is also a latent aspect which has the potential to explode at a future date if it is

not exercised early. It is an unfortunate fact that many of the decisions made in regard to the location of the reservoirs in the south were supported if not actually initiated by Tamil public servants in the past. This again was a result of the disproportionate representation of Tamils in the professions and in the public service, compared to their numbers in the population as described above. The wrong location of the reservoirs should be seen as being due to ignorance or incompetence rather than motivated by communal feelings.

However, at the present time there is a world-wide movement organised by expatriate Tamils to give publicity to their cause — the struggle for a separate state in the island of Sri Lanka — which has escalated from a non-violent struggle to an armed struggle amounting to a civil war. From time to time, learned discussions are held in different parts of the world where speakers from Western Universities and Research Institutes also present papers which directly or indirectly support this cause.

A recent example is a conference organized in the State University of California at Sacramento, at which a presentation was made by Professor Brayen Pfaffenberger.

Pfaffenberger has previously published a study titled *The Harsh facts of Hydraulics: Technology and Society in Sri Lanka's Colonization Schemes*, in which he argues that

the supposed causal relationship between gravity-flow irrigation works and socioeconomic differentiation is, in the Sri Lanka case, illusory and deceptive. The appearance is created, and becomes convincing, only to the extent that observers adopt a highly restricted definition of technology, a technology that includes only the hardware of irrigation (such as dams, pumps, and canals). As scho-

lars in the history of technology frequently argue, a more useful definition of technology would certainly include cultural values and social behaviour, which are, after all, vital to the operation and maintenance of a technical system. (Pfaffenberger, 1990, 364)

Socioeconomic differentiation in the south is only part of the bigger socio-political problem there. Pfaffenberger is quite correct when he asserts that technology should be seen as including cultural values and social behaviour. The irrigation ecosystems approach to irrigation permits such a definition of technology, which the hydraulic engineering approach does not. For that reason, by analogy with Amory Lovins concept of hard energy and soft energy paths, the irrigation ecosystems approach is defined as a soft technology perspective, and the hydraulic engineering approach is defined as a hard technology perspective.

Pfaffenberger goes on to say

The question this article addresses, therefore, is not why Sri Lanka's modern irrigation technology creates socioeconomic differentiation; on the contrary, the question is why the schemes' social design omitted the customs and behaviours that could have mitigated the differentiation process (Ibid).

The question he poses if answered in terms of ethnicity could raise a hornets nest and add a new dimension to the already disastrous situation in Sri Lanka. That is why Pfaffenberger's participation in the Sacramento conference is mentioned in this paper. He should be doubly sensitive to the explosive nature of the material he is dealing with when he makes presentations and personal appearances at such meetings. He should realise that the soft technology irrigation ecosystems perspective could never be understood by a hard technologist hydraulic engineer lacking

the basic knowledge of nature possessed by any farmer. The reasons why the social design of the big irrigation schemes omitted customs and behaviour is intimately tied up with this fact which may not be easily discovered by a visiting social scientist, although one of them, Leach, did document social customs and behaviour in a micro irrigation ecosystem, in his classic study a long time ago. (Leach, 1961).

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## Peasant . . . .

(Continued from page 11)

management was foregone in order not to interfere with private property rights.

### 5.2. Agricultural Productivity Committees and Cultivation Committees

The Agricultural Productivity Committees (APCs) were set up under the Agricultural Productivity Law of 1972. All agricultural land in the area of autho-

rity of an APC (approximately the area under a Village Council) were brought under its purview. This included both plantation and peasant agriculture. However, paddy lands had already been placed under CCs. The resulting conflict between the 1958 Act and the 1972 Law was resolved by an additional enactment. The Agricultural Lands Law of 1973 repealed the 1958 Act and its amend-

ments but introduced almost identical provisions; and it redefined the CCs as subordinate agencies of their respective APCs. The intention was that the APCs would be in overall charge of land under plantation and peasant agricultural production whilst the CCs would assist the APCs in ensuring security of tenure and regulation of rents in paddy lands.

(To be continued)

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## FOREIGN POLICY

## A Rao Regional Weakness

David Housego

Prime Minister P V Narasimha Rao's Congress administration celebrated its first 100 days in office recently amid more accolades for its performance than it could have imagined when it took power. But one area where it remains adrift is over the handling of foreign policy.

Reflecting its difficulty in defining where India stands in the new global environment and how it sees its role internationally — the issues closest to the heart to former Prime Minister Rajiv Gandhi and the Nehru family — the government allowed only a brief debate on foreign affairs on the last day of the recent parliamentary session.

The main point to emerge from the government's first foreign policy statement was the "crucial importance" India now attaches to US support — an admission of American power that the Nehru family with their dislike of US influence in the world would have been loath to make.

At least three events have undermined the traditional assumptions of Indian foreign policy. The first has been the collapse of the Soviet Union which was India's closest ally, main arms supplier and a leading trading partner. Purchases from the Soviet Union accounted for more than 50 per cent of Indian arms imports — supplies that are now vulnerable to disruption and also to sharp increases in costs as the Soviets end subsidised interest rates and prices.

India also looked to the Soviet Union to offset US support to Pakistan and to use its veto at the United Nations to block resolutions hostile to India over Kashmir. The Soviet system also provided reassurance to India in its own choice of centralised planning and socialism as a system of development.

Many Indians still refuse to believe that the Soviet Union's problems are more than transitory. Mr Narasimha Rao told parliament recently that the developments in the Soviet Union were a "temporary phase". "I am not as pessimistic as some people are," he said, adding "a big country like it just cannot go to pieces".

The second big event has been India's own massive fiscal and balance of payments deficits which brought it close to default on its foreign debt earlier this year. One consequence of this is increased dependence on western bilateral aid and on borrowings from the multilateral institutions in support of market-oriented reforms. India is likely to be one of the biggest clients of the International Monetary Fund in coming years.

Another consequence is that India can no longer afford to finance the defence purchases initiated under Mr Gandhi to enhance India's status as a regional military power. The emphasis is on cuts in military spending and mending fences with neighbours such as Nepal and Bangladesh.

The third event has been the marginalisation of the non-aligned movement — the forum in which India projected its claims to third world leadership. The internal problems of Yugoslavia and Egypt — two other key partners in the movement — mean that it will be difficult to revive.

The foreign affairs debate revealed a government pulled in conflicting directions by a new assessment of self-interest on the one hand by older ties of friendship and ideology on the other. It also showed a government edging towards the US, even if uncomfortably.

Mr Eduardo Faleiro, the minister of state for external affairs, said that the US had been of "crucial importance" to India in obtaining IMF loans, and over Kashmir. The US in a recent reversal of policy has supported India's view that the Kashmir issue should be settled bilaterally between India and Pakistan — rather than through the UN as Pakistan wants.

There are other signs of closer ties with the US. Increased multilateral aid has been accompanied by a halt to US aid to Pakistan because of its nuclear ambitions. The US has been pressing Pakistan to end supplies to Kashmiri separatist movements in India.

The Narasimha Rao administration hopes to obtain more sophisticated weapons from the US if its purse permits and is making a point of wooing US foreign investment.

But closer ties with the US remain politically unpopular in India and within the Congress party — as was demonstrated during the Gulf war. Distrust of the US is an issue which the militant Hindu Bharatiya Janata Party (BJP) — the main opposition party — seems determined to exploit to electoral advantage.

In a foretaste of their campaign, Mr A B Vajpayee, the BJP's foreign affairs spokesman and a former foreign minister himself, told parliament: "My concern is that they [the US] want to run the entire world according to their doctrines." Alleging that a "super-alliance" was emerging between the US, the IMF and multinational corporations, he called for a strengthened UN to offset American power.

In particular, he said countries such as India and Brazil should be given a place on the Security Council. The difficulty for a Congress government in answering such an attack is that Jawaharlal Nehru, Mrs Indira Gandhi and Rajiv Gandhi — the former leaders of the party — would all have adopted much the same tones.

# Prospect for Cooperation

Godfrey Gunatilleke

As the title given to the paper that I have been asked to present can be interpreted very widely, it would be useful at the outset to define its scope. The term "Regional Co-operation" can signify the entire range of initiatives for co-operation among a group of countries. Besides the economic aspects it will include the political and socio-cultural dimensions as well. Given the limits prescribed for a brief presentation, this paper confines itself to the economic dimension of South Asian co-operation.

It is however important to bear in mind the interrelations between the economic and the other non-economic dimensions of co-operation. While the intrinsic potential for economic co-operation lies in the structures of the economies of the SAARC countries and their processes of growth, the capacity to realise that potential in full measure will depend on the interplay of a large number of other complex factors. One crucial factor will be the basic political pre-conditions which provide an environment free of conflict and conducive to inter-country trade and other forms of economic exchange. This is well illustrated in the problems that beset South Asian economic co-operation. On the other hand, even limited efforts at the strengthening of economic ties and the expansion of trade, leading to some increase in the economic interdependence of the countries of the region can act independently to change the political perceptions and promote the resolution of political conflicts.

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Beginning in the late 1970's there has been a large body of research and study devoted to the problems and prospects of South Asian Co-operation. These writings, while exploring the areas for possible co-operation have flagged most of the major issues. A theme which is very familiar today in any discussion of South Asian economic co-operation is the size of the economies that are co-operating and the special nature of the economic configuration of South Asia where one country accounts for nearly 80% of the total GDP of the region. The regime of economic co-operation which ensures that the smaller partners can co-operate without fear of economic domination by the major partner has figured prominently in many of these discussions. Although the issue is relevant for an assessment for the prospects of regional co-operation, this paper does not deal with this and many other related themes. The discussion on South Asian co-operation has moved to the stage where the hard economic realities of the existing situation have been accepted. There is a broad recognition that within these realities it is possible for the countries which are destined to live as neighbours to work out an acceptable regime of economic co-operation if both the fears as well as the misapprehensions are directly addressed and appropriately taken into account in any such regime.

The present paper is organised in four brief sections. The first deals with the existing pattern and extent of trade and economic exchange among the South Asian countries — in short, the base from which we begin to move towards greater econo-

mic co-operation. The second draws attention to some of the far-reaching changes that have taken place in the South Asian region both in the conditions for economic growth as well as in the development policies and economic management. These provide a perspective to regional co-operation which is very different from that which prevailed in the first half of the 1980's. The third section examines the implication which recent development in the world economy can have for South Asia and co-operation among its members. In this context, it discusses South Asia's relations with the rest of the world and the possible areas of South Asian co-operation in managing these relations. The fourth and final section explores some of the promising elements of a strategy of South Asian co-operation and points to a few specific initiatives that might be possible in different areas.

## Trade and Economic Exchange in the SAARC Region — the Existing Base

The fact that any economic co-operation in the South Asian region will begin on a very narrow and restricted base is well known. The economic exchange and trade that exists at present among the South Asian countries is very small in size and limited in composition. This is partly the outcome of the structural features of their economies. First, with the exception of Sri Lanka the size of the external trade sector measured as a proportion of GDP is relatively small. Next to Sri Lanka which has an external sector amounting to about 56% is Pakistan with about 30%, Bangladesh 22%, Nepal 29%, Maldives 18% and India 15%. Excluding Sri Lanka,

they are economies with a relatively low degree of openness. India as a continental economy however falls into a category of its own, and the measurement of openness cannot be applied in the same manner. A recent study compares the degree of openness of various developing regions and concludes that South Asia is the least open among them. South Asia has the lowest level with 19.3% compared with the next lowest 28.5% for Latin America and 78.5% for East Asia and the Pacific. Generally it can be said that structurally the South Asian economies have limited capacity, as yet, to generate external economic exchanges and international trade.

It might be argued that "openness" as described above need not be a necessary condition of economic exchange; what matters is not the size of the external sector relative to GDP but the absolute size of the external sector. After all, which is in the region of 16% of GDP, USA accounts for 15% of world trade—the largest national share. But this is because USA also accounts for a little more than a quarter of the World's GDP. In other words external trade is an outcome of high levels of production, high per capita incomes and the resulting high levels of supply and demand. In contrast South Asia is one of the poorest regions of the world. The total GDP of the South Asian countries taken together amount to approximately 317 billion dollars (World Development Report 1991) i.e. only 1.8% of the aggregate GDP of the world. The South Asian GDP has to be taken together with its population which accounts for 21% of the World's population. The large majority of the absolute poor live in this region. All the countries belong to the category of the 41 poorest countries according to the World Bank classification. This means that on the margin of supply and demand above subsistence level is quite small. This is not a very promising situation for international trade and exchange.

It is therefore not surprising that South Asia accounted for only about 1% of world trade in 1989. Within this miniscule share of world trade the intra-regional trade is again extremely small—approximately 2.6% of South Asia's world trade in 1989. This is in fact lower than what it was in the early 1980's—3.2%.

But even at low levels of economic development and per capita incomes, countries can engage in considerable trade with each other, depending on the structures of their economies. The economic structures of South Asia acquired many of the features of the colonial economies which linked them to the ruling country and other industrialised economies and produced the familiar pattern of trade in which they exported primary commodities to the industrialised countries and imported manufactured products from them. The vertical flows of trade between each of them and the industrialised became the dominant feature. The horizontal links were few and carefully selected in terms of the commercial and economic interests of the imperial regime. The structures of production and demand in these economies therefore had little in them which opened them out to each other and generated trade among themselves. The post colonial development reinforced those inbuilt tendencies and further reduced the small flow of trade, movement of labour and network of foreign investment which had created incipient economic links in the region. It has to be remembered that the colonial South Asia had a very different national configuration. Bangladesh, Pakistan India formed a single unit of administration within the British empire for political and economic management. This included the development of the economic infrastructure of transport and irrigation, the system of customs regulations, the internal flow of capital and investment. What is now external trade between these countries was internal trade. The changes that had taken

place in the colonial period had begun the processes of integrating the different parts of the of the sub-continent. The events after independence and the partition of sub-continent reversed these processes, severing the growing horizontal links and strengthening the dominant vertical ones.

Apart from the divisive forces that were released as a result of the political development which became a major barrier to the expansion of trade and economic linkages in the region, South Asian countries consciously followed development policies and strategies which further closed their economies to each other. First, they launched a major drive for import substitution which reduced the existing trade flows among themselves. The strategy affected many commodities which were being traded among to South Asian countries or which had potential for expansion of such trade in the future. This they did without any regard for the distribution of comparative advantage within the region. In these policies, they were following the conventional wisdom of that period. The India-Sri Lanka trade flow is an illustration of what happened. As a result of these policies exports to India such as locally produced cigars, conch shells and vegetable oils to mention a few items, declined, and imports from India such as vegetables, chillies, onions, lentils, pulses and textiles were reduced and later came under import control and bans. It is difficult to fault some of these import substitution policies as countries seized on the most readily perceived and available opportunities for production and employment creation. Comparative advantage within the region, related to some broad framework of regional co-operation which weighed the balance of short-term and long-term mutual advantage, was remote from the minds of policy makers. However the entire framework of economic policies that were followed by the South Asian

countries — import licensing, exchange, control, licensing of industries and investments and investments, unrealistic exchange rates and the internal pricing regimes were severely inimical to the growth of external trade in general and within this overall situation to the growth of trade among South Asian countries.

Another major thrust in these strategies was the rapid expansion of public sector enterprise and the dominant role assumed by the state in the direction, management and control of the economy. This inevitably curbed the growth of the private sector and drastically reduced the role of the market. The entire economic environment that developed was therefore one which prevented the dynamic expansion of market-driven trade in which the private sector could have vigorously participated and provided the base for regional trade and co-operation. A recent study of tariff and non-tariff barriers conducted by UNCTAD reveals the state that prevailed as recently as 1987. It shows that these barriers by far were highest in the South Asian region. The unweighted average for tariffs on all goods was 77% in the South Asian region. For manufactures it was 81%. The corresponding figures were 21% and 22% for East Asia, 30% and 33% for Africa and 33% and 34% for Latin America and the Caribbean. In South Asia, 48% of all goods were covered by non-tariff barriers, the corresponding figures for the other three developing regions referred to above were 22%, 30% and 21% respectively.

The overall economic performance under these economic regions was modest, if not disappointing with the exception of Pakistan. The economic growth for the region as a whole (dominated of course by the performance of India), was in the region 3.5% both for the decade of the sixties as well as for the seventies. The average per capita income growth was around 1.4% for the 20 year period, lower than the average

for the low income countries of all regions which was 1.8%, excluding China and India. With the growth of per capita income at this level, the changes in the structure of demand and pattern of trade can be only marginal. No major spurt of economic growth took place in the South Asian region in the 1960's and the 1970's as in East Asia and South East Asia which could have dramatically altered the existing trends.

These are the sobering economic realities which should discipline our expectations and our assessments of prospects, when we consider the strategies that can promote economic co-operation in the South Asian region. However in the recent past, there have been new developments and trends both in the South Asian region and the global economy that open opportunities and point to the growing potential for regional co-operation. The next section briefly surveys some of the more important developments.

#### Development in the 1990's

First, there have been signs of greater dynamism and growth in South Asia in the decade of the 1980's, compared to the preceding decades. The South Asian region as a whole appears to have moved to higher rates of economic performance. The most encouraging of all is the economic performance of India which comprises 80% of the South Asian economy. From an average rate of growth of 3.5% for the decade of the 1960's, and 1970's, India has moved upwards to an average of 5.3% in the 1980's. The economy demonstrated its capacity for

growth by reaching upto an exceptionally high rate of 10.4% in 1988. An economically dynamic India can make all the difference to the South Asian region. The table below compares the performance of the countries excluding the past two decades.

The average for the 1980's for Sri Lanka reflects the deceleration of growth that took place with the political turbulence of the second half of the 1980's and leaves out the process of economic recovery that is taking place. Economic expansion and a reasonably high rate of growth is the basic prerequisite for the expansion of trade and economic linkages and will provide the rationale for greater economic co-operation.

The other internal economic changes which are of far-reaching and fundamental importance are those in the field of macro-economic policy and economic management. It can be said that the phase which concentrated on import substitution is clearly at end. Which import substitution will probably continue to have an appropriate place in national development strategies of the region, the South Asian countries are past the stage in which they created production capacity to supply a captive domestic market behind a massive wall of protection from international competition. Any new import substitution that takes place will do so under a more neutral regime open to greater international competition. All countries of the region are moving decisively in the direction of a more liberal outward looking economy,

**Economic Growth of South Asian Countries — 1960's, 1970's & 1980's**

Country	Annual average Rates of Economic Growth		
	1960-69	1970-79	1980-89
Bangladesh		3.3	3.5
India	3.4	3.4	5.3
Maldives			6.5
Nepal	2.4	2.7	4.6
Pakistan	6.7	4.5	6.4
Sri Lanka	4.6	3.8	4.0

Source: World Bank, World Development Report 1980 and 1991

reforming the system of import control and state regulation of the economy, adjusting exchange rates and tariffs to support the process of liberalisation and undertaking a wide range of other macro-economic adjustments to enable the market to function more freely. The process of liberalisation is at various stages in the different countries of the region. Sri Lanka has perhaps advanced furthest in liberalising the economy. Pakistan is also moving rapidly through a sequence of measures dismantling the structure of regulations and controls. India in the measures taken by the new government is decisively set on a course of progressive liberalisation.

Liberalisation will perform the initial but indispensable task of opening the economies of the region to each other while opening them to the international economy as a whole. This would set the stage for the expansion of intra-regional trade. But the impact of liberalisation will not be entirely in favour of regional trade; the outcome will be a mixed one. One of the pressing needs of the South Asian countries is external resources for their development. The current account deficit of the balance of payments for the South Asian region as a whole was approximately US\$ 13 billion in 1989 while their merchandise exports (FOB) amounted to US\$ 35.5 billion — a deficit equal to approximately 36% of exports or 11% of their total GDP. This can be compared with South East Asia which also has a deficit of US\$ 13 billion but with exports which amount to US\$ 113 billion — a deficit of 11% of the value of exports. To mobilise adequate external resources they need to look outside the region and increase their earnings in hard currency. Therefore the outward looking strategies that the countries will pursue with liberalisation will result in competition among themselves for markets in the industrial countries.

Many of the products which they export to these markets will be the same textiles, garments, labour intensive manufactures and processed goods, along with the traditional primary products such as tea and jute. But competition in international markets will not necessarily militate against economic co-operation as has been demonstrated by the EEC. In fact it can provide opportunities for greater co-operation. This aspect will be discussed later in this paper.

The case of Sri Lanka demonstrates the stimulus provided for expansion of Sri Lankan trade with the rest of South Asia even with unilateral liberalisation. A large range of products in small quantities — garments, sarees, textiles, ornaments, capital goods, carpets to mention a few items have found their way into the Sri Lankan market from the SAARC countries. One can expect a similar process taking place in the other countries with the liberalisation of their economies. From the Sri Lankan experience, the mix of goods will include commodities ranging from items such as low cost textiles, footwear etc catering to the lower and middle segments of the market to the supply of quality goods to the upper end of the market. A substantial well to do class has grown in the South Asian countries which seeks differentiation of products. This provides one entry to intra-industry trade which can take advantage of regional diversity such as in textiles, ornaments, jewellery, consumer durables and a host of other products.

It was mentioned earlier that there can be a moderate and growing flow of trade even among countries who are at low levels of per capita income and development, depending on complementarities in their structures of production and demand. There have been several studies which have examined in detail the exports and imports of one country in the region match

with the exports of another. The exercise in which countries were matched bilaterally comes out with indicators which reveal a relatively low level of complementarity. This is largely due to the inclusion of India which with its special characteristics of a continental economy has moved furthest in the direction of import substitution and self sufficiency. Despite the fact that India comprises 80% of the South Asian GDP, its share of the external trade of South Asia was about 63% in 1989.

The "cos" measure of complementarity has been computed by an Indian scholar from the Jawaharlal Nehru University, Dr Indranath Mukherji, for 1983 and 1984. India had a measure of 0.13 in 1984. The measures for other countries were much higher — 0.23 for Bangladesh, 0.33 for Nepal, 0.63 for Pakistan and 0.65 for Sri Lanka.

When the aggregate measure is taken for the South Asian region as a whole it is 0.59. These measures of course reflect the structure of trade as it took place under a regulated regime with all its market distortions. The estimates are based on 3 digit SITC data. The measures are broad indicators of possible complementarities and cannot claim to have identified the match in all the characteristics of the products that would lead to a ready substitution of imports from outside the region with goods from South Asia. Nevertheless with all these qualifications the studies reveal the presence of complementarities in the existing structures and the latent potential for expansion of trade. Diversion of trade however should not be the primary aim. With liberalisation it would take place as a result of market forces in commodities where the comparative advantage is within the region. The more important outcome of liberalisation will be the expansion and growth of new trade.

**Next: SAARC and World Economy**



## History overtakes the new Tsars

Professor **Richard Pipes** places the events in the Soviet Union in a 70-year perspective

**T**he abortive *putsch* in the Soviet Union is the denouement of a drama that began in 1917 and reached a climax in 1989-90 with the collapse of Communist rule in Eastern Europe.

As they unfold, these events bear an uncanny resemblance to the days of February 1917 in Petrograd. Then, as now, the army mutinied when ordered to shoot at civilians. Then as now, the population, disgusted with the monarchy for its inability to supply it with food turned in rage against the regime, toppling statues and burning its visible symbols. The Tsarist bureaucracy melted away, much as the Communist bureaucracy is scurrying to safety today. The streets triumphed.

The major difference between 1991 and 1917 is that Russia then had no experienced cadres of administrators outside the Tsarist officialdom, but many radical intellectuals fired with utopian zeal. Today, the administrative staffs do exist, some recruited from among disillusioned Communists, others from the ranks of the officials serving the republican governments and municipalities. The intelligentsia, for its part, has lost all appetite for revolution: the past 70 years have cured it of belief in the possibility of creating a new world and a new Man.

The other difference between the two revolutions has to do with the threat from anti-democratic forces. In 1917, Lenin waited in the wings, ready to exploit the spreading anarchy to impose a dictatorship. In

October, he succeeded. A similar coup last week failed miserably. For this reason, while dangers to democracy persist, they stem from difficulties of translating the yearning for freedom into institutional forms rather than from a threat posed by openly anti-democratic forces.

Historically, the abortive *putsch* probably marks the end of the October 1917 coup d'état which Lenin founded and Stalin solidified, resting on four pillars: one-party rule, nationalisation of private property in the "means of production", total control of the media, the forceful incorporation of the non-Russian nationalities.

Its unravelling began six years ago when it became apparent to the more intelligent Communist leaders that it could no longer be sustained and that unless major reforms were enacted the country faced internal revolt as well as decline to Third World status.

The reforms were delayed and sabotaged by entrenched interest groups frightened by the rapidity with which their familiar world unravelled. They plotted some kind of restoration last autumn and might have carried it off in January, beginning with a coup in Lithuania, were it not for Gorbachev's last minute loss of nerve.

Apart from its timing, therefore, the recent *putsch* came as no surprise: the world had been warned of it by Shevardnadze in December and by Alexander Yakovlev just days before it took place.

The spark was the imminent signing of a new union treaty that would have transferred economic and political powers

from the Soviet government to the republics, depriving the central Moscow apparatus of most of its authority. Those who stood to lose, spearheaded by the KGB and the military command, attempted to take power.

At some distance behind them strode the Communist apparatus, ready to reap benefits if the coup succeeded and to disown it if it failed. Cowering in the shadows were several high state officials, among them Anatolii Lukianov, chairman of the Soviet Parliament, and Alexander Bessmertnykh, the disgraced foreign minister.

The failure of the plot was due to the isolation of the conspirators from society at large. Diehards from Brezhnev's day, they consorted mostly with each other, reinforcing their convictions and exacerbating their discontents. They had no inkling what had happened to Russia and her dependencies over the past six years.

Their decision to impose martial law recalls a similar order of a similarly isolated Nicholas II, issued on February 25 1917, that set off mutinies in the capital and led to his abdication. They seem to have been genuinely astonished by the willingness of tens of thousands of unarmed citizens to risk their lives confronting tanks.

The other cause of their failure seems to have been disagreement between those of the conspirators who wanted ruthless action and those who preferred to operate within the framework of the constitution. These divisions affected the armed forces, whose officer staff was torn by divided loyalties. The resulting hesitations doomed the coup from the outset.

The Communist Party played in these events an ambivalent role: it did not actively parti-

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cipate in the rebellion, but neither did it oppose it. By assuming such an equivocal position the Party discredited itself still further, and it is doubtful whether it will be able to restore its fortunes. It is now tainted with the stigma of reaction. The triumphant democratic forces are likely to eject it from all institutions, the army included.

Yeltsin has emerged as the hero of these events. His coolness under fire, his ability to inspire the crowds and divide the enemy leadership, were critical factors in the victory of the democrats. He is the first elected head of state of Russia and popular political hero since Alexander Kerensky, who was premier of the second Provisional government before its collapse in November 1917.

Gorbachev's position is murkier. He bears primary responsibility for the coup that almost deposed him. That he should have surrounded himself with such unsavoury individuals attests to lack of judgment and opens him to suspicion of secretly sympathising with their ideology.

He is as guilty as the plotters of misconstruing the country's mood. The best thing he can do is to muster the kind of courage that Nicholas II displayed in March 1917, and resign. Such action would open the door to genuine elections for the post of the union's president.

This post is likely to become increasingly ceremonial in any event: George Bush, the US president, seems to believe that Gorbachev can assume the executive functions of a Western head of state. But the Soviet Union is not a national state — it is a multinational empire close to disintegration.

The loosening of the bonds holding it together began several years ago with *glasnost*. It was accelerated by the dis-

establishment of the Communist Party which controlled the republican governments. The abortive *putsch* makes the empire's break-up all but inevitable.

As Yeltsin said, it was Russia that saved the country from dictatorship. The plotters wanted dictatorial powers in order to keep the empire intact: their defeat, therefore, strengthens centrifugal impulses.

Democracy is impossible in Russia as long as the ethnic groups that desire sovereignty are kept under Russian rule. Can Muscovites enjoy democracy while Soviet tanks patrol the streets of Riga or Tbilisi to keep the Latvians and Georgians in a union they wish to leave?

Yeltsin realises this, which explains why he wishes the union reduced to largely formal functions and to concede independence to those republics that demand it. Russia offers us the unprecedented spectacle of an imperial power extricating itself from its empire in order to gain democratic freedoms for itself.

The West will have to adjust to this reality. It will have to learn to deal with sovereign Russia, the

master of its resources, with, very likely, its own military force and foreign policy. It will have to acknowledge the independence of several Soviet republics.

This will complicate matters for diplomats and businessmen accustomed to dealing with a central apparatus capable of making authoritative decisions for the whole country. But it would be entirely unrealistic to act as if the Soviet Union were still the locus of political and economic power.

It would also be morally wrong, since the only allies we would have in conducting such a policy would be the most reactionary and anti-Western elements in that country: the very elements that now face trial on charges of high treason.

The Communist system has proved itself incapable either of reform, or, as we now know, a return to the past. It seems that nothing short of its total disintegration will enable the country to build a democratic order: paradoxically, the country needs to be destabilised before it can attain stability.

## TWEEDLEGARB & TWEEDLESIN

*Some scoundrels unmask themselves*

*Some leave it to History*

*Not their own befuddled generation,*

*Middleclass, petty, enamoured of being led*

*Back to the labyrinth with flags of bygone kingdoms,*

*Whence Time, relenting, liberated them*

*For the brief, sweet breath, betrayers fouled*

*Quoting Scripture on Permanent Revolution.*

*Clowns donning mantles from History's dustbin*

*Sullyng clean Red Armour with dollar jackboots*

U. Karunatilake

# Nationalism and Soviet Dis-union

Reggie Siriwardena

'Let him who wishes weep bitter tears because history moves ahead so perplexingly...But tears are of no avail. It is necessary, according to Spinoza's advice, not to laugh, not to weep, but to understand.'

Leon Trotsky

On the day the coup in Moscow took place a colleague asked me what I thought would happen. I said the coup had no chance of success because the republics that had struggled for the last four years to achieve either independence or autonomy wouldn't accept a reversion to a hardline regime. I added that this attempt to put the clock back would only accelerate the territorial disintegration of the Soviet Union.

This was at a time when, on the first day of the coup, unreformed Stalinists in Colombo and Calcutta were celebrating what they fondly imagined was the second coming of the Lord. These hopes were based on the fact that Mr. Gorbachev was patently unpopular, since perestroika had taken the gags off the Soviet people's mouths, but had failed to fill their stomachs. The plotters in Moscow must have counted on this too. But the timing of the coup was determined by the signing of the new Union Treaty that was due the following day.

Obviously the conservative central bureaucracy saw this treaty as the writing on the wall. Even the partial dismantling of the centralised structure of the state that the treaty envisaged must have seemed to them a moral threat to their power and privileges. These were the motives behind that "monstrous act of Russian idiocy" (as one of Boris Yeltsin's aides was to call it later) — a last desperate gamble by the party and security apparatus to reverse the direction of change. What it

(An ICES lecture)

achieved in fact was the collapse of Soviet Communism and the former Union as twelve republics, during and after the coup, declared independence.

In the five years since perestroika began, there have been two social forces that have propelled the processes of political change. One was the Soviet people's desire to be finally rid of the straitjacket of political, economic and intellectual regimentation. The other was the re-assertion of ethnic and national identities in a country with an enormous multiplicity of nationalities, languages and cultures where an artificial unity had been imposed from above by the centralised Soviet state.

The first development had long been expected by Trotskyists and other non-Stalinist Marxists, though they made the error of supposing that democratisation could be contained within the framework of the socialist order. The second development was unimaginable by them because, in common with all Marxists, they believed in the supremacy of class and grievously underestimated the potential strength of nationalism.

I should like to quote here what I wrote in a paper in a 1990 reassessing the work of Isaac Deutscher, who was the outstanding interpreter of Soviet history in his time:

'Deutscher down to the end of his life saw the future of the Soviet Union in terms of democratisation and the struggle against bureaucracy, privilege and the police state, and this forecast, as far as it went, has been vindicated.

## Author's Note

*In preparing this text for publication I have made some revisions of the lecture originally delivered on September 5th, 1991, partly to take into account subsequent developments. I have also added the quotation at the head of the text as well as a concluding section. I am grateful to Ein Lall for provoking me to make these additions by her strongly expressed disagreements.*

But it would hardly have entered his head that within a quarter-century of his death the Soviet Union would also experience strident nationalism with their contradictory potentialities — liberating as well as as retrogressive. It may be said that Deutscher was too much of a classical Marxist, sharing 'the clear bright faith in human reason' that Trotsky once affirmed, to have expected that seventy years after the October Revolution, scenes like those in Colombo, July 1983 would be enacted in the streets of Baku and other Soviet cities. The womb of history turns out to be more fertile in possibilities than the most acute of theorists can foresee.'

It will be noted that in that paragraph I spoke of the 'contradictory potentialities' of nationalism — 'liberating as well as retrogressive.' This two faced character of nationalism has been much in evidence in the Soviet history of the last five years. Not only the ethnic riots and pogroms in various Soviet republics but also the growth of fascist tendencies like the Pamyat movement with its Great Russian chauvinism and its anti-semitism exemplify the dangerous and destructive sides of nationalism.

But we must not forget that it was both Russian nationalism

and the nationalism of the minority peoples that more than any other forces stood in the way of the coup plotters who wanted to reimpose the old order on the Soviet Union. It was the resistance rallied in Moscow and Leningrad by Boris Yeltsin as the personification of Russian nationalism and the outer republics that brought the Emergency Committee tumbling down like Humpty-Dumpty.

In the Soviet Union in the last few weeks, as much as in Central and Eastern Europe in 1989, it is nationalism that has been the most powerful detonator of the bureaucratic Communist state. I should like to cite here the insight of Rudolf Bahro, the former East German dissident. In his book, 'The Alternative in Eastern Europe', published in 1984, he said:

'Nationalism has an objectively necessary role to play in the destruction of the holy alliance of party apparatuses, in as much as it shows that these have not settled the national question in any productive way.'

I shall return to this question later in this lecture. But before coming to grips with the problems of nationalism in Soviet society, it is necessary to offer a characterisation of the Soviet state. In doing so, I shall try to confront some of the myths about Soviet socialism that stand in the way of a clear understanding of present developments in the minds of many people.

Socialists up to now in their thinking about the Soviet Union have adopted an entirely different practice from what they have followed in the study of capitalist societies. What does one do if one wants to understand what capitalism is? One doesn't go in the first instance to the ideologues — to Locke or Bentham or Mill; one looks at the concrete social relations of capitalist society and tries to derive from them a theory about what capitalism is and how it works.

But in the case of the Soviet Union and other socialist societies most socialists have approached them through the spectacle of the theories of Marx and Lenin. They have either insisted, against all the evidence, that Soviet society was the fulfillment of those theories, or denounced the Soviet regime for failing to live up to them. I submit that either of these proceedings is as much a waste of time as it would be to measure American society by the rhetoric of the Declaration of Independence or French society by that of Rousseau and the proclamation of the Rights of Man.

What we have to realise in the first place is that the October Revolution was in flat contradiction to the expectations of Marx and of Lenin before 1917. Both of them had believed that socialist revolution would take place in the advanced capitalist societies of Western Europe where the contradictions of capitalism would, according to their theory, mature sooner than elsewhere.

A socialist revolution in a predominantly peasant country was a historical absurdity which Lenin wouldn't have entertained before 1917. What made Lenin change his mind in that year was that he believed that Western Europe, with the fabric of its society subjected to the strains of the First World War, was ready for proletarian revolution. He wanted to create a Russian revolutionary state which would be a springboard for the European revolution in whose imminence he firmly believed.

The collapse of old Tsarist regime in February 1917 gave him the opportunity to embark on his project. The February Revolution that overthrew Tsarism was a spontaneous uprising with no party in command. October, in contrast, was party operation directed by an urban vanguard mainly in two capital cities. In carrying out this operation Lenin had his eyes firmly fixed not on an isolated socialist transformation of

Russian society but on the grandiose vision of an European revolution. The Soviet people were to pay dearly in the next seventy four years for Lenin's quixotic illusion.

The Russian revolution, like all other subsequent victorious revolutions led by Communist parties took place in a society that had produced no strong bourgeoisie and had therefore undergone no bourgeois-democratic transformation of society. Its main imperative was, therefore, to carry out the tasks of primitive capital accumulation that would make possible an industrial revolution.

These were tasks parallel to those that had been fulfilled by the British, French and German bourgeoisie in the 18th and 19th centuries, but in Russia this capital accumulation had to be carried out by the state. This was the main dynamic of Soviet society, and the class which has been bearers and executors of this mission is the bureaucracy — both political and economic.

The Soviet Union as it has existed up to now has been a society in which the ruling class has based its power not on private ownership of the means of production but on the control of state property. Just as in a capitalist society the surplus created by the producers is partly ploughed back into investment and partly distributed as profits or dividends among the proprietors, so in Soviet society the surplus has been divided between capital investment by the State and the personal incomes and other benefits and economic privileges enjoyed by the bureaucracy.

By comparison with the affluence of the bourgeoisie of Western countries the lifestyle of the Soviet bureaucracy may seem modest, but in relation to the mass of the people in their own society living at bare subsistence level, they have been in a highly privileged position, with a whole network of special

*(Continued on page 28)*

# A Liquidation Sale in Moscow

Inder Malhotra

NEW YORK

From the Baltics to Cuba in the Caribbean to Afghanistan in the heart of Central Asia, the Soviet Union has yielded to American demands, having resisted them for years and even decades. This surely is a measure of the drastic shift in the balance of power from Moscow to Washington, and no one can say that Americans are not mightily pleased about it.

President Bush had tried to be mindful of Soviet sensitivities on the Baltic issue by delaying U.S. recognition of the three new Baltic states until Moscow was in a position to proclaim its acceptance of their independence. In the end he recognised Estonia, Latvia and Lithuania without waiting for Mr Gorbachov reconciling himself to the *fait accompli*. For this the U.S. president has received no bouquets, only brickbats. A writer in the New York Times has tartly reminded him that America was the "39th country, after Mongolia" to recognise the Baltic states which should explain the "cool welcome" given to the U.S. secretary of state, Mr James Baker, during his whistle-stop visits to Tallinn, Riga and Vilnius on his way to Moscow.

Indicative of the dominant American mood was a comment by highly placed but unnamed sources in the Bush administration on the Soviet Union's decision to terminate military assistance to Cuba, something which has been a thorn in America's side for three decades, and Moscow's agreement with Washington to end supplies of weapons to their respective allies in Afghanistan.

In the words of these sources, what has taken place in the

Soviet Union is a "foreign policy equivalent of a liquidation sale". The Russians, these sources add, have abandoned long-held foreign policy positions because they are anxious to clear away all obstacles to massive western aid to the Soviet Union on which the latter is "desperately dependent".

It is note worthy that the U.S. has not reacted at all to the only and understandable condition Mr Gorbachov mentioned in connection with his country's willingness to withdraw from Cuba the Red Army brigade and contingents of trainers and advisers, totalling altogether 11,000 Russians in uniform, by the end of the year. His condition is that the Americans, too, should evacuate the Guantanamo base in Cuba which was set up much earlier but has continued all through the Castro era. So far the Americans have said absolutely nothing on this point and the Russians do not seem to have made an issue of it.

During his talks in Moscow with Mr Baker, the Soviet president went out of his way to emphasise that the present economic relations between the Soviet Union and Cuba would continue. This has not bothered the Americans nor appeased in any way Mr Fidel Castro who is livid that a Soviet-U.S. deal on ending the Soviet military aid to his country should have been concluded behind his back, without the slightest indication to him.

The American calculation is that whatever Mr Gorbachov might say, the various republics that are becoming all powerful in the new dispensation would refuse to go on paying 22 cents a pound for the Cuban sugar at a time when the world

price is a mere eight cents a pound. Interestingly, this view was indirectly endorsed by a Soviet specialist on Cuba who said, on the American TV from Moscow, that the preferential treatment to Cuba was a function of Soviet-U.S. hostility and with an end of that hostility the preferential treatment was also bound to end.

Of greater interest to India and other countries of the South Asian region than the future course of the Soviet-Cuban relations is the agreement between the U.S. and the Soviet Union on the termination of military supplies to their respective allies in the Afghan conflict, now in its 13th year despite the complete Soviet withdrawal from Afghanistan in February 1989.

This "negative symmetry" between the Soviet Union and the United States the Russians could have had at any time during the last two and a half years. But they had been refusing it on the ground that the termination of American aid to the Afghan mujahideen would not be enough if Saudi Arabian, Pakistani and Iranian assistance to them continued while the Najibullah regime in Kabul lost its only source of supplies of weaponry. However, this position has now been accepted by Moscow. The only thing the U.S. has promised in return is that it would try to "persuade" other countries to follow its example and stop stoking the fires of the Afghan civil war.

No wonder then that the efficacy of the Moscow agreement on supplies of weapons to rival sides in Afghanistan has become a subject of debate here. The majority view is that despite the end of the supplies

of weapons by both the U. S. and the USSR, the fighting in Afghanistan would continue for two reasons. First, that all the fighting groups have enough arms and ammunition to go on shooting at one another for quite a while. And secondly, that Saudi Arabia, Iran and Pakistan would go on funneling weapons to their favoured factions. But the countervailing factors contributing to a more optimistic outlook on the termination of the Afghan conflict through a political settlement are strong and are likely to become stronger.

In the first place, neither the U. S. nor the Soviet Union needs the Afghan conflict any longer. In fact, America might be inclined to persuade Saudi Arabia to stop supplying arms to mujahideen groups, especially to those which, during the Gulf War, had supported President Saddam Hussain of Iraq. This is becoming a matter of some urgency because, given the Saddam regime's intransigence,

there is talk in the U. S. of renewed military action against Iraq. On the question of the use of foreign helicopters by the U.N. observers in Iraq, Mr Saddam Hussain had given way. But there are many other terms of the cease-fire that Baghdad continues to defy.

Secondly, there are reports that within Pakistan itself opinion in favour of a political settlement of the Afghan issue is gathering momentum. With the replacement of General Aslam Beg by General Asif Nawaz as the Army Chief, the Pakistan army, the final arbiter in such matters, is also said to be resiling from its earlier hard-line position.

Thirdly, and most importantly, the U. N. is expected to intensify its activities in search of a political settlement. In recent months and weeks the U.N. role had become somewhat subdued. The Islamabad-based Mr Benon Sevan, the

U. N. secretary-general's special representative for Afghanistan, had of late been absorbed more in his simultaneous responsibilities as the coordinator of rehabilitation in Afghanistan, to the detriment of his duties of paving the way for peace. Mr G. Picco, the top U. N. official in New York in charge of Afghanistan, has been attending almost exclusively to the efforts to settle the hostages issue in West Asia.

However, the secretary-general, Mr Javier Perez de Cuellar, has decided to take personal interest in the Afghan issue. During his visit to Teheran he made use of Mr Ghulam Ishaq Khan's presence there to hold a tri lateral discussion on the Afghan question. The talk in U. N. lobbies is that before retiring at the end of the year, Mr. de Cuellar wants to make visible progress towards peace in Afghanistan and clinch a peace settlement in Cambodia.

## Nationalism . . .

*(Continued from page 26)*

services to cater exclusively to their needs.

This is what 'actually existing socialism' (to use Rudolf Bahro's phrase) has meant, as distinguished from the utopian wishes and the millenarian dreams. Or perhaps I should say 'the socialism that actually existed', because I feel pretty sure that we are witnessing the end of that era.

There have been several analysis of Soviet society and of Communist states in general which have been based on the perspective that these represented a new form of class society with a bureaucratic ruling class instead of property-owning one. But I think we must modify these analyses to accommodate the fact that the Communist state seems now to be only a transitional phase in the life of societies that have failed in the past to carry through a bourgeois-democratic revolution.

Already the Union Treaty which should have been signed on August 20 provided for each republic to determine its own 'forms of property ownership and methods of economic management.' With the disappearance of the Communist Party and the breaking of hardline resistance to this direction of economic change, one can expect that there will be a speedier transition to a market economic and private ownership.

What is likely is that over the next few years in at least the greater part of the Soviet Union (or of the several states that may emerge from its breakup) there will be privatisation of the land and of most industrial enterprises (some of them, no doubt, in association with or established by foreign capital), through industries linked to defence and capital goods production as well as welfare services will probably remain in State hands.

The state bureaucracy will amalgamate with a new bour-

geoisie, or rather the latter will be recruited in a large measure from the ranks of the old bureaucratic ruling class. This is already happening in the former Communist states of Central and Eastern Europe, where often the new proprietor of the private enterprise is the same man who administered it under State socialism. This is a natural development because the bureaucracy are the people who have the managerial and technical skills to seed the growth of new bourgeois property forms.

Ironic as it may seem therefore when the epitaph is written on the seventy years of Communist Party rule in the Soviet Union, it will have to be said that its historic function was to create the infrastructure for future bourgeois development. To anybody who thinks this estimate fantastic, I submit that this is not the first occasion when the historical process has made out of the actions of participants in it something other than what they intended.

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