

• **SRI LANKAN SOCIETY: The creeping crack-up**

— *Mervyn de Silva*

LANKA

GUARDIAN

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THE PEACE APPEAL (2)

RACE

RELIGION

SANGHA

POLITICS

Sarath Amunugama

Newton Gunasingha

Scott Newton

MANI DIXIT : MAN AT THE TOP — *Aditi Phadhis*

Privatisation : MOBILISING PUBLIC OPINION — *Saman Kelegama*

ALSO : D.S. (*Wilson*), WORLD POLITICS (*Gajameragedera*)

 ENRICHING RURAL LIFESTYLE

Why there's sound of laughter in this rustic tobacco barn....

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LETTER

SELECTION OF MP'S BY LOTTERY

Disagreeing with my proposals for a better way of choosing our governments, Reggie Siriwardena writes: "Let us occupy ourselves with the devising of as many checks and restraints on the exercise of power as we can think of." I rather thought that this was precisely what I had done in proposing the selection of MPs by lottery and giving them only a single term. As a bonus, my scheme ensures the elimination of a host of other evils including (1) the huge cost of elections (2) the mindless killings of hundreds before and after elections (3) the deplorable roles played by ethnicity, caste, creed, wealth, class etc. in elections (4) the career politician who is an expert in expedience (5) the cynicism of senile delinquents etc., etc., while at the same time guaranteeing regular changes of government.

If Reggie Siriwardena can think of a better method of achieving these results let him tell us.

Piyal Gamage

Colombo 3.

TRENDS

More for self-employment

The Bank of Ceylon has announced an increase up to Rs. 4000 million in its allocation for loans for small scale self-employment. This is a priority sector which covers Janasaviya recipients.

The increase (Rs. 600 million over the earlier allocation) will assist the government's poverty alleviation program more effectively, a bank spokesman said.

The Bank of Ceylon also intends to disburse about Rs. 200 million this year for agricultural rehabilitation funded by the Asian Development Bank. This program will operate in the North, East and bordering districts.

Briefly . . .

LTTE infiltrates hill-country

Industries Minister and Leader of the House Ranil Wickremasinghe told Parliament during the debate on the extension of the Emergency that police had been probing LTTE infiltration up-country for some time; there was nothing new in that. The LTTE had been trying to recruit cadres and had also been seeking logistical support in those areas, the minister said.

Mr. Wickremasinghe said that LTTE infiltration into the estates was being checked by the police, and added that a Select Committee of Parliament had been appointed to find a solution (to the ethnic problem). "Let it find a solution", he said.

Mr. Dixon J. Perera (SLFP — Colombo District) said that the LTTE had spread its claws through Sri Lanka into India, Asia, Europe and the entire world. Not only Ranjan Wijeratne but even people like Rajiv Gandhi had fallen victim to the Tigers; the LTTE had set up its headquarters in London and was spreading destruction from there, the MP said.

Unused gunboats

Sri Lanka bought three 150-million rupee gun boats from China for the SL Navy for its operations in the North, but they have been berthed in Trincomalee unused since September last year. All have defects in their engines.



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Chinese engineers arrived in Sri Lanka late this month to investigate.

Committee in quandary

The Parliamentary Select Committee chaired by SLFP MP Mangala Moonesinghe is in a quandary about certain members publicising proposals before they could be deliberated. Mr. S. Thondaman, UNP National List MP and CWC leader has offered certain proposals for a solution to the ethnic problem; and freely publicised them, creating a nation-wide furore among Sinhala nationalists in particular.

Chairman Moonesinghe has expressed his disapproval but has said that he is powerless to stop such disclosures while MEP MP Dinesh Gunawardena questioned the propriety of Mr. Thondaman's action.

Maha Sangha goes North

For the first time, one of the highest ranking Buddhist prelates, the Mahanayake Thera of the Malwatte Chapter of the Siyam Nikaya visited the Jaffna district at the head of a Buddhist delegation which included the Diyawadana Nilame of the Sri Dalada Maligawa. The two-day visit (January 17-18) was the Mahanayake, the Venerable Rambukwelle Sri Vipassi's first.

Transport and residential facilities for the visiting dignitaries were arranged by the army top brass in the North, Major General Denzil Kobbekaduwa and Brigadier Wijaya Wimalaratne. The delegation participated in Bodhi Poojas at Palaly and Karainagar and at the ancient Nagadeepa Vihara.

President warns of sinister attempts

President Premadasa said at a large rally at Kalutara

that sinister attempts were afoot to create chaos in the country. The sole objective was to topple the UNP government; blind criticism had the same objective, he said.

These critics had no alternative to offer and only wanted to become ministers and MPs, the President said. Even at the risk of losing the presidency he would always do only what was just; "I will never give into pressures and I will never allow room for anybody to rob, plunder and steal", Mr Premadasa said.

To stop return of refugees?

Informed sources believe that the LTTE high command has ordered the destabilisation of the East and Northern towns under government control in an attempt to stop the return of refugees from India. Tamil refugees who fled to India are now in the process of returning in batches organised by the two governments.

Increased LTTE activity in the East resulting in high

security forces casualties has been seen as a signal from the Tigers to discourage the return of refugees. Security forces also saw it as an LTTE attempt to tie down forces in the East and keep them away from an assault on the North.

PM off to Kuwait

Prime Minister D. B. Wijetunga went to Kuwait for a four day visit beginning January 25. Official sources described it as a goodwill visit during which the Prime Minister will discuss expansion of trade and increase in Kuwaiti intake of Sri Lankan manpower.

Amendment to Inquiry ACT

The Commissions of Inquiry Act is to be amended to enable the President to appoint a new member in place of another, to change the terms of reference contained in a warrant, and for the commission to obtain required information from public institutions.

PEACE APPEAL EXPANDS

On Jan 23, the National Catholic Commission for Justice, Peace and Human Development sponsored a press conference at which leading spokesman of the Solidarity Committee for Justice, Peace and Human Development addressed the media. Among those present were Rt. Rev. Dr. Raymond Pieris, President of the National Commission and prominent representatives of the *Sangha*.

Ven. Dodampahala Sirisuguna Thero — Chairman, Environmental Foundation, Kalutara.

Ven. Batapola Nanda Thero — President, Batapola Anomadassi Mahanahimi Commemoration Foundation.

Ven. Kiranthidiya Pragnasekera Thero — Organization for Bhikkus for the protection of National Resources,

Ven. Pallewela Dewarkhitta Thero.

Rev. Fr. Lawrence Ananda — Catechetical Centre, Chilaw.

Rev. Fr. Earnest Premasiri — Parish Priest, Iranawila, Ambakandawila.

Other participants spoke on the costs and social consequences of the Tourist industry, the installing of the VOA transmitter and the Hotel Complex.

MOUNTING TENSIONS

Mervyn de Silva

NEWS
BACKGROUND

Mounting tensions generated by a multiplicity of conflicts project an image of increasing domestic division. So the external scene seems clearer, more orderly and rational. As time passes the impact of the external factors on the Sri Lankan situation is likely to cause more discord and raise the level of tension.

So far the trade unions have remained reasonably quiet. There is more student and campus unrest than active labour agitation. Privatisation and "commercialisation" as the World Bank calls it, in the plantation and banking sectors are bound to activate the now dormant unionised working class. The union bosses in fact are alive to the gradual build-up and are already discussing responses and tactical options. Except for the daring heist in Ella by uniformed Tamil youths who got away with more than a million rupees, the plantations have been calm. But what will happen when the SPC and JEDB that own over 300,000 hectares are converted into 22 management companies? Will labour listen to Mr. Thondaman? Will his writ still run throughout a troubled thottam? Or will other, younger and more militant leaders spot an all-too tempting opportunity to seize the leadership. Fairly large-scale retrenchment is certain to follow the "commercialisation" operation.

Mr. Thondaman decided to play peace-maker not entirely out of loyalty to the UNP regime nor from his commitment to Lanka's unity and territorial integrity. He had a very good reason to fear LTTE infiltration and a concerted LTTE drive to recruit youth cadres

especially in the Uva district, where his CWC is not all that strong. The following account by **Rohan Gunasekera** (Sunday Island) sets the scene extremely well but on one point his conclusion from a simple statistic is misleading. The 23% registration includes Thondaman's hard-core membership. The vast majority are not registered but almost always follows the CWC's vigorous leadership. In any case, the other unions are more "paper tigers" than disciplined unions. Gunasekera writes:

"Meanwhile Indian firms prepare to take over the management of state-owned estates dozens of which have been allocated for takeover by 22 private companies under the government's proposed privatisation scheme.

At the same time a proposal to create condominiums for the estate Tamils who have been living in line rooms all their lives has run into stiff opposition despite the idea's merits.

Automatics

The recent discovery of an underground arms cache on an estate (where it was said that 20 automatics were removed just before the police raid) and reports of estate Tamil youth receiving arms training are seen by intelligence officers as the first faint tick... tick... tick... of a time bomb waiting to explode if not defused soon.

Arrests, disappearances and harassment of plantation workers began long before the payroll robbery, according to representatives of trade unions which have some following on

the tea estates. Since the robbery 59 people (including five women) almost all Tamils, have been detained. One person is reported missing.

The unions protested because they found it hard to continue membership recruitment under the circumstances. Labourers were scared and reluctant to organise and attend meetings. Trade union activists have complained of being followed and kept under surveillance.

But they were told arrests were being made because of reports of LTTE infiltration of the estates, the significance of which cannot be lost on anyone considering the island's degree of dependence on tea export earnings.

Warns Dr. Sunil Ratnapriya, the coordinator of the Joint Committee of Plantation Sector Associations which held its first meeting on December 9: "This has now created a terror situation which if not properly handled will ultimately lead to a Jaffna type situation!

But the reports of rising tension in the hills were dismissed by a senior police officer in the region who explained that the new security measures like road blocks and searches were introduced as a deterrence.

He glossed over the tremours of subterranean LTTE activity in the hills. LTTE suspects who were arrested in connection with the arms cache were still being held while others taken into custody were released after questioning, he added.

According to those with some knowledge of the plan-

tations the possibility of LTTE infiltration of the tea estates is confined mostly to the Uva areas where the CWC's giant, Thondaman, is said to be weakest.

In any case the CWC controls only 23 per cent of the total hill country estate workforce. The CWC stands so tall because the other unions are divided."

* * * *

TATA teas, BIRLA, CHETTINAD corporation etc are among the foreign firms interested in running the tea estates. In the highly charged atmosphere today, it is Sinhala opposition to the entry of big Indian companies to the vital plantation sector in the island's heartland that can become serious worry for the government. "Thonda" as the Sinhala Defence League (SAS) of Mr. Gamini Jayasuriya, the DUNF of Gamini Dissanayake and Lalith Athulathmudali and the (42 MPs) Sinhala-militant caucus in the SLFP prefer to call him, is seen both as Tamil plantation boss as well as the powerful arm of Dravidian India, the personal friend after all of both the DMK Chief Karunanidhi as well as the former Chief Minister and AIDMK boss, M.G.R.

Thus, all these issues, though in fact separate, are seen through the eyes of a resurgent Sinhala-Buddhist militant movement as interconnected problems — problems that add up to a major threat to Sinhala-Buddhist interests. Briefly, EELAM in the NORTH AND EAST; the spectre of MALAY-NADU in the island's heartland and the sinister "Indian connection" the economically all-important plantation sector. Many may describe such fears as paranoid;... but paranoia can influence human, and group behaviour, and make a direct impact on politics.

Of all the current developments, — trends that testify to the fact of internal frag-

mentation and heightened political passions — the most significant of all is the caucus of 42, formed by Tilak Karunaratne, S. L. Gunasekera, Nythapala, Neville Fernando and others.

The advent of the SAS together with the continuing friction within the family and party in a Bandaranaike family-dominated SLFP, (Mrs. B., son Anura and daughter Chandrika) have combined to create fissures within the main Opposition party. The same broad logic applies to the D. U. N. F. too. Both these formations, the SLFP and the 'new' DUNF, shared a broad platform of "Democracy" and "Human Rights". Nothing can be a more eloquent commentary on the nature of Sri Lankan politics than

the natural irresistible temptation to grab the more potent weapon of Sinhala-Buddhist militancy and drop "Democracy" "Human Rights" "Parliamentarism" etc. To play the "saviour" of race and religion is far more attractive a role for the frustrated politician determined to get back on centre stage than "democracy" or "fundamental rights".

J. R. Jayewardena did this on many occasions. (See: **Record of an opportunist**" last issue) and Mrs. Bandaranaike and the learned LSSP doctors and CP commissars went through the same routine in what came to be known as 'the *masalavadai line*' i. e. *Dudley-gay baday, masalavaday*.

Aid Meeting

The world Bank has asked the "Aid Sri Lanka group" which meets on Feb. 7/8 to pledge 860 million U.S. dollars, for projects and the rest for balance of payments support. Last year Sri Lanka received a billion dollars, an all-time high. "We got more than we had expected" said a senior official.

The World Bank has told the government it must limit the budget deficit to (8%) of GNP and "commercialise" three state-owned banks, tea and rubber plantations now run by two state corporations, (SPC and JEDB), depreciate the Sri Lanka rupee, reform labour laws to make retrenchment easier, introduce higher interest rates and impose a stricter monetary policy.

The U.S. delegation led by Senator Larry Pressler spoke of Sri Lanka as "a fine example of how to use development aid" and commended the trend towards "privatisation and free market economies". The US has pledged 55 million dollars and 20% of the World Bank support. However, some ECEC

countries and Canada are critical of the government's failure to negotiate a political settlement of the fifteen-year old Tamil separatist insurgency in the North and East.

A parliamentary delegation from Canada, one of the leading critics of the government's human rights record, offered to mediate. The offer was rejected, largely because President Premadasa has suddenly come under a furious attack from majority Sinhala-groups openly backed by the buddhist clergy, the SAS.

The SAS insists that the "Tigers" Should be militarily defeated before any concessions are made. This cry has been taken up by the new party formed by Mr. Lalith Athulathmudali the former national security minister and Mr. Gamini Dissanayake, the former lands minister, and another minister in Mr. Premadasa's cabinet, all of whom were sacked when their plot to impeach Mr. Premadasa collapsed.

Part-2

The Peace Appeal

Language, Land, Education and Employment

The four key areas of discrimination and dispute have been language, land, education and employment and they still remain so. There are no instant solutions. Attempts to resolve problems must be accompanied by serious study and research by both Sinhala and Tamil scholars so as to give an authoritative lead to public dialogue.

For instance, the whole question of colonization and the Tamil homeland rouses intense feelings on both sides. A joint inquiry by scholars and competent persons on both sides could make a real contribution to peace. The same would apply to the subjects of education and employment.

Economic Aspects

The economic aspects, in particular the impact of the development models adopted in Sri Lanka, need to be given serious consideration in working towards Justice and Peace in the country. The failure of economic policies and development models adopted since Independence has been a major cause of the uprisings in both the South and the North. Deepening economic crisis led to ever-increasing discrimination and, more especially, racial discrimination.

Despite rapid social and economic development there is a deepening crisis in Western Society, in the economy as well as in spiritual values. The Third World should beware of blindly imitating Western economic models.

In Sri Lanka, after nearly 15 years of open market policies, government sources acknowledge that an average of nearly 50% of children under 5 are undernourished (in certain areas it is as high as 70%) and responsible researchers say that an average of 25% of babies born are below the minimum weight

of 2.5 kilograms. What this means in terms of limitations of the basic right to life in this country has to be clearly understood and the necessary conclusions drawn.

The fact is that, as mentioned earlier, all communities and sections in this country face common threats to their existence and rights. The rights of all working people are especially threatened. Rights of workers that have been won through a long history of struggle have been seriously eroded. The condition of the peasantry who have long suffered from neglect has worsened further.

The condition of women and children must be specially mentioned. In all the tragic happenings we have passed through, women and children have been among the worst, if not actually the worst, affected. The mental agony and anguish and psychological trauma caused by the violent dismemberment and break-up of families are indescribable. Yet they have shown a remarkable spirit and resilience in the face of adversity and have set up several organisations for mutual help and solidarity. Help for them should receive high priority in any schemes of rehabilitation. Further, it must be emphasised that the struggle for women's rights is a very important and integral part of the whole struggle for fundamental, human and democratic rights.

Immediate steps should be taken to bring down the cost of living and so relieve on the poorer sections of society, who suffer most from the galloping inflation.

The open economy with its fast-increasing trend of privatisation (dubbed peoplisation in Sri Lanka to mask the reality) increases the power of foreign capital and encourages an elite life style. The national debt increases and the gap between the rich and the poor increases.

All this intensifies injustice and inequality and requires a strong centralized state to keep down discontent and safeguard foreign capital. This militates against devolution of power to sub-national units.

So there must be evaluation of economic policies and search for alternatives. Research aimed at working out appropriate policies and technology for Sri Lankan society should be promoted. Awareness of deep reforms needed in the rural economy should be created in the country. Broad involvement of political, religious and intellectual groups to indentify and achieve these reforms urgently is needed.

Religion and Culture

By far the most devastating effect of economic policies and development models has been on the spirit of the people. No doubt, they have brought certain benefits to some. But there has been a continuous process of alienation and dehumanisation. The violence brutalizes people, the worship of money and goods enslaves people and the 'rat race' breaks up community and divides and alienates people, people are plucked out of their roots and cast adrift. Consumerism subsumes all virtue and value.

So there must be a return to the roots of our indigenous life, a renewal from within to work out our own form of development, free of foreign domination. There needs to be a continuing open dialogue on this between various view-points that are strongly held. What Sri Lanka needs is a development model that is firmly rooted in the soil of our indigenous cultures, with participation of the masses of the peoples in Sri Lanka, and also open to genuine, secular, scientific influences from the wider world beyond. We need to build a national, scientific, mass culture.

Especially necessary will be an understanding by all of the multi-religious, multi-cultural and multi-ethnic character of our society.

(The Peace Appeal has been signed by 38 well-known monks and several members of the Christian clergy)

There is reluctance on the part of some of the majority Community to accept such an understanding. This cannot be put down to racism pure and simple but is due to complex historical factors. There has to be patient building of mutual confidence between majority and minority communities through common actions for justice and peace, action in tackling each other's problems. It is not simply matter of oppressor and oppressed. There is oppression on both sides. Isolation has to be broken down and the majority has to understand the problems of the minority and the minorities have to understand the problems of the majority. However, while recognising that both the majority community and the minorities are subject to various forms of oppression and that there are privileged sections in all communities, it must be understood that the minorities are oppressed by the added fact of being minorities.

Appeal

There has been stark tragedy on a massive scale in our midst. But, hopefully, it has not been all in vain. There have been lessons learnt, insights gained and character formed through the struggles and sacrifices of the deep movement of the people for justice and peace. There are still residual deep traditions in the social and political life of our peoples. There is the world-wide struggle for justice and peace and the solidarity of the progressive international community. These are all valuable resources for the tasks ahead of us.

We belong to different religious and racial communities and include working people, professionals and those holding responsible positions in public life, intellectuals and clergy. We appeal to the peoples and Government of Sri Lanka. Let us all together face up to the realities of our situation and take positive common action for justice and peace.

Declare Terms and Guarantees

So as to enable an end to the ethnic conflict and move towards peace we call upon the Government, the Opposition, the LTTE and other involved groups to declare publicly now their respective stands on the issues at stake.

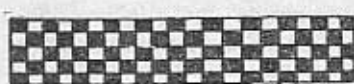
What terms will the Government offer? What terms does the Opposition, particularly the major Opposition party, the Sri Lanka Freedom Party, offer? What terms does the LTTE and other involved groups demand?

We also call for clear statements of what guarantees will be offered and accepted in terms of mediation and monitoring bodies, processes of judicial appeal etc. regarding effective implementation of promises and arrangements made regarding demilitarization, restoration of democratic processes, including multi-party system and elections, devolution of power and autonomy.

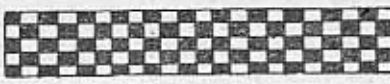
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THE SANGHA: A symbolic role

Newton Gunasingha

(Reproduced from a past issue of L.G.)

One of the complex areas of political analysis is to evaluate and account for the behaviour of apparently non-class forces and social groups which exhibit a degree of ideological coherence and intervene in the political domain where class conflict, even if at times dormant, is never absent. The Buddhist Sangha in Sri Lanka is such an apparently non-class social force which has attained a degree of ideological coherence. Why should one use the term, "apparently non-class"? The Sangha presents itself not as the representative of a single moral community, the moral community of Sinhala Buddhism. The laity of this moral community is ideologically pressured to perceive the monkhood as a homogeneous entity, as a sacred group which has taken the *moksha* oriented path and as the guardians of religious truth. But in reality, the monkhood is heterogeneous, divided into sects, not on the basis of doctrinal differences, but on caste and in addition, differentiated into hierarchical levels within the sects themselves. So one gets an internally differentiated social group, divided both horizontally and vertically, which nevertheless maintains an ideological coherence and is able to act surmounting the fragmentations earlier referred to. Hence, the apparently non-class character of the monkhood.

The overwhelming majority of the Sangha, irrespective of the caste/sect divisions, comes from the plebian lower middle layers in rural society. The only exception to this used to be the incumbents of the historic landed temples in the Kandyan areas who traditionally came from the landholding aristocratic lineages in Kandyan society Hans-Dieter Evers, for instance,

was able to establish avuncular transfer of incumbency for generations, from mother's brother to nephew in the Lankatilaka temple in Udunuwara. But even at this level social composition has significantly changed during the last two decades, incumbency going to less aristocratic outer layers of the principal lineages, as the young men from such privileged social backgrounds are increasingly inclined to climb the secular ladder of success. The Sangha, by and large, emerges from the middle peasant — small cultivator layers of rural Sinhala society, but very rarely from the ranks of the landless rural workers.

Although in classical Indian Buddhism, the Sangha seems to have taken an intensely salvation-oriented, direction — which is captured in Weber's well-known definition of Buddhism as the salvation ideology of the mendicant monk — it is not so in contemporary Sinhala Buddhism. Except the small communities of the forest-dwelling monks who are not actors in the sociopolitical field, the bulk of the Buddhist monkhood resident at the temples have lost their *moksha* orientation long ago. The average monk has entered the robes not because he wished to be so but because his parents persuaded him to enter the robes even before he was in his teens, the general age cohort from which the novices are drawn happens to be the seven to twelve year group. For children coming from the small propertied plebian backgrounds in rural society who are generally subjected to financial hardship, becoming a novice is social mobility and also an opportunity to study and obtain diplomas and degrees. Wherever they are they maintain close links with one's senior teacher-monk as well as their families. A high percentage of young

monks leave the order to become laymen, but only after having obtained some educational qualifications. The senior monks are well aware of the hazards involved and ensure by enrolling and training a number of young men, that the high drop-out rate will not necessarily eliminate all possible successors.

In militant Sinhala Buddhism currently ascendant, the Sangha plays a highly symbolic role. The Sangha is not a group that has abandoned lay society in search of salvation at it was the case in classical Buddhism, but is a most vocal group — the ideologues of Sinhala nationalism. The Sangha is regarded as the "guardian of the nation" and myths of how the Sangha stepped forward whenever the Sinhala nation was in danger are daily recounted in the popular media. The self-perception of the Sangha is decisively affected by this mass media manipulation even more than the perception of the people at large.

Political Role

How effective is the Sangha as a political actor? Will people follow what they preach today, especially in view of the fact that all kinds of traditional authority structures are in decline and the Sangha surely is one constituent element of this traditional authority? Many a political scientist has highlighted the important role played by the Sangha in the 1956 political transformation. Although the political role of the monks in 1956 cannot be underestimated, one should emphasise that monks in 1959 formed merely one element of a larger social force — the so-called Sangha, veda, guru force (monks, ayurveda physicians and teachers) — which basically represented the rural petty bourgeoisie who were in revolt both against the landlord stratum in rural areas and in general against urban interests. Today, this social force is fragmented and no longer plays the same role it did in 1956. Further (as pointed out earlier),

(Continued on page 9)

The late Dr. Gunasingha taught economics at the University of Peradeniya.

Buddhaputra and Bhumiputra?

Sarath Amunugama

Dilemmas of Modern Sinhala Buddhist Monks in Relation to Ethnic and Political Conflict

The ethnic and political conflict in Sri Lanka have created ethnocentric dilemmas for Sinhala monks. They have had to react to a Tamil separatist war, an Indian threat to the country's sovereignty and the extensive use of violence by Sinhala rebel groups and the state. Contrary to common belief Sinhala monks do not act as a monolithic body, particularly on political issues. This essay describes the different organizations within the Sangha, and the Buddhist laity, and their coalition building in order to present an effective response to the above mentioned issues. It also analyses concepts brought into play, particularly by radical young monks, to resolve these dilemmas in terms of Sinhala Buddhist ideology.

On 29 July 1987, India and Sri Lanka entered into an agreement, commonly referred to as the Indo-Sri Lanka Accord, aimed at ending Tamil separatism in Sri Lanka. By this agreement the Sri Lankan authorities agreed to effect changes in the country's constitution and devolve substantial power from the centre to the provinces. Eight Provincial Councils were to be established, one of which — the council of the amalgamated North and Eastern provinces — would be Tamil dominated. This would in effect, grant a degree of autonomy to the Tamils in what they claimed were their 'traditional homelands'.

The signing of the Accord, with little advance notice or discussion, sparked off mass opposition in Sinhala-dominated parts of the country. These demonstrations were organized by the *Maubima Surakeeme Viyaparaya* (MSV) or 'The Movement for Safeguarding the Motherland'. Founded in July 1986 the MSV

had grown rapidly as a powerful 'umbrella organization' of monks, non Marxist parties of the opposition (SLFP, MEP and JVP through its front organizations) and important lay Buddhist associations.

The mass opposition to the Accord, which caught the Government by surprise, led to the rapid deployment of the Indian Peacekeeping Force (IPKF) in the North and East, releasing Sinhala troops for active duty in the South. A few days later the JVP, which had up to now kept a low profile in the MSV, took over the anti-Accord struggle. From then on, till the killing of its top leadership in late 1989, the JVP became the main adversary of the government and the severest critic of the Accord, though they did receive varying degrees of support from their erstwhile partners in the MSV. Many of the Sangha and lay Buddhist associations which constituted the MSV were sympathetic to the JVP's implacable opposition to President Jayewardene and his policies. A journal of one such group of radical monks, which claimed to be 'the only journal published by Sri Lankan Bhikkus' reports:

When the correct history of this country is written, the 29 July 1987 will undoubtedly be recorded as a day of special significance. Two aspects of this day will be recognized. On one hand it will denote the betrayal of a land and a people after gagging and chaining them; thereby making them a slave nation.

On the other hand 29 July 1987 will be seen as the day on which the patriotic people, rejecting slavery under a foreign imperialist power and refusing to fall on their feet even with the threat of death, decided to fight the invading foreign power as well as the

treacherous, cowardly and power-hungry ruling regime of this country.

That spontaneous uprising of patriotic citizens — who came onto the streets of their towns and villages — has now two years later become an organized, broad-based national liberation struggle, drawing towards it all patriotic elements.¹

In this paper I shall explore the reaction of radical Sinhala Buddhist monks, particularly those groups within the MSV, to ethnic and political issues related to the Accord. How did it affect their perceptions of the Sangha in relation to national problems? What were the consequences of their deep involvement in political activity including, in the case of some monks, armed revolt? What were the elements of Buddhist ideology and symbolism which were highlighted in this encounter? In sum, how did they 'manage' the contradiction between *Buddhaputra* (sons of the Buddha) *Bhumiputra* (sons of the soil).

Maubima Surakeeme Viyaparaya

The Tamil struggle for a separate state — Eelam, was predicated on the claim that the Northern and Eastern Provinces were their 'traditional homelands'. While the numerical preponderance of Tamils in these two provinces was a demographic reality, the concept of a historical Tamil 'homeland' was bitterly contested by the Sinhalese. The Jayewardene regime itself, up to the time of the Accord, treated it as non-negotiable issue. Previous negotiations on the ethnic problem (the Jayewardene-Parathasarathy talks as well as Thimpu and Bangalore negotiations) had floundered principally on this issue.

The MSV also treated this question as the centrepiece of its policy. It insisted that it was a non-negotiable issue, in its very first policy statement:

Sri Lanka is the mother country of us all — Sinhalese, Tamils, Muslims, etc. We have lived

1 *Vinivide* 24, July 1989, P. 6.

together for over a thousand years on that basis. It should be so in the future as well. Today we face a secret national and international conspiracy to divide the motherland. By implementing the proposal to divide power on the basis of race, and cutting the country into two out of 'nationalist sectarianism' the whole country will be destroyed. Let us defeat murderous Eelamism and international conspiracies to divide the country. Our great hope is that all races will live in friendship, peace, and amity. After all, wealth is distributed on this basis in our country.

Though President Jayewardene was finally compelled to treat the 'strong centre vs. traditional homelands' issue as basically a political and demographic problem for purposes of obtaining a settlement, it was one which went to the heart of Sinhala-Buddhist consciousness. The ferocity of Sinhala-Buddhist opposition to the Accord can be understood only by examining the depth of this concern. According to Sinhala-Buddhist tradition, fashioned largely by *Vamsa* literature, Sri Lanka is the *Dharmadvipa* (the island of faith), consecrated by the Buddha himself as the land in which his teachings would flourish. The *Mahavamsa* states that on the very day of the Buddha's death, Vijaya—the founder of the Sinhala race—landed in Sri Lanka, as if to bear witness to the Buddha's prediction.² Furthermore, it was believed that the Buddha had visited the island thrice. One of those visits was to Nagadipa in the northernmost part of the Jaffna peninsula. (Ironically, to establish concord between two quarrelling kinsmen.)³ The north was thereby firmly established within the sacred geography of Buddhists. Till the beginning of the ethnic war Nagadipa was an important pilgrimage centre for Sinhala Buddhists on a par with Mahiyangana and Kelaniya.

2 *The Mahavamsa*: tracts, Wilhelm Geiger, Colombo, Govt. Information Department, 1950.

3 *Mhv.* 1. 46.

Centres of Buddhist pilgrimage provided dramatic evidence of Buddhist claims to the North and East. Some of these sites continued to be centre of Buddhist worship. Others, such as the legendary Gokanna Temple in Trincomalee, had been transformed into centres of Hindu religiosity. Most were in ruins. But they were identified and perpetuated in Buddhist consciousness through the repertory of *Vandana gatha* (worship stanzas) known to most Buddhists.

These feelings of religious inclusion were strengthened by a twentieth century phenomenon. Buddhist and Hindu lay organizations (sabhas) began to reclaim historic sites and rebuild religious edifices. For the Buddhists, the classic example was Anagarika Dharmapala's attempt to reclaim and restore sacred Buddhist sites in India, particularly the Temple at Buddha Gaya. Following him, Valisinghe Harischandra campaigned to 'save' the eight sacred sites of *Atamas-thana* in Anuradhapura.⁴ Modern Buddhists, concentrated in the South and Southwest of Sri Lanka, discovered that most of their sacred sites were located in the North Central, Northern and Eastern parts of the country. In the pre-independence period Buddhists restored ancient sites at their own expense (for example the restoration of Ruvanveli Seya). With independence, and particularly after 1956, these reconstructions were undertaken either directly by government or by senior government officials, particularly Government Agents, who could mobilize the resources of the state on an informal basis and draw contributions from local entrepreneurs. (Among such officials were Nissanka Wijeratne who established the 'sacred city in Anuradhapura, Ridge-way Tilekeratne who repaired the Somawathie Chaitya in Polonnaruwa and Somapala Gunadheera who restored temples

4 A. C. Alles, *The Trial of Valisinghe Harishandra and Others*, Colombo, Lake House Investments Ltd., 1989.

in Trincomalee District). Thus to most Buddhists the North and East constituted a part of their patrimony, a land from which they had been driven off by the Tamils as graphically described in the *Vamsa* literature.

(To be continued)

The Symbolic . . .

(Continued from page 7)

the younger monks today come from social strata less privileged than the rural petty bourgeoisie proper. The influence of the monkhood on rural society, owing to this social isolation, is probably less than what it used to be in 1956. But in mass politics, as manipulated by mass media, their level of visibility if anything is even more than it used to be. So here one comes across not the monk who preaches to his village congregation and patiently converts them to a particular point of view, but monks who act as symbols and appear to the masses on TV or the popular dailies with statements made by the hierarchs or the powerful monks. Thus the wave is not necessarily initiated or created, by the monks. Making use of the collective in-security felt by the masses, certain vested interest groups manipulate the mass media in such a way as to initiate an upsurge or a molecular motion among the masses with the monkhood endorsed with high visibility riding the wave as if they really are initiators and controllers of the wave, which of course they are not.

With accelerated commercialisation within the previous decade or so, traditional Sinhala society has undergone far-reaching changes not devoid of tensions and strife.

The social status and the power of the monk, who essentially used to be a member of the traditional authority hierarchy, was bound to decline with these changes. Ethnic conflict reverses this flow: "the nation is in danger", "it is the time for the guardians of the nation to step forward". Ideological discourse brings the monkhood back into an influential position.

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Ethnicity: Identity and group

Scott Newton

For my purposes, I would like to examine two facets of ethnicity—the notion of “ethnic identity” as an aspect of personal identity and the notion of the “ethnic group” as an aspect of social reality (“us” and “them”). As a general theme running through this analysis, I would like to suggest that phenomenologically considered, ethnicity at the most fundamental level is a manifestation of the dialectic between self and other. Ethnicity is a matter of who one is and who one’s fellows are — what is the status of one’s humanity; what is the status or that of the others coexisting with one.

Ethnic identity is an aspect of our condition. Each of us finds herself or himself *among* a people, with whom we share affinities — relatedness, language, custom, belief, or history. To be human is always to be generically “a woman” or “a man” and specifically a certain kind of woman or man. Our being is thus always dual, at the same time universal and the particular is constitutive of our very humanness.

So far however we speak only of nature, not of development. If that were the end of the matter, ethnicity would merely be one’s fate or endowment — like eye color or a speech impediment, something beyond liberty and choice. But we aren’t just born into our identity — we also at some point “come into” it, that is, assume responsibility for ourselves. In this sense ethnicity is chosen as much as any other component of one’s identity. This curious conjunction of endowment and choice Sartre calls “situation.” A situation determines our possibilities, prescribes bounds to the exercise of our freedom. It is thus an existential matrix out of which a self congeals. But a situation

A contribution to a seminar at the ICES, Colombo. A scholar formerly at Harvard, he has done research in Sri Lanka on Sinhala nationalism.

is at the same time chosen or appropriated by that self. One makes oneself that which one is.

Ethnicity as a mere accident of birth remains something largely passive, inert — an attribute. The individual must grasp his ethnicity, or in phenomenological terms, constitute it as an object, bestow meaning upon it, before it can play a role in his or her life. Ethnicity must be thought in order for it to be lived. Now clearly we as individuals are not the only ones interested in our ethnicity — it is a matter of collective concern as well, by definition. We need only think of a rite of tribal initiation to grasp the importance to the collectivity of the individual’s ethnic identity. But even here it is only in-so-far as the individual consents to the collectivity’s meaning, only in-so-far as he makes it his own in his sovereign consciousness, that it is realized.

Ethnic identity is thus in an important sense chosen, fashioned from within, even if the raw materials, so to speak, are already present and external. Ethnicity is thus an element of of identity like any other. But also unlike, for it is clear that it is a particularly profound one. Let us imagine a trio of castaways adrift on a raft in open ocean, each claiming a distinct ethnicity. In such an extremity, where we can imagine that layers of self are forcibly and progressively stripped away by biological exigency — our castaways are ultimately reduced to animate stomachs — ethnic identity is likely to be among the last such layers. One will forget one’s ethnicity perhaps only before

forgetting the most immediate personal data — name, family, personal history.

In spite of this seemingly unsearchable rootedness, this implantation of ethnicity within the very core of our persons, there nonetheless seems to be considerable potential variation in its relative magnitude. Ethnic consciousness can be dim and weak; it can also be fever-intense. It can play a marginal role in our self-understanding; it can occupy center stage. It is this quality of the “expansibility” or “contractibility” of ethnicity within identity that I want particularly to bring out here. Consciousness, in a phenomenological understanding, has the capacity not only to establish meanings, to constitute objects, but to order them, to fix them in relations of significance with one another. Objects of consciousness may be subordinated to other such in very elaborate ways. We can merely acknowledge our ethnic identity, or we can magnify its significance, in effect “hyper-objectivize” it, *profess* it. We may very well choose to mediate our experience of ourselves *predominantly through ethnicity* (for whatever psychological or other reasons — the search for reasons is another sort of inquiry, an empirical one). This represents one extreme of the range of significance within which we can situate our ethnicity. As such it is a standing possibility for any consciousness.

This standing possibility should not be construed in terms of a once-for-all decision. Ethnicity is realized differently not only from individual to individual, and within anyone of us over the course of our development, but even in the succession of thoughts in the day-to-day or moment-to-moment life of consciousness. Let me attempt to make this clearer by way of example. Whatever our

ordinary level of ethnic awareness, it is apt to be intensified if we receive a racial slur in the street. The moment before, had we been asked we might not have accorded our ethnic identity any great place in our self-concept. But we immediately bring it to the fore. Another example: let us picture someone as he dresses in national costume in preparation for his participation in a national festival. As he stands before the mirror, he is, we may suppose, swelling with pride in his people's traditions, his history, full of a vision of himself as representative or exponent of a force larger and more significant than he, extending backwards in time and outwards in space, of the glory of which he partakes. At such a moment, a kind of intoxicating self-expansion, he wills himself into Ethnic Man. I, I am a Herzegovnian, I draw my breath through Herzegovnian nostrils, I look out at the world through Herzegovnian eyes. But let us now picture this same individual a day later, standing before the same mirror, but dressing to go to work. His thoughts now revolve around his place in the office hierarchy, his political standing, the degree to which he finds favour or disfavour with his superiors etc., etc. Here ethnicity has receded greatly in significance for his consciousness: the disposition of his boss looms much larger than the exploits of his illustrious forbears.

In this last example, I have touched on a critical aspect of ethnicity which I have no time to delve into but which merits extended consideration, that is the connection of ethnicity to the symbolic dimension. Ethnic affirmation can serve as a vehicle for self-enlargement, pushing the narrow borders of the personality out to world-encompassing proportions. The leap from the individual to the genus "humanity" is generally too great to manage; it is rare that the individual derives exaltation from contemplating herself as "human". Few of us

have occasion to say with Hamlet, "What a piece of work is man!" or like Pico della Mirandola, to pen an "Oration on the Dignity of Man." But the leap to the species "ethnicity" is quite readily achieved. We can link ourselves to our nation or people much more easily than we can to humankind. Ethnic identification, then in a paradoxical way, is a means of universalizing ourselves, of symbolic augmentation, of self-transcendence.

Thus far we have been discussing ethnic identity as a phenomenon with implications for the self alone. But already within the individual consciousness ethnic identity projects itself onto a larger social stage. It is a private concern which seeks to realize itself publicly, with public aspirations and anxieties. Let us examine this "public" aspect of ethnic identity in the phenomenon of modern ethno-nationalism. With what distinctive charge of meaning does the individual invest the ethnic component of his identity in the context of the modern state? Note again that I am not raising the genetic question. I am not asking how modern organized ethnicity arises as a political scientist might; I am asking what it means. One aspect of this question will serve as an illustration of the phenomenological technique.

In as much as the ethnic identity within modern ethno-nationalism is assertive, it is necessarily assertive *against*. It is constituted in the form of a claim or a demand, it requires someone else, whether that something is an act such as recognition or (more typically) concession of political or economic power. More, this claim is always a *reclamation*, it issues from some sense of continuing deprivation, it asks for something long deserved and overdue. In a word, it is aggrieved. "I am singular, I have been denied I am owed. "The ideas of struggle and grievance do not simply enhance an ethnic identity here, they *inform* it. I am not

interested here in an empirical typology of ethno-nationalisms (such as those of Ralph Premdas or Donald Horowitz). In deed I want to emphasize that the form of reclamation, of grievance, is inherent and independent of any actual history of deprivation. To cite an extreme example, the Germans of a former day did not need "Lebensraum" in actuality, nor was their cultural survival threatened. Nevertheless the assertive German ethnicity took the form of grievance.

How shall we understand this in the context of a general phenomenology of ethnicity? In-so-far as ethnicity represents part of our being which is socially distinct, special—the specific as opposed to the generic attributes of our humanness—it is, phenomenologically considered, constituted as a minority phenomenon. To the extent that one identifies with a particular ethnic group, that group is necessarily established within consciousness as that (small) segment of the total human population to which I being, which I claim as my own. Whether one is Tierra del Fuegan or a Chinese, the very notion of distinctiveness requires *minority status*. Whatever its political or historical or demographic position, an ethnic group, as far as the individual consciousness is concerned, is always existentially a minority. The ideas of precariousness, vulnerability, disadvantage are essentially bound up with "ethnic group," part and parcel of its meaning. What is singular is insecure by virtue of its very singularity. Before they are attached to this or that particular socio-historical context (and the legitimacy of that attachment is an empirical question), the claims of ethno-nationalism are present as universal meaning possibilities within the individual consciousness of ethnicity.

This leads me now into a consideration of the conception of the "other" within ethnicity. One's ethnic identity is inconcei-

vable apart from the ethnic status of absolutely everyone in one's social world. Fixing one's ethnic status conceptually requires fixing the status of all others' relative to it. As a road map for discussing the phenomenology of ethnicity on the social plane, I will use the scheme developed by Alfred Schutz in his *Phenomenology of the Social World*. I will offer a brief and I hope comprehensible summary.

Our knowledge of the social world, as of the world in general, is built up necessarily from our experience. There is however a privileged epistemological foundation to all our knowledge of other people — that is the intersubjective relationship, the "we-relationship," paradigmatically when we face one another in communication. It is only in the course of this relationship that each consciousness comes to constitute the other as another consciousness. This object — the other as thinking subject — has a unique status among all other objects of consciousness. It is an object which is at the same time a subject, and the very subjectivity of which is its chief feature as object.

In the we-relationship, each consciousness, which ordinarily lives within its own inner time-dimension, the stream of primordial experience, joins its stream with that of another consciousness. What results is simultaneity and co-existence. You and I share experience, we keep pace with one another's movement of consciousness, we grow old together. When we communicate, we can compare the meanings each of our consciousnesses is separately and independently constituting; we can *verify* them. Schutz calls this "an interlocking of glance, this thousand-fold mirroring of each other." It is in this way that we come to experience, and to know, another person. It is the definitive knowledge of another, the arbiter of all our knowledge of others in general.

Nevertheless our knowledge of people is not confined to those with whom we are in direct communication or those of whom we have had direct experience. Those whom we haven't known and can't meet, we can only know indirectly. What characterizes our understanding of the social world, then, is knowledge of others in varying degrees of indirectness. Schutz distinguishes four domains of others which shade off into one another: the realm of directly experienced social reality, the realm of contemporaries, the realm of predecessors, and the realm of successors.

The three domains of indirect social knowledge (contemporaries, predecessors, successors) are all derivative of the primary realm of direct social experience. The process by which we move from the first realm into the others is one of **abstraction** and **extrapolation**, or what Schutz calls the formation of ideal types. Once we have constituted the peculiar object "other subject," we have it as a meaning at our disposal and we can use it in building up our social world. We can imaginatively vary what we know of others to assemble conjunctive and hierarchical complexes of meaning. Such complexes can be other individuals ("a policewoman") or aggregates ("the Ethiopians") or even transpersonal forces ("the Albigensian heresy").

Each of us thus comes to operate with a highly complex social world-picture, a grand system of social reference in which other people as individuals and as aggregates are organized and ordered relative to our interests. In this sense each of us behaves as an untutored social scientist. We all have an elaborate theory of the social world, both descriptive and explanatory, which may be articulated to a high degree if we are reflective, or not at all if we aren't. Social science, then, is really just a formalization of the inherent and regular

objectifying operations of consciousness. Where social science, however, rests on a high degree of collective verification and consistency, our untutored personal social science does not.

The realm of the social world most important for ethnicity is that of contemporaries (although predecessors and successors also bulk large). How do we know those who live at the same time we do — how do we constitute them as "others"? As an example, what do we mean by "a policewoman"? We call up a "subject" from our storehouse of meaning, imagine it a certain remove from ourselves, and endow it with certain stock characteristics. These characteristics are however typically determined by our pragmatic interests. "A policewoman" only figures for us in-so-far as she serves a discrete social function, peacekeeping. We constitute her by her role; we are only interested in her in so far as she writes tickets or arrests criminals. However, if she happens to be our cousin's friend, even if we have never met her, she takes on a more rounded meaning, greater distinctiveness, greater approximation to a full-blown consciousness.

This process can be extended further and further from ourselves so that we can imagine aggregates of people as having some sort of social existence to us, some participation in our common world. Who are "the Ethiopians" who have been the object of global concern recently? We may have never met an Ethiopian. We nonetheless constitute them as people like those we have met. Our interest in them, however, is largely limited to their circumstances of famine. That is, we constitute "the Ethiopian" as "a group of other people located in Ethiopia who are starving."

Now let us apply these processes of the constitution of the social world to ethnicity and specifically to the notion of "ethnic group." It immedi-

ately becomes clear that once we have objectified "ethnicity" and invested it with whatever meaning and intensity of meaning we have chosen to, we can extrapolate it and employ it in building our particular understanding of the social world. We can, if we wish, even organize our understanding of the social world **around** ethnicity, that is, make it central, so that the meaning others hold for us — such as "a policewoman" or "the Ethiopians" — will be primarily an ethnic meaning.

In its outward bearing, ethnicity describes a bond, a tie. Ethnicity is something which I, a Tungus, recognize that I share with you, a Tungus, and not with her, a Buryat. It is a bond which joins us and sets us apart from others. By imaginatively extrapolating this bond, which takes its meaning from my relationship with you, I can constitute the objectivities of people I have never met and place myself in relation with them. Much as "a policewoman" was someone we constituted by her function, her role, so our "fellow Tungus" is someone we constitute by his ethnic relation to us (his participation with us in a common tradition, etc.). We define him in advance, fix his significance. We can proceed further and constitute the ethnic group, "Tungus people" as the aggregate of all such "fellow Tungus."

In the same way, we can constitute those who are of another ethnicity as precisely "other ethnic." The primary feature of their subjectivity for us is then their belonging to another ethnic group. We can then constitute the (particular) "other ethnic group" as a new object, and invest it with meaning in accordance with our interests. "The Ethiopians," whom we considered above in connection with their plight as famine victims, can also be constituted as aggregate politi-

cal enemy, or "the Eritrean rebels," if we shift our perspective and the nature of our interests.

I would like to close this rough sketch of a possible phenomenology of ethnicity by drawing out the implications of this brief exploration of "ethnic group." My theme is the protean nature of our meaning-endowing capacities. In a profound sense we create both our own ethnicity and those of our contemporaries — who are meanwhile busy creating their own ethnicities and ours as well, as it figures for them. It is the nature of the process of objectification which permits this creative freedom.

"Objectification" carries in our day a certain opprobrium; it connotes "blindness" or inhumanity." But the word in its phenomenological sense is importantly distinct from the word in its popular-humanist sense. Objectification is, for a phenomenological understanding, the founding operation of meaning — the way consciousness pools off the surging waters of experience so that they may be seen in clarity and stillness. Objectification is indispensable if we are to **have** a world, and a peopled world, for knowledge. It is not objectification per se which is damnable, but its miscomprehension.

For objectification can be turned back against the living experiences from within which it arose. The pooling off of experiential waters can become a damming off. In the context of ethnicity, we have seen that the object "ethnic group" must claim whatever validity it has ultimately from the inter-

subjective relationship, the "we-relationship." "Ethnic group," like every other indirect social object — "policewoman," for example — always runs the risk of taking on a life of its own, like a Frankenstein's monster, and defying the very experience which engendered it. In closing I remind you of the "oblivion" of meaning to which phenomenology opposes itself in its very activity of analysis, by way of suggesting the potential value and importance of that analysis as applied to the phenomenon of contemporary ethnicity.

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Mani Dixit: The Troubleshooter

Aditi Phadnis

“Dixit will fix it,” screamed the Colombo newspapers, tired but mocking, as the Indian Peace-Keeping Force (IPKF) marched into Trincomalee port keeping time to “*Saare jahan se achcha Hindustan hamara*”, one morning in 1987. As it began became clear that the Liberation Tigers of Tamil Eelam (LTTE) had no intention of letting “*Hindustan*” be “*saare jahan se achcha*” and what is more, appeared to be readying themselves to give the mighty Indian Army a run for its money, the Sinhala newspapers were seized by a curious sense of schizophrenia: they couldn’t decide whom they hated more — the Tamil Tigers who had been responsible in the past for disturbing the peace of Colombo 7, where the elite live, or J. N. ‘Mani’ Dixit, India’s High commissioner to Sri Lanka, the man who brought Tamils into the ambit of the nationalist Sinhala consciousness.

A classic Colombo 7 conversation in late 1987, when the Tamil Tigers were hammering the Indian Army, went thus: “I say, don’t you know, our boys after all, no?”

“But since when did the Tamil Tigers become your boys?” an incredulous questioner asked.

“Ah, but we are talking about the time in history which predates India locating its vice-roys in Colombo,” was the sly response.

The newly-appointed foreign secretary of India, Jyotindra Nath Dixit’s reputation as a viceregal fixer of things was not entirely undeserved. During his high commissionership in Colombo, not only did he manage to persuade Sri Lanka that military intervention by India was the only way out of the impasse that Sinhala-Tamil

relations had sunk into, but also, when things began going wrong and Indian politicians here began accusing Dixit of exceeding his brief, made it known through some ‘indiscreet’ remarks to a journalist that India had financed a part of the Tamil Tigers’ exploits, just so that New Delhi would know Dixit was not a man to be trifled with.

“And anyway, what is all this damn’ fool talk of being humanistic with the neighbours,” one of Dixit’s former colleagues at South Block, who is now a former foreign secretary said irritably. “Mani knew how to tell these (neighbouring countries) people where to get off. He could get into JR’s (Jayewardene) bathroom, and he could tell Gamini (Dissanayake, former minister for irrigation) and Premadasa (formerly Prime Minister, now President of Sri Lanka), to shut up. If India has power, people must recognise it. If a Robert Oakley can tell the Pakistani Army to stay away from its foreign policy, why shouldn’t Mani point out to Sri Lanka or Bangladesh how they should behave? “*Bhaya bin prit na hot gosain*. (There can be no love if there is no fear: Tulsidas).”

Telling people where to get off is Mani’s forte. A foreign service colleague recalls how, during hostile times, a journalist told her he wanted to see Dixit. She fobbed him off as tactfully as she could as Dixit was busy at that moment. The reporter then accused her of lying to block his access to Dixit. Offended she called Dixit and repeated what the reporter had said.

Dixit heard her out, and then drawing himself up to the full five feet six inches of his mustard-coloured safari-suited

self, spoke to the reporter on the phone. “It has been brought to my notice that you have insulted my esteemed lady colleague,” he said icily. “She is on my staff and she was absolutely right in telling you that I was busy. After I put down this telephone, I want you to call me back on this number, ask for her and apologise. If you don’t do that, I will never talk to you again.”

The apology came in five minutes, and though abroad it only served to underscore his aggressively nationalist image, his junior colleague was quite overwhelmed.

* * *

But it has taken many years for this incarnation of Mani Dixit to evolve. The years have rubbed off a lot of the warmth and generosity that his colleagues and friends talk about. Today, Dixit has travelled a long way from the Zakir Hussain College (Delhi University), where he studied for a BA degree in political science, economics and philosophy in the fifties.

Dixit’s first postings were in Latin America — Mexico and Chile. This was followed by a stint at the desk — he was the desk officer for Japan, China and Pakistan from 1960 to 1963. His first politically crucial posting came in 1972, when he was appointed the Indian deputy high commissioner in Dhaka, soon after the liberation of Bangladesh. Dixit remained there till 1975, the year Mujibur Rehman was assassinated.

Mujib’s foreign policy suited India, for it recognised and acknowledged the two major preoccupations of Indian foreign policy: to be known as a regional housekeeper and keep

its backyard free from super-power presence.

But a deputy was needed in Dhaka who could pick up information to cater to the special needs of the undercover agencies, and also offer sage political counsel on the events in Bangladesh. Mani was entrusted with all the 'oral kaam', which the others in the high commission would not do. Mrs Gandhi (for whom, incidentally, Mani Dixit has tremendous respect even today) asked him to keep the papers and study the situation from a political angle.

By 1975 it seemed clear that the artificially-fostered "Long live India-Bangladesh friendship" would not last. The newspapers gave abundant indication that an anti-India backlash was about to be witnessed. The writing was, quite literally, on the wall. Graffiti in Dhaka said: "we shall not allow Sikkim to be repeated in Bangladesh"

The storm broke with the assassination of Mujibur Rahman. Bengali nationalism was replaced by Bangladeshi nationalism. Mujib had to pay with his life so that Bangladesh could take this step towards nation-statehood.

* * *

Mani had to return. He was sent to Washington as minister (commerce) in the Indian embassy. When he returned to Delhi in 1978, the government had changed and was continuing to change. There was, in this interim period, no slot for Dixit. He served as secretary with the Indian Council for Cultural Relations (ICCR) till the end of 1979. When Mrs Gandhi was returned to power in 1980, Dixit was made spokesman for the government in the ministry of external affairs.

His first ambassadorial assignment saw him in Kabul (Afghanistan), in 1982. It was a difficult time. The Soviets were on the run in Afghanistan and the USSR was undergoing

traumatic internal convulsions at the same time. The balance of power in the world was changing and Dixit had to ensure that India's stakes in Afghanistan were recognised without necessarily endorsing the Soviet Union's views. India remained loyal to the Soviet Union until the last tanks had rolled away, and as the debate began over the heirs in Kabul, Rajiv Gandhi took charge in Delhi and asked Dixit to go to Sri Lanka.

Colombo was surely the crowning glory of Dixit's diplomatic career. North and east Sri Lanka had been laid waste by the Lankan security forces, who were poised to strike Vadamarachchi, the last outpost before Jaffna. Jaffna itself was under an economic blockade and President J. R. Jayawardene was unwilling to undertake the responsibility of subjugating part of his country with the help of its own military forces.

Painful and extended negotiations between the Tamil groups and Colombo, some of the meeting sponsored by India, had come to nought. It was during Dixit's tenure that military transport aircraft were flown over the province carrying relief supplies for the starving populace of Jaffna, accompanied by a posse of Mirage 2000 fighter aircraft. The event was a kind of flag march by India in the Sri Lankan skies.

Jayawardene bowed to the inevitable. After being turned away by the United States, China and Pakistan, he came to India. The Indo-Lankan peace accord — a document which brains like G. Parthasarathy and Romesh Bhandari had been working on for years — was concluded within 24 months of Dixit's tenure in Sri Lanka.

* * *

What was most remarkable about Dixit's performance in Sri Lanka was the dexterity with which he managed to distance himself from the pro-

blems in hand, and thus maintained a proper perspective. This was true, for instance, of his attitude towards the peace-keeping force. While at the human level he was affable, friendly and sympathetic, he made no secret of his contempt for the use of physical force in getting things done.

The Sri Lankan papers reported many rumours — that before the presidential election, Dixit, fearing the possibility of Premadasa coming to power had encouraged the formation of a rainbow coalition of the anti-LTTE Tamil groups and the Muslims to ensure the election of Sirimavo Bandaranaike, Premadasa's closest rival. Bandaranaike lost by a mere four per cent of the vote. And as far as India's involvement in Sri Lanka was concerned, it was curtains.

After a period spent out of the news, Dixit was asked to go to Islamabad in 1989 as India's ambassador. His tenure here was uncharacteristically sedate and after his flamboyance in Sri Lanka and Bangladesh, this quietitude is a tribute to his professionalism. He managed to keep Indo-Pak relations on an even keel, despite the loud noises being made about Kashmir and the change of governments in both countries.

But the days of the SFI and the Soviet Union are gone. The magic of the market has gripped everyone and Dixit has not forgotten his training — that his principal task is to serve the national interest — this time as foreign secretary. And, as one of his predecessors predicted: "Dixit and the Prime Minister have worked together. He's a go-ahead man. If people get in his way, he and the PM will marginalise the rest of the establishment."

(A promising Indian journalist the writer is the daughter of the late Prof. Urmil Phadnis the foremost Sri Lanka specialist in South Asia and a regular contributor to the L. G.)

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In our view, the bases were Britain's inarticulated premise for the granting of independence. At the time Trincomalee and Katunayake were necessary for securing Britain's sea lanes to the ports of Southeast Asia and Australia. The bases became irrelevant after Nasser's nationalization of the Suez Canal in 1956. Britain therefore readily consented to withdraw when S. W. R. D. Bandaranaike made his request.

D. S. did not see any "contradiction" in his offer. In fact he was shrewd enough to anticipate Britain's need and to make the offer himself way back in 1945. Thus India as an aggressor was merely a smokescreen. And D. S. once again duped his political opponents into believing that the agreement was needed lest India "did a Hyderabad or a Kashmir". The Anglo-Ceylon defence agreement was thus weighted heavily in favour of Britain.

There are two questions that arose. Firstly there was uncertainty as to S. W. R. D. Bandaranaike's reaction. D. S. had asked Oliver Goonetilleke to be the ploy man to persuade Bandaranaike. Bandaranaike was taken in by Oliver Goonetilleke's subterfuge. At the meeting of the cabinet which confirmed the agreement, Bandaranaike stated: "Well D. S., what my good friend, Oliver claims is that he has persuaded the U. K. to grant us a constitution which will enable us to do everything possible in Ceylon immediately after the constitution is promulgated. Within a day we could turn out the British from Trincomalee and Katunayake" Bandaranaike's interpretation was not the same as that of Sir Charles Jeffries.

Secondly it is certain that had D. S. Senanayake been defeated on the Address of Thanks after the first throne Speech, the Governor-General would have granted D. S. a dissolution. If D. S. was returned, the defence agreement would have been signed. If he had been defeated and if the new prime minister had refused to accept the terms of the agreement, Ceylon would not have obtained independence.

Thus Ceylon obtained sovereign status, D. S. became Britain's legate and the entire island with its groups in conflict were entrusted to D. S.'s care and statesmanship. Ceylon's Count of Piedmont (Cavour) had won the day. On the debit side, the Soviet's sneered at Ceylon's statehood. D. S. however interested himself more as a Commonwealth statesman than involving himself in the great non-aligned movement or on the international stage.

In domestic affairs, D. S. refused to countenance the growing demand for swabasha. He did not want to jeopardize the interests of the Catholic Church in the matter of the ownership of schools. He enacted legislation against the Indian Tamils and leftist trade unions. His concept of "national unity" was to win over G. G. Ponnambalam and sections of his Tamil Congress. Yet from the very beginning after the general election of 1947 and towards the latter phase with the resignation of S. W. R. D. Bandaranaike, the government of D. S. Senanayake remained a contingent coalition of unstable political tendencies.

D. S. therefore had no enlightened or ambitious **world-view** being very much a down to earth politician. He was

not certain of where he was going nor was he really conscious of the long term effects his policies could have on the new state on especially such vital themes as economic development and planning, winning the cooperation of the Ceylon Tamils instead of coopting some of their leaders as showpieces (Suntharalingham, Sittampalam, Ponnambalam), alienating the Indian Tamils without considering alternatives for their parliamentary representation as via multi-member constituencies or an all-island electorate, and antagonising the splintered but influential leftwing forces through harsh legislation including the first of the emergency laws.

His **character** was thus self-evident. Certainly he lacked sophistication in domestic and international politics. In political strategy, he was not even made of the material of the Florentine (Machiavelli) in that he did not use his resources to promote the consolidation of a new state. Craft and diplomacy he had in abundance, characteristics which enabled him to impress on the British his reliability. He was indeed like Count Cavour of Piedmont.

D. S.'s **worldview** and **character** were formed on the billows of a rural life of graphite and coconuts. The education at Saint Thomas did not have any great impact. He had superb manipulative skills which were invaluable for politics. In a new state however there was need for commitment to modernization goals and a need for creative, skillful, resolute and farsighted capabilities. The role of what Bertrand de Jouvenel in **Sovereignty: An Inquiry into the Political Good** called *dux* (leader) rather than *rex* (king or manager) as

in a stable and predictable consolidated state was noticeably absent. The Florentine's observation is relevant here: "there is nothing more difficult to carry out nor more dangerous to handle than to initiate a new order of things" (Machiavelli in **The Prince**). Unfortunately, D. S. Senanayake with all his perspicacity in dealing with political men did not possess the requirements of a *dux*.

As for **style**, D. S. had considerable self-confidence as to be straightforward in public speaking without the need for dissimulation. A few of his speeches were written by Sir Ivor Jennings but their substance was in line with his political thinking. Many of his statements in public and in the legislature were off the cuff often prefaced by the phrase "actually as a matter of fact". He did not have to carefully prepare what he stated because he did not have to or want to conceal anything.

In personal relations, D. S. was clever in handling civil servants and politicians. Perhaps the only person who knew him too well was his valet (Carolus) to whom, quite unlike the proverbial saying, he was the hero (J. L. Fernando, **Three Prime Ministers** 1963). Higher civil servants were used only to the extent they were necessary. At least one complained that he was not told everything while others were encouraged to maintain their independence against political interference from MPs and ministers. The evidence indicates that the Chairman of the Public Service Commission discussed senior appointments with the Prime Minister and the latter had his say as well as his way. The British notion of an impartial and independent body was abandoned after independence was conferred in February 1948. D. S. utilised his prime ministerial powers in the same way as a U. S. President and quite unlike the *primus inter pares*

type of British prime ministers who until the mid-nineteen seventies tended to consult with their colleagues and cabinets and operate the system in a collegiate manner, even when they adopted a presidential style.

The prime minister did not trust his colleagues fully and perhaps for good reason. His *modus operandi* in dealing with strong personalities was to use handymen as proxies. O. E. Goonetilleke and E. A. P. Wijeyeratne were examples of Men Fridays. They were ploy men and when it came to delivering, the Prime Minister could of course state that he did not himself personally make any promises that he was bound to keep. He was summary is ridding himself of incubus such as C. Suntharalingam, R. S. S. Gunawardene and George E. de Silva or elevating E. F. N. Gratiaen to the Supreme Court bench when the latter

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Towards a Global Society

Birty Gajameragedara

The Yale historian Paul Kennedy says

that the US now runs the risk so familiar to historians of the rise and fall of previous Great Powers, of what might roughly be called "imperial overstretch"; that is to say decision makers in Washington must face the awkward and enduring fact that the total of the United States' global interests and obligations is nowadays far larger than the country's power to defend them all simultaneously.

Professor Robert Gilpin of the Princeton University writes in a similar vein:

... The Reagan years have masked the profound developments that have occurred and challenges they have posed. The United States has been living on borrowed time — and borrowed money — for much of the last decade; this has enabled the United States to postpone the inevitable and painful adjustments to the new realities in global diplomatic, economic, and strategic relationships.

The proposition that the ends of a policy should be related to its means is a truism. The view that America has undergone a relative decline in respect of world power is unchallengeable. What follows from this is clear: America's external commitments have to be adjusted according to the changing world balance of forces. This is a task which has to be accomplished in a extremely difficult domestic context. External policy, in the final analysis, reflects internal policy. Without a sound domestic background there cannot be a sound foreign policy. To repeat, the art of conducting foreign policy concerns relating a country to the changing world balance; a country cannot be brought in line with the changing world balance unless its internal policy is also brought in line with the changing world balance. This is the heart of the problem of foreign policy decision making

in America today. The internal problems of America viz., accumulating debt, low savings, the trade and budget deficits, aggravating racial tensions, bad infrastructure, homelessness, the drugs, education and environment, have aggravated to truly alarming levels. Senator William Fulbright, a former Chairman of the Senate Foreign Relations Committee, wrote:

I cannot overstate my deep conviction that the real danger to the future of our democratic system is internal. We are much more likely to lose our democratic system through printing money, radical deficits, inflation, and distortion of our economic and political life here at home, than we are through any external aggression by the Russians. Our desire and determination to outdo them in these military expenditures is external in a sense, but it has very grave effects upon our economy. Our subsidies and interventions around the world are vastly too expensive, often ineffective as well. That's where we will suffer serious defeats, and in the serious deterioration of our economy.

Stanley Hoffman of Harvard equally instructive:

If U.S. statesmen do not address the domestic issues that deeply worry the people but that, in the absence of leadership, leave it adrift, America's ability to affect world affairs positively will decline further, and we will find ourselves on a road comparable to that on which the Soviet Union is now skidding. However, if the United States addresses its internal problems, the resources it will need to raise will not be available for external purposes. America faces a heavy bill, the product of the weakness of its own unregulated and often uncalculating economic systems, of those of its decentralized and byzantine political system, and of the Cold War.

The way in which the leadership of America is going to grapple with this grave incongruity between the internal and external policies will have profound global ramifications. If these reforms are brought about on the basis of freedom and equality, the world situation will be

transformed overnight. Freedom and equality are not alien to Western political culture.

At the core of the struggle for the world during the post-war period has been an interaction between separately identifiable, but organically inter-related three social systems, namely, advanced capitalism in the north, capitalist under-development in the South and socialism in the East, determined by one and the same historical process — uneven and combined development of capitalism. The Third World is peripheral to the world system only geographically; socio-economically and geo-politically it has been right at the heart of the struggle for the world in the post-war period. Since 1945, the northern half of the world has been essentially an arena of adjustment and readjustment of existing relations among the great powers. Peace, in the sense of absence of war, has been confined only to the North. The Third World, however, has remained the actual battleground of the struggle for the world, from Korea to the Gulf. The Third World in this way absorbs the explosive charge of the contemporary world crisis. By being so it precipitates the global revolution.

The Third World is an internal problem of world capitalism. Issues such as the Arab-Israeli conflict, the Indo-Pakistani conflict, Iran-Iraq war and the recent war in the Gulf show the continuing importance of the geo-politics in the under-developed world. But what defines precisely the place of the Third World in the world system is its historically determined under-development which Willy Brandt identified as the "biggest social challenge" of the world today.

Development at the capitalist "centre" and the under-development in capitalist "periphery" constitute the two aspects of a single problem, namely, the capital accumulation on the world scale which is in favour of the latter at the cost of the former. Today, this is the

single most important issue in the North-South relationship. Recently, a Canadian scholar concluded:

The North-South relationship is a diverse and confusing web. To understand, to respond effectively and to ensure a constructive outcome is as demanding not only in terms of substance, but also because of attitudes well entrenched in both North and South. It is more-over the most important task, since it subsumes—or inevitably will subsume—all others. We in the North may be most in peril (as those in much of the South have long been) because the momentum of events impacting upon us is in excess of our willingness to respond. If we are not willing to become aware; to change our unsustainable attitude of superiority, and to change action to reduce dramatically in the South the broad incidence of absolute poverty, then even our own economic welfare, our own social tranquility and our own political stability will not simply be at risk—increasingly they will be in jeopardy.

The export-led development strategy has gained wide currency in the recent past. This development strategy, which gained ground in the Far East in global context of vastly expanding capitalist growth in America, Japan and Europe in the sixties, cannot be applied as a general strategy to overcome under-development irrespective of time and place. The current recession and protectionism in the world economy militate against the general application the export-led development strategy. Former World Bank President, Robert S. Mac-Namara has said:

Development, despite all the efforts of the past twenty five years, has failed to close the gap in per capita incomes between the developed and developing countries. ... The proposition is true. But the conclusion to be drawn from it is not that development efforts have failed, but rather that "closing the gap" was never a realistic objective in the first place. ... It was simply not a feasible goal. Nor is it one today. ... Even if developing countries are to double their per capita growth rate while the industrial world maintains its historical growth it will take nearly a century to close the absolute income gap between them. Among the fastest growing developing countries only seven will be able to close the gap within a hundred years and only another nine within thousand years.

The debt problem crystallises the current crisis of under-development. Phenomenal worsening of terms of trade, particularly since the mid-fifties led the under-developed countries in the course of the seventies to depend on external borrowings, particularly from commercial banks, to an unprecedented degree, to bring its train what now being called the debt crisis which was dramatically demonstrated by Mexico in 1982. To make the crisis worse every year since 1983, "the developing world has transferred to the North more financial resources than it receives". It is now no longer a mere "financial" or an economic crisis; it is a political crisis. The United Nations Secretary General stated in a speech delivered in April, 1989:

Political stability (in the Third World) is directly threatened. The struggle for a better standard of living has now moved into streets. Many deaths have occurred in the developing countries.

The crisis in the world economy is not monetary; it is socio-economic. Adjustment of socio-economic relations on a global scale would be the answer to the current crisis in the world economy. The world economy is a monumental achievement of modern civilization. Delinking the Third World from the world economy is not a feasible proposition; nor is it desirable. Eradication of the high degree of work place surplus expropriation, the contradiction between development under development, and the national antagonisms will certainly result in the establishment of a perfectly functioning world economy. Our greatest challenge is to overcome under-development within the world economy.

* * *

The world is a philosophical challenge. The creation of an equilibrium of power between the nation-states as the basis of a stable world order is unattainable. The establishment of a new world order presupposes the transcendence of the inter-state conflict. In the natio-

nalistic predicament of the world today, there is one way out: globalisation. The resolution of the contradiction between labour and capital and between socialism and capitalism is predicated upon striking the right balance between freedom and equality. If a world order can be established on the basis of freedom and equality, then there will be a true global society. The magnitude of the problems of the world today characterises the era in which we live; this is the era of total liberation of humankind.

The down-to...

(Continued from page 20)

became an irritant as an Appointed Member of Parliament. Philip Gunawardene received short shrift as did Dr. S. A. Wickremasinghe who tried and failed to obtain a free pardon so as to contest a seat in the 1947 Parliament. He gave to S. W. R. D. Bandaranaike enough rope to hang himself and in the meanwhile promoted a feud between the latter and Sir John Kotelawala over the succession, never intending to bequeath the prize to either. He thus had considerable acumen as a political strategist. But he did not think out the possible consequences of his actions through and through. To that extent he was a failure, winning in the short run but visiting his country with calamity over the long haul.

D. S. Senanayake did his homework thoroughly. But the work was limited because he did not, like for example Jawaharlal Nehru, have a vision for Ceylon. The steel framework of an administration was left behind by the British as was their social welfare system. Since D. S. Senanayake had no concept of building institutions, of scientific planning or involvement in devising an effective foreign policy, his function became that of a manager who had to run his cabinet, the administration and his pernickety political alliance, the UNP effectively which he did. (To be concluded)

Privatization in Sri Lanka: An Overview

Saman Kelegama

The second problem besetting the privatisation exercise is the need to prevent a public monopoly becoming a private monopoly that would in turn engage in consumer exploitation. Ceylon Oxygen, for example, retains its monopoly power in producing Oxygen and Nitrogen even after privatization. It has been argued that dismantling the legal monopoly powers and import liberalization *per se* will be adequate to prevent private monopolies emerging from the privatization process. The reality however is a different story. The Sri Lanka market is small and there are no economies of scale for an entrepreneur to undersell, for instance, Oxygen, in an environment where it is produced by a reputable company. Consequently, a company such as Ceylon Oxygen has *de facto* monopoly power in producing the item.

Ceylon Oxygen is not the only case of a monopoly situation. The Fair Trading Commission is now investigating a petition alleging that a private monopoly is being created in the live stock industry as a result of selling the Oils and Fats Corporation to Prima Ltd which already controlled a large portion of the live-stock market. In cases such as these, although the state has taken some measures to eliminate the legal monopoly power of the enterprises, the fact remains that a private buyer would always prefer to buy an enterprise which can give him some market power. For example, the tender condition may require that a corporation should be bought as an ongoing concern, while the buyer's intention may be to curtail production in the corporation in order to gain monopoly power in the market in which the buyer has already

established some command.

The *de facto* monopoly power of certain public enterprises and the creation of a monopoly situation by the buyer are problems that will feature in the privatization programme time and again. As the South Commission report states: "...the need to avoid a private monopoly may have been the reason why a public enterprise was set up in the first place" (p. 127). It is worth asking whether such questions were properly addressed by the authorities before embarking on the privatization programme in Sri Lanka. (This is not to say that public Corporations *de facto* monopoly power should not be privatized. But that such privatization should be accompanied with setting up regulatory bodies, such as OFTEL for British Telecom in U. K, to control the abuse of market power.)

The third problem is that the privatization programme has encountered many constraints from the labour market. The authorities do not appear to have discussed the implications of the privatization proposals with the employees. For example, voluntary retrenchment has taken place under different packages; viz, under the "Bulumulla Formula (revised)" and the "Leather Corporation Formula". Then again retrenchment has taken place in a totally different style in the Building Materials Corporation. All this has created confusion and has consequently led to a growth of intense distrust of privatization proposals among the workers, who appear to be forming a powerful constituency against the programme. Cases in mind are the contemplated privatization of the two state commercial banks and the railway system and their subsequent reversals.

Some have questioned the usefulness of the concept of offering 5-10 per cent of share ownership to employees as a motivating force and also for them to have a stake in the enterprise. In fact, most employees tend to sell their shares, thus reducing the anticipated employee commitment (Ceylon Daily News, 19. 10. 1991). Moreover, the managements of the newly privatized ventures have found that the labour laws in Sri Lanka are a serious impediment to the smooth functioning of the privatized enterprises. In particular, persistent complaints are made about the Termination of Employment Act and the Maternity Act as creating unnecessary rigidities and imposing heavy costs. Complaints are also heard about the large number of public holidays which retards efficient progress.

Fourthly, an important question that has been posed by the Sri Lankan policymakers is whether the domestic capital market will be able to absorb the contemplated privatization programme. The development of the capital market and privatization is similar to the "chicken and egg" situation; i. e. which comes first is difficult to surmise. Sri Lanka's capital market has developed substantially over the past two years. The annual turnover of the Colombo Stock Exchange (CSE) increased from 0.2 billion in 1989 to Rs. 1.5 billion in 1990. In the first half of 1991, the total turnover was in excess of Rs. 1.6 billion, of which Rs. 1.2 billion constituted foreign investment in listed shares.

Even though capital markets have developed substantially the market capitalization is low in Sri Lanka compared with the neighbouring countries. Moreover, the par issue maximum is

around Rs. 100 million and a total of 300 million over two years. Against this capacity privatization programme in the next 3-4 years is going to exert a pressure in the region of Rs. 2.5 billion. Besides, there will be regular private sector issues. Realizing these facts, the government has taken steps to develop the capital market, in particular, to establish venture capital funds and unit trusts — The National Assets Management Ltd. ((NAMAL) was established in December 1991 and this will be followed by CKN Fund Management in January 1992. How effective these efforts will be in expanding the capital market remain to be seen. It is worth noting however that despite all efforts, only one private sector project has come up so far using equity capital.

Fifthly, taxation policy in regard to the privatization programme is another area where concerns have been expressed. Tax policies should be geared to enthruse people to invest in shares than in banks. Controversy still lingers in regard to the Capital Gains tax. This tax has been imposed for shares sold within a year in order to prevent the CSE becoming a "quick buck" enterprise on very large investments. Given the undeveloped nature of the Sri Lankan capital market, the CSE should be an institution to raise long-term capital, not an enterprise for quick gains from large sums of capital. On these grounds such taxation is justifiable. However, the Capital Gains tax has had some negative effects; i. e. it has deterred some foreign investment coming in and has thereby reduced the buoyancy of the CSE. Moreover, the authorities have found it difficult to collect this tax.

Sixthly, a stable macroeconomic environment is essential for private sector development in general and privatization in particular. High level of budgetary expenditure, however, appears to have exerted heavy

pressure on prices, leading to persistent two-digit inflation. Such inflation is generally not conducive for private investment and the future progress of the privatization programme. Further, there are reasons to believe that the macro-level privatization strategy and micro-level privatization strategy and micro-level policy implementation (e.g. timing of broader policy initiatives such as taxation, regulation, legislation, and the development of competition policy) are not in harmony. Without such harmony the effective implementation of the privatization programme has been reduced. A compounding factor is the lack of institutional leadership to handle the privatization programme. The Commercialization Division of the Treasury, the Public Investment Management Board, and the line ministries are all involved in the privatization process with on guiding authority.

Problems that are specific to the privatization of the bus transport sector and the plantations sector also need attention. In the case of bus transport, the National Transport Commission will have to address itself on how to accommodate season ticket holders, run buses on uneconomical routes, maintain discipline and ensure that buses operate strictly to a time table, etc. These are major problems at present that have to be solved. In the case of plantations, although some big unions such as the Democratic Workers Congress (DWC) have openly supported the proposed privatization of management, other unions are against it, probably because privatization implies decentralized management, thus weakening power of the unions. Furthermore, the interest shown by some South Indian companies in the management of the decentralized plantation sector has caused

some concern regarding the possible socio-political changes that could take place in the tea estates as a result.

To conclude, the privatization programme in Sri Lanka appears to be a gradual one, this is prudent strategy, for "shock therapy" can lead to various problems as has happened in Poland. Even though this is the case and there are positive achievements of the privatization programme, yet the Sri Lankan privatization exercise is not free from major problems and unfulfilled expectations. In fact, as shown, the privatization programme has raised some serious problems.

What has to be realized in this context is that for successful privatization, public opinion has to be familiarized with the notion of privatization and all its advantages and then support has to be gained. Popular support is essential particularly for a privatization programme that calls itself "peoplization". Such support cannot be gained without transparency. Lack of transparency leads to unfounded rumours even in regard to enterprises that are privatized impartially, and thus harms the image of the entire privatization programme. When this is the case, there can be sudden reversals of decisions to privatize certain sectors of the economy which can consequently have adverse implications for foreign aid negotiations. There are reasons to believe that many of the problems of the privatization programme can be overcome if there is more openness and debate on what is happening. It is only then that the support of the general public can be gained for the effective implementation of the programme.

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