

*The*

# CEYLON ECONOMIST

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NOTES AND COMMENTS

COMMENTS ON THE GENERAL ELECTION

OF INDIA

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— — — G. V. S. de Silva

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## A Quarterly Journal of Economics

Vol. II.

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## Notes and Comments

### Trade With China

Ceylon's First Mission to the People's Republic of China is a historic landmark in her foreign economic policy. The complacency with which the United National Party treated the accumulated economic sins of its past very nearly brought disaster to the country. When the full effect of an unnaturally inflated economy subsided the old ghastly landmarks once again stared the country in the face. Commodity prices began to trace its path back along the mischievous spiral, while at the same time capital goods, sponged by rearmament, remained scarce and prices circulated steadily at the top of the spiral. The problem of feeding the country became a real one; circuses without bread could not find many admirers. Rations were reduced and prices were raised. This set the Government thinking. Uncle Sam's old musical score the "Fourth Point" drifted with the clouds; the Colombo Plan has merely become a subject of discourse west of the Suez. This in brief is the background to the Mission to China and it is to an analysis of its consequences, rather than the examination of its causes, that we must now turn our minds.

The two most important items in the Trade Agreement are rice and rubber. The Chinese Republic has agreed to supply 80,000 tons of rice between October this year and January 1953 at Rs. 720 per metric ton. The quality of the rice is superior to that available from Burma and prices well below what is now paid to other sources. The Ceylon delegation has agreed that there would be no restriction whatsoever to China buying Ceylon rubber with this money. The prices offered for the rubber are well above the market rates. This will certainly benefit the small holder, as the entire produce of sheet rubber will be absorbed at a very satisfactory price for 5 years. Besides these there are many other items of importance to Ceylon which China is prepared to supply. She promised sulphur for industrial uses. Ceylon is to benefit to the extent of 92 million rupees from this agreement. **Here is aid without obligation; and to the extent of Rs. 92 million per year.**

It is now quite clear that aid from the U.S.A. and other countries will not be forthcoming. The verbal axe which hewed out a large canal along which Western aid, tugged on all sides by conditional strings, was to flow, is insufficient even to wet the sides of this canal. Thinking people cannot be fooled all the time. Eventually the only realistic step which the Government could have decided to take was to turn away, before being scorched by the hot sun, from the gates of Uncle Sam's "Treasure Cave," throw away



the begging bowl and turn towards our traditional friends of the Orient. The quick results are a justification of this change and the Government must turn its ears away from the din of vicious critics inspired not by the welfare of the people of this country but by a desire to please certain invisible but formidable masters, who have recently entrenched themselves in this country.

A trade agreement must of necessity be of economic benefit to the countries concerned. It is quite clear that Ceylon stands advantageously placed. The Republic of China will also get its hard needed rubber for industrial programmes. There is no political implication. There are no conditions attached to the rice deal. What would result from the deal is that this country would benefit to the extent of Rs. 92 millions. It would check the recent adverse trend in the balance of payments position; our terms of trade would improve and most important of all, the people of this country would get best quality rice at very reasonable rates and lastly it calls off the bluff of American altruism. It would also reduce the burden of the subsidy and the price fetched by other products when these same prices have been reversed in other countries, would give this country an opportunity of building up a stable economy on a sound basis—if the Government is prepared to adopt a clear sighted policy.

The trade agreement with China is a very simple one. The Republic has agreed to supply the country with its most important item of food namely rice and has also agreed to supply the sulphur required for our industries. It was an year ago that America which has a controlling hand over the world supplies, threatened to stop our major requirements—not of 1951 or of 1952 but of perhaps 1953 or 1954 merely because we did not pay much heed to the Kem Amendment and the Battle Act. These threats were inspired by political motives. It was intended to curb independent trade agreements and here, it was clear, that politics preceded trade. Critics of the Chinese trade agreement whether they be local agents inspired by foreign institutions or foreign agencies anxious to continue the economic stranglehold of the country have found it impossible to base their criticism on any solid foundation. Critics are unable to comprehend how the Chinese Government is able to make these offers. Besides the 80,000 tons of rice which will be delivered from now till January 1953 they have also agreed to supply annually 200,000 tons of rice at reasonable rates and then have agreed to buy our rubber at prices above the ruling market prices. It is true that we have never been used to such favourable independent terms of trade. The trade of this country has so far been channelled along colonial paths with disastrous results. But it is absolutely treacherous to weave into this agreement sinister motives. Are we so shortsighted not to look back



upon what Britain did or what America is doing now to our economy? The Chinese agreement is free of any condition. A local newspaper is making desperate efforts to sabotage the agreement. It has been reported (i) that our trade agreement with China would alienate India (ii) that it will strain our relations with Australia and New Zealand (iii) that the agreement would create a pro-communist block in this country (iv) that if the trade offer becomes successful the people in Ceylon would be forced to accept communism and thereby be bound up politically (v) The Ceylonese voter unlike the British counterpart is not enlightened and furthermore is emotionally excitable. This country is yet only "a little bit of England"—The same paper advocates that rice is available in other markets of the world but of course we would have to pay about £ 20 per ton extra *i.e.* about Rs. 300 extra per ton—not much !

As for the first objection, India has had a very unpleasant experience in relying upon rice supplies from America. It was not long ago that the U.S. rice to India was condemned as unfit for human consumption. India was one of the first countries to recognize New China and both at the U.N.O and elsewhere India has shown her friendliness towards China. India has got her own trade relations with the Republic and she has imported rice from China. Such being her experience one could not imagine that India will disfavour the agreement. Furthermore, what is India's objection? It is supposed that this agreement will deliver Ceylon into the hand of the communists ! It is a symptom of the time that anything and everything must be looked upon with fear and suspicion. If a trade agreement with a country could ultimately threaten the very political set up of this country it merely indicates on what flimsy foundations our society is based. This method of reasoning rings hollow in a world of reality. Changing social conditions must not be looked upon with fear, they are consequences of the economic forces at work.

Secondly, it is stated that the agreement would alienate Australia and New Zealand. Are we going to throw away the chances of a successful trade agreement merely because Australia and New Zealand have not recognized the Republic of China? Australia and New Zealand would undoubtedly exercise all power to prevent a successful negotiation but let it be remembered that if we were to obey the laws of such arguments we would ultimately be asked to recognize Chiang's China as the real China, for, have not Australia and New Zealand joined as junior partners to America in what may reasonably be called an effort on the part of America to Americanise the world?



Thirdly, the building of a pro-Chinese block in this country is resented for what reason? Does it mean that we must keep the people of the country by whatever means, antagonistic to the Chinese?

Fourthly, the country may turn communist. One does not need to eat Chinese rice to realise the merits of political parties. Antagonists fear its success because by it alone could be demonstrated to the people the effete and empty promises held out by the Americans. It is this that is most feared. A great deal of promises were held out to the people. Point Four and Colombo Plan, were used as instruments of political propaganda. There will come a time when necessity drives men to do the correct thing even against their own will. If the country is to be saved by the Agreement, could we permit it to be sabotaged, merely because the prestige of certain foreign countries is at stake?

Fifthly, the people of this country cannot be depended upon to select their Government intelligently. The danger in an argument of this sort is that it could be used to support anything. The impudence with which such a charge could be brought against the people of this country is a symptom of the lack of public responsibility. If this be the condition today, why have democracy wherein the sovereignty is expected to devolve upon the voter? In effect this argument means that the people of this country could be deprived of the vote upon the manifestation of the first sign of any political change. And so has it been.

## The Burden of Taxation

When the Minister of Finance introduced the Budget for 1952/53 it contained no Budget proposals. In fact, there was no Budget in the accepted sense of the word as there were only the estimates for income and expenditure. A significant item on the Expenditure side was the food subsidy which was fixed at a ceiling of Rs. 161 million. The same ceiling was set in 1951/52 but the Government later sought a Supplementary Estimate in Rs. 95 million so that the actual subsidy was Rs. 256 million. This time it appears that the Government was determined to get the subsidy within the Budget. Although the Minister of Finance had at no place made a declaration of the expected deficit, on the face of the estimates it showed a deficit of Rs. 35 million and the Minister of Finance said in his Budget Speech "I propose to find the money this year from our unappropriated surpluses without having recourse to any taxation direct or indirect."



As those on the higher income rungs heaved a sigh of relief, others began to wonder how this was to be achieved. And sure enough the Minister of Finance came to the House again hardly before the ink on the printed estimates could dry and asked for a new bill that increased the price of sugar by 15 cents, cut the ration of rice by quarter-measure, and imposed a 10% surcharge on Income Tax and duty on some Imports. The promise of the Budget Speech quoted above was forgotten. But perhaps that promise was intended for the well-to-do for the later proposals were more detrimental to the ordinary man than to the well-to-do who were comparatively left alone. In essence therefore there was no breach of the Budget promise.

Now let us turn to analyze the facts of these new taxes and fathom the morals of the Government that has repeatedly pledged themselves to distribute the burden of taxation equitably.

The Government estimates to save on expenditure and get added revenue to a nett total of Rs. 127 million. As far as the people are concerned the cup of tea for the poor man costs 2 or 3 cents more. This means that working on an average of 3 cups of tea per day he spends Rs. 1/80 to Rs. 2/70 more per month per head, and again, reckoning on a generous quota of 1 lb. sugar for 30 cups of tea the Mudalali pays 15 cents extra and collects 90 cents extra. Indeed a handsome dividend.

Now let us turn to the lower ration of rice. Did the Government expect to change the eating habits of the people? If they did so, they apparently know nothing of the people they govern. The immediate result of the cut in the rations was the shooting up of the price, of off-ration rice and an increase in the sale of that rice. The poor labourer for whom the rice is a 'must' was faced with a double burden—a reduction in the ration and a rise in the price of extra rice. Meanwhile, the man who bought his meal in the hotel paid 20 cts. extra per meal and the Mudalali collected his packet. In the market the price of rice has gone up by 25 to 45 cents, and the poor man has no compensatory allowance as the Cost of Living Index does not account for off-ration rice.

The drastic changes in the pattern of living of the ordinary man affected by the rise in the price of sugar and the cut in the ration of rice is in marked contrast to the apologetic increase in the Income Tax. The former is fleecing and the latter a mere hair cut. A look at the comparative figures brings this point out very clearly. Whereas the direct taxation in the form of a surcharge of Income Tax and the higher duties on some imports will bring the Government Rs. 20 million, it is estimated that the



Government will make a profit of Rs. 47 million on sugar and save a further Rs. 60 million on the cutting of the rice ration. This means that where the more fortunate are called upon to pay the sum of Rs. 20 million the rest of the Rs. 107 million is borne almost entirely by the less well-to-do.

Of what consequence to the industrialist or the Rubber and Tea owner is a mere 10% surcharge when they made a good packet with boom prices?

According to the Commissioner of Income Tax there were 1182 Companies of which 717 were Resident Companies. They had a nett income of Rs. 158 million and paid a tax of Rs. 46 million. The average income per unit of Resident Company was Rs. 116,172 and of Non-Resident Companies Rs. 160,446. These were paying an average tax representing a percentage of 26.42 and 31.81 respectively. On assessed income of over Rs. 75,000 Resident Companies had a total income of Rs. 73 million. Thus, 217 Resident Companies fall into the income group of over Rs. 75,000 and had a total income of Rs. 73 million. It must be remembered that this is assessed income after providing for all requirements for their estates and various companies for depreciation and all other items. 164 Non-Resident Companies fall into the same income group at an income of Rs. 69 million. On the face of this the Government has not dared to find the money they wanted from those who could afford to give it. The figures quoted above show that any talk of limits to taxation is mere nonsense. This is especially so of Non-Resident Companies who, unlike their resident counterparts do not face the second stage of taxation when the Directors and Share-Holders of Resident Companies in their private capacities pay higher tax. The bogey of the small capacity for taxation has been exploded by the report of the World Bank and even with this in their hands the Minister of Finance dared to tax the poor man to placate the rich one.

In these circumstances one is apt to think that these self-professed guardians of democracy are in fact monsters of inequity.

## The U.N. and The U.S.

The Federal Bureau of Investigation has started an investigation of "un-American" activities of non-Americans in the U.N.O. The present session of the General Assembly which had before it some of the most important problems relating to existing disputes, such as Korean Peace Proposals and South African Apartheid and Moroccan and Tunisian issues now show signs of ending up in fiasco. The Sec. General, Mr. Trygve Lie, has resigned and his Chief Legal Assistant, Mr. Feller, has committed suicide.



The initial tremours of the volcanic eruption were felt when the Secy. General himself, acted on the instigations of the infamous Mc Carrau Committee to dismiss two officials for so called "Communist affiliations."

Encouraged by this, further infiltrations were made and the U.N. Staff was subject to severe harassment as never before accorded to employees of a body purported to serve the interests of 60 nations of the world with a heterogeneity of race, religion and political ideology. It is becoming more and more clear that the criteria of loyalty in the U.N. is to be determined by the U.S. un-American Activities Committee. That the U.N. had proved itself to be an agency of U.S. policy was indicated long ago.

This known it was not unnatural that many nations should lose confidence in the United Nations; but yet as an assembly, wherein 60 nations could deliberate upon questions of dispute without resort to arms, it provided an opportunity to avert a major crisis. This is now being undermined and there is no doubt that the U.S. is making desperate efforts to break up the heterogeneity of the U.N.

When once the employees have been purged the U.S. would manoeuvre to exclude the Soviet Union and the New Democracies. The puppet Chiang Kai Shek is more acceptable to the U.S. than Independent China. If this has been possible the stage would not be far off when a few individual refugees from any New Democracy would seek to represent their country of origin. The U.N. would in this way be perceptibly transformed into a sub-department of the Pentagon and the stage would be set when the U.S. could plunge the world into a 3rd world war "to liberate" the New Democracies. It is this that must be checked, and the Asian Nations, who have experienced the old Imperialism and who have in most instances had a foretaste of the New Imperialism, must stand opposed to such tendencies.

The U.N. as Dr. Ralph Bunche characterised, is today going through its most critical period. One cannot envisage that this is a mere passing temporary phenomenon. As it was indicated through the Press every European country is astounded and shocked at what it has come down to. It was only recently that, though what was characterised as a rude shock to France, that the now well known but little publicised American Diplomatic blunder indicated to the world what America expects of every non-American. In Germany there exists today the resurrected Nazi Bund Deutscher Jugend, which is strongly suspected to be financially supported by the U.S. One of its leaders had blandly spoken out the fact thus:—

"The U.S. is our guarantee of victory; the Americans are the Romans of our century....We are receiving the unreserved support of the U.S.A. and we shall go on fighting to vindicate the honour of the Waffen—SS." Here, we see crystallised, the American Foreign Policy.

The U.S. is thus a danger to the U.N. for it would seem that the United Nations Organizations will continue to exist only during the pleasure of the U.S.; and if this representative body were to stand in the way of American designs, a threat to employees and representatives alike would be directed to undermine this body making its decisions void.

With a Conservative Government in power, it would not be reasonable for us to anticipate that Britain will in any way check the march of U.S.'s. evil influence. France together with the other satalities cannot wield sufficient force to stand in opposition. And moreover, it is unlikely that a wedge could be driven between the union of common interests which bind the Anglo-American block.

Yet all is not lost. The greater desire for peace among men has found expression through the powerful Peace Movement. The Arab-Asian countries as well as the New Democracies which are on the threshold of economic development as the former and in process of development as the latter, must stand united against a war or a threat of war.

We have already noticed the stand taken by different countries in their dealings with such problems as Apartheid and the Morrocan and Tunisian issues. Britain has very naturally opposed the discussion of Apartheid for is not Britain at present engaged in a similar war in Kenya? And is not the U.S. too continuing a policy of racial discrimination?

The Arab-Asian countries and the New Democracies must be prepared to stand together, forget the minor differences and continue to fight for peace, for in peace alone is to be found our salvation.



## Comments on the General Election of India 1951-52

I. D. S. WEERAWARDHANA

The pages that follow are not the result of an exhaustive study of the General Elections in India. The material which large teams of Indian and foreign research workers collected have not yet been published. What follows are a few general comments with special emphasis on the chief characteristics and developments as seen by a Ceylonese student.

India is our big neighbour. Throughout history, Ceylon has marched in step with the great sub continent. There is nothing which we can ignore less than what happens in India.

In February this year, India completed the first general elections held on the basis of universal franchise. For the first time in her history her total adult population was asked to choose their government. By this time many changes had taken place. India had won her independence. Princely states had been brought under the democratic influences developed in the former British India provinces. The removal of the foreign powers had also removed the agency which kept the otherwise discordant and conflicting groups within the national movement. Independence acted as the catalyst for these social forces. India, therefore was in a condition ripe enough for the internal social forces to contend for power.

There were some who questioned the wisdom of granting of universal franchise to a population which was illiterate and unorganised. There were many who feared the colossal administrative problems involved in coping with 176,600,000 registered voters. But the elections kept these fears at rest. It gave the *coup de grace* to those who argue that adult franchise should not be granted all at once.

The people of India have shown that any people could be fit to govern themselves. For instance, the percentage of the total electorate which polled despite the many difficulties of transport, terrain and weather, has been very high. Of course, there were variations. There is the case of Vindhya Pradesh where the percentage was only 36. But in Cochin-Travancore it was 90; in Punjab it was 75; as high as in most western nations. In the hill community of Assam it was 60; in Madras between 50-60; in Hyderabad 57; thus consistently maintaining in most provinces a percentage of over 50.

This high percentage was made possible by the very great enthusiasm shown by the people. The theory that most people are disinterested in the way they are governed has been disproved by what has occurred in India. Women, who are generally supposed to be more passive in such matters as these were in the forefront of the voting queues. In Melvisharam, for instance, (a predominantly Muslim area) women in purdah displayed considerable enthusiasm. The old and the infirm sought to express their will despite their physical conditions. Overnight queues were not unknown. Generally the working class voters and those belonging to the lower income groups voted in large numbers. But this interest was not confined to urban areas. Many villages surpassed political expectations in their polling. In Ditodia, for instance, a village in the Kaira District in Bombay Provinces, 602 out of 617 voters, exercised their franchise. The blind, the sick and the lame went to the polls.

The other most noteworthy feature was the great orderliness with which the polling was conducted. Often the contests were keen, and even bitter but they were orderly. Comparatively speaking, it appears that in proportion to the number of voters, and seats involved, the standard of orderliness was very much higher in India than in Ceylon. This is not to say that all was perfect order. Several instances show the contrary. At Kottayam, for instance, an election meeting was brought to an end by hurling stones. Twelve persons were injured in an election clash about 32 miles from Allahabad. They were, however, few and far between. Compared to Ceylon, the elections passed off far more smoothly although it is known that our standard of literacy is much higher than theirs.

### Electioneering

The electioneering followed a pattern familiar to us in Ceylon. Election meetings were the most common mode. In Bombay, for instance, in the month of December 1951, more than 1500 election meetings were held by all political parties. Other methods were used as the opportunity was available. Processions, balloons with party symbols, house to house canvassing were resorted to. The election was a massive adult education campaign if nothing more.

The vastness of the state of this electioneering campaign was increased by the large number of parties contesting the elections (see App. I.) All these parties, however, did not contest on a national scale. Some were confined to one state e.g. Travancore Tamil Nad Congress. Others were contesting in several but not in all. The Ram Raja Parishad contested in Hyderabad, Bombay



and Madhya Bharat. The parties which contested on a general ticket, other than the Congress Party which contested in all, were the Communist Party, the Kisan Mazdoor Praja Party, the Socialist Party and the Jan Saugh.

In considering the results of the elections where such a multitude of parties were angling for support it is necessary to note the special position which the Congress occupied.

The Congress was the oldest political organisation in the country. It had led the movement for national independence. It had among its leaders both dead and living some of the most well-known names in Indian politics. Gokhale, Gandhi, Bose and Nehru were names to contend with in India. Gandhi had won for himself such a place that the association of Congress with his name still won votes. Nehru as the disciple of Gandhi has as magnetic a name. The Congress therefore started with an emotional appeal with few other parties could boast of.

Secondly, the Congress had the financial support from the big industrial and commercial interests in the country. Although money alone is not enough for elections, it is well known, especially in Ceylon, what money can do.

Thirdly, the Congress itself contained varying shades of opinion changing from right-wing to mild pink liberalism. There is no better illustration of this than the presence of Nehru and Tandon within the Congress ranks.

The Congress appealed to the people largely on its past record. The Congress manifesto spoke of the old leaders like Gandhi and extolled the virtues of its foreign policy. It spoke of the need for agricultural reform, abolition of Zamindars, the need for security of tenure and fair rents. It stressed the urgency for co-operative farming and cottage industries. Congress argued that basic industries should be owned and controlled by the State while the private sector of industry had an important part to play. It urged the necessity to maintain controls till the supply position improved. It claimed credit for its tackling of the refugee problem although there was much more to be done in view of the unending stream that continued to flow from Pakistan.

But in spite of its claims and in spite of its special advantages the Congress did not come out too well from the elections. This might not appear to be the case on a superficial study. Table I. shows the results of the election as the ordinary reader sees it from the point of view of Congress:—

Table I.

Centre	No. of Seats	Congress	Position
House of the People	497	362	Majority
State	No. of Seats	Congress	Position
1. Assam	108	76	Majority
2. Bihar	330	241	"
3. Bombay	315	269	"
4. Madhya Pradesh	232	195	"
5. Madras	375	152	Minority
6. Orissa	140	68	"
7. Punjab	126	98	Majority
8. Uttar Pradesh	430	353	"
9. West Bengal	238	151	"
10. Hyderabad	175	93	"
11. Madhya Bharat	99	75	"
12. Mysore	99	72	"
13. Pepsu	60	25	Minority
14. Rajasthan	160	81	Majority
15. Sanrashtra	60	55	"
16. Travancore Cochin	108	44	Minority

On a glance at this table it might appear that both at the centre and in 12 out of 16 states (part A&B) Congress was returned with a majority of seats while in 4 they lost that position. But if these results were put to a further test it appears that the position is not half so good. Let us take those states where Congress emerged with Parliamentary majorities.

The position is seen thus in Table II.

Table II.

Centre	Congress Seats	% of Seats	% of Votes
House of the People	362	73	44.8
State	Congress Seats	% of Seats	% of Votes Polled
Assam	76	71	48
Bihar	241	73.06	42.1
Bombay	269	86	48.5
Madhya Pradesh	195	85	49
Punjab	98	77	38.25
Uttar Pradesh	430	92	48
West Bengal	151	60.3	50
Hyderabad	93	54	41
Madhya Bharat	75	75	45
Mysore	72	72	46
Rajasthan	81	50	39
Sanrashtra	55	91	63



It is clear from this analysis that both in the House of the People and in 10 out of the 12 states (part A & B) where Congress won Parliamentary majorities, it received less than half the votes. In Punjab the percentage of votes was as low as 38.25. Whether in view of this, the general elections can be called a victory for the Congress, inspite of the large number of seats it won is a question which the reader would decide for himself or herself.

The Congress party however is dissatisfied with its performance. Each Pradesh Congress Committee has conducted a post-mortem examination as to why Congress fared so badly at the elections. Perhaps they were not unmindful of the fact that both at the centre and in 14 out of 16 part A & B states the Congress received less than half the votes.

Before the reasons for the Congress defeats (in terms of votes) are analysed, it is important to find out why the Congress was able to win parliamentary majorities with a minority of votes.

The first was the large number of parties contesting the elections. With a large number of candidates contesting the same seat it was possible for a candidate with a majority of votes to win the seat. The presence of a large number of Independants aggravated the situation. The position came to be what it was because there was no unity among the opposition parties. Dr. B. C. Roy, Chief Minister of West Bengal himself, suggested similar reasons. "On the contrary he (Dr. Roy) conceded that the success of the party (Congress) was to a certain extent due to the lack of unity among the opposing parties and the unusually large number of independants who fought the elections knowing fully well that they had no chance at all. Their advent only helped to split the votes cast. In one Calcutta city constituency, 16 candidates contested; the successful Congress man defeating his next best rival by only nine votes, whilst the sixteenth man, an Independent, polled only 34 votes" (Hindu of 14-2-52.) Dr. Roy was thinking of West Bengal only. But his analysis is true of all the elections in all the States and at the Centre.

The reasons for the Congress setback however, are not organisational so much as economic and political. There is no doubt that people judge a government largely in terms of the economic satisfactions it makes available to the people. This is specially so in the dynamic context in Asia to-day. The Roman idea of bread and circuses to keep the people from grumbling is often used in the modern world with minor variations. So long as the economic situation is largely static, their influence may be worth nothing. By themselves, in the context of rapidly changing economic conditions (inflation is one of the most important social solvents) today they are inadequate.



The basic reason for the defeats of Congress was its inability to solve the economic problems of the day. The standard of living in the country has been steadily going down. While Nehru's international policies have won him world recognition, and Asian admiration, his government's domestic record has been inadequate. Even propaganda cannot convince a people that they are doing well if their standard of living is going down.

Two factors were responsible for this state of affairs. The domestic front in Indian affairs were all along in charge of the right-wing elements in the Congress party. Tandon Nehru conflict was an attempt to circumscribe Nehru's international policies as well. Tandon's failure in this respect has not however, changed the *status quo* in domestic matters.

In combination with this would be noticed the fact that the Congress was steadily getting out of touch with the mass of the people. Congress organisations in the villages were weak while at the top of the hierarchy corruption reached a magnitude which brought forth drastic comments from President Nehru himself. Ministers of State governments were often implicated. Popular reaction to this was characterised by the sad treatment they received at the polls. There is rarely a Congress party today in India which has not had its Ministers turned out from the legislatures. Chief Ministers of Rajasthan, West Bengal and Madras for instance, were beaten at the elections. Wholesale defeats of Ministers were the special feature in Madras where the Congress lost its majority and even in West Bengal where Congress obtained a majority.

### The Socialists

The second most significant feature in the Indian elections is the elimination of the Socialist Party as a political force. The socialists put forward a programme of mild socialism. They aimed at the abolition of the Zamindar system. Their policy for agriculture was to be based on crop planning, co-ordinated price-fixing, procurement through village panchayates, development of co-operative societies and volunteer campaigns to cultivate large areas of waste lands. Industrially their plan was to consider the industries of the country as (a) nationalized sector (b) medium-scale private sector and (c) the small scale private sector.

In brief their policy suggested the Fabianism of the Labour Party in Britain. In its foreign policy and trade union policy there was hardly a difference between these two organisations.

The Socialists contested a number of seats (over 2000) adequate to give them a parliamentary majority if the people were



willing. But the results have proved otherwise. The following table shows the number of seats the Socialists contested and the seats they won.

*Table III.*

	No of Seats to Legislature	No. of Seats contested by Socialists	No. of Seats won
House of the People	497	254	12
Assam	108	62	5
Bihar	330	264	23
Bombay	315	180	8
Madhya Pradesh	232	?	2
Madras	375	160	13
Orissa	140	77	10
Punjab	126	66	0
Uttar Pradesh	430	?	19
West Bengal	238	?	0
Hyderabad	175	101	11
Madhya Bharat	99	58	4
Mysore	99	47	3
Pepsu	60	17	0
Rajasthan	160	51	1
Sanrashtra	60	28	2
Travancore-Cochin	108	74	12

This by any standard is a very poor showing. The picture takes a much more serious turn when it is remembered that a good majority of the socialists failed to poll the minimum number of votes required and so forfeited their deposits. In Bombay 36% of the Socialist Party candidates lost their deposits. In Madras the percentage of Socialist deposits lost was 62; in Orissa it was 54; in Punjab, 83; in Hyderabad 44; in Mysore 42; in Pepsu 83; in Sanrashtra 75 and in Travancore-Cochin 40.

What happened to the Socialist Party of India is not less significant than the Liberal debacle in the elections of 1945 in the United Kingdom. It seems that the Socialist Party has made an exit from the Indian political scene, never to come back again.

The elimination of the Socialist Party is the result of many factors. It is true as Pandit Nehru argued that the Socialists were doctrinaire. Their programme and policy were an attempt to see the conditions in India as they fitted to the procrustean bed of their theory. They did not understand the situation in India well enough to realise that their claims were more a platform than a

programme. The Socialists too were over optimistic about their own prospects. They were hoping to form the Government in Bombay. The results gave them 8 seats out of 315.

The basic reason, however, cannot be found in either of these factors. Essentially the Socialist defeat is the corollary to the lack of an economic basis for a middle party in India, just as in the other parts of Asia.

A middle party is possible if there were a large enough middle class to support it. A middle party like the British Labour Party is possible because in the United Kingdom nearly 50% of the people think they belong to the middle-class. This also explains why there is so much nearness in the policies of the Conservatives and the Labourites. No party in Britain can come into power unless it can get a good portion of this bloc into its fold. Why there is such a big middle-class group is a problem which it is not possible to discuss here.

In India as in all other parts of Asia still governed under the parliamentary system, there is no such big middle-class. In fact it was the weakness of the local middle-classes to win Independence by themselves which led them to call in the aid of the mass of the people. That is the explanation of the necessity for mass civil disobedience in the struggle for Indian Independence.

Secondly, some sections of the middle-classes (specially the intelligentsia) have already realised the futility of a middle-party in the absence of an economic backing and are therefore actively working against a middle party either on the right or on the left. This was the basic reason for the debacle of the Socialist Party.

### **The K.M.P.P.**

The K.M.P.P. fared no better. The K.M.P.P. was really a branch of the Congress with no fundamental difference in basic policy. Their main plea was for honest and efficient administration. The K.M.P.P. were a group of Congressmen who saw the failure of Congress only in the corruption of some of its members and the resultant losing sight of the Congress ideal. In its anti-corruption drive it was progressive. But its progressive nature was not of socialist so much as radical orientation. In fact, if the Socialist Party is a little to the Centre in the Indian political scene, the K.M.P.P. is the Centre itself.

The poor success of the K.M.P.P. is seen in the following table:—



**Table IV.**  
**Centre Part A and B States**

	<b>No. of Seats in the Legislature</b>	<b>No. of Seats won by K.M.P.P.</b>
House of the People	497	9
Assam	108	1
Bihar	330	1
Bombay	315	—
Madhya Pradesh	232	8
Madras	375	35
Orissa	140	—
Punjab	126	—
Uttar Pradesh	430	1
Bengal	238	15
Mysore	99	8
Pepsu	60	1
Rajasthan	160	1
Sanrashtra	60	—
Travancore Cochin	108	—
Hyderabad	175	—
Madhya Bharat	99	—

The reasons for the poor results of the K.M.P.P. are in even greater measure those general political characteristics in India which were responsible for the defeat of the Socialists.

### **Communists**

With the elimination of the Socialists and the K.M.P.P. the Communist Party has taken the place of the leading opposition party in India. Several factors have to be considered in assessing the significance of the Communist successes. Almost all the Communist leaders were in prison or were compelled to remain underground for the critical period of the elections. The party itself was banned. With poor finances—as with all left parties, these political burdens were a severe burden. In view of this therefore, the success of the Communists is very significant.

The Communist Party also did not contest throughout India as the Socialists did. Part of the reason for this is the burden discussed in the earlier paragraph. But if the number of seats they won is related to the number of candidates they put up, it will be seen that the Communists have done extremely well. Or if the % of the total number of seats they contested is related to % of the votes they received, it will be seen that from these two points of view, the Communists have beaten the Socialists in the effort to get the left vote. In fact, the Communists are now the

opposition in India and under parliamentary democracy could be challenging the Congress as an alternative government in the next elections. The Communist Party has reached the position when they could in five years time ask the counting to choose between them and the Congress.

Why the Communists rose to this state of power, prestige and position in India is not far to seek. Their success was their programme. They attempted to solve the basic problem of India—the agricultural one. They appear to have worked out a clear cut practical policy to solve this great question by means of—

- (1) land distribution;
- (2) drastic reduction of rents (50%);
- (3) abolition of the Zamindar system.

They were fighting for the protection of civil rights from the absence of which they had suffered most. They were campaigning not for an ideal in a blue print stage but for a practical state as exemplified by the experience of China. They were fighting not for a concept so much as to get a chance to attempt to do what China had done in so short a time.

Since theirs was a limited democratic goal they were prepared to join hands with all parties or groups who in the context of the time were a progressive factor. They supported the demand for linguistic states in South India for that reason. They had alliances with the K. M. P., S. C F., P. W. P. forward bloc and the Dravida Kazghzam with that aim. They allied themselves not merely with "left" elements but with all anti Congress elements who were less conservative than the Congress. That was why the Jan Sangh, the Hindu Maha Sabha and the Ganatantra Parishad were not allies of the Communists. Their tactics and policy were best illustrated in their attempts to form a government in Madras through United Democratic Front.

Thirdly they not merely preached but actually worked with the people. Their mass contact was very close. The strength of their organization surprised many observers. Nothing proved this more than the fact that even when their leaders were in prison, the party was able to become the 2nd largest Party in India. It must not be forgotten that the Communist Party came to this position after beating the Socialist Party which had more funds and greater newspaper support.

Yet the Communists and their allies contested less than 700 seats in the state legislatures and the central parliament and won 223 seats while the Socialists contested over 2000 and won only 138.



### Communists and Independents

The general elections in India also showed that narrow, militant communism was at a discount. The Jan Sangh which had the backing of the Hindu Maha Sabha came out with a severe defeat. It received only three seats in the House of the People, two in Uttar Pradesh, nine in Bengal, two in Pepsu, eight in Rajasthan, four in Madhya Bharat and none elsewhere in part A & B states. Part of the defeat was due to Pandit Nehru's special attack on communalism throughout his Indian wide election campaign. Largely the cause of the defeat lies in the fact that modern India has economic and social problems to solve which cut across religious and communal boundaries. Religious "intolerances" cannot be the basis for a political party.

The Independents too, in comparison to the large number of contestants came out rather badly from the election test. Except in Madras where they fared best, in all the other states and in the central legislature they were returned in very small numbers. In Bihar, for instance, out of 622 candidates only 12 were successful. In Punjab out of 437 candidates only 6 won seats.

Some of these were supported by various organisations. The Communists supported a good number of the candidates who were returned. The independent member is fast becoming an ancient political institution. It is largely so in Britain today. It is happening in the Parliamentary regimes in Asia.

The results of the Indian General Election should not be seen as a pure table of figures or even merely as statistics of party victories and defeats. They are the reflection—distorted often enough—of a social revolution which is shaking the foundations of Asia from which India cannot escape.

*[ Turn over for Appendices. ]*

## APPENDIX I.

*Sanrashtra Kedut Sang.***Parties which Contested the Elections.**

1. Congress	17. Tamil Nad Toilers Party
2. Communist Party	18. Akalis
3. K. M. P. Party	19. Revolutionary Socialist Party
4. Socialist Party	20. United Socialist Organisation
5. Jan Sangh	21. Krishikas Lok Party
6. Schedule Castes Federation	22. Justice Party
7. Krishak Lok Party	23. Independent People's Party
8. Hindu Maha Sabha	24. Janata
9. Ram Rajaya Parishad	25. Travancore Tamil Nad Congress
10. Peasants & Workers Party	26. Republican Party
11. Ganatantra Parishad.	27. Dravida Kazhakam
12. Jakhand	28. Kamgar Kisan Party.
13. Loksdwak Sangh	
14. Forward Bloc	
15. Muslim League	
16. Communal Party	

## APPENDIX II.

## Part C. States

**Seats won by Parties**

States	Seats in Legislature	Congress	Socialists	Communists	K. M. P. P.	Jan Sangh	P & W Party	Others
Ajmer ... ..	30	20	—	—	—	3	4	3
Bhopal ... ..	30	25	—	—	—	—	4	1
Coorg ... ..	24	15	—	—	—	—	9	—
Delhi ... ..	48	39	2	—	—	3	3	1
Himachal Pradesh	36	24	—	—	3	—	8	1
Vindya ... ..	60	41	10	—	3	2	2	2
Kutch ... ..	30	28	—	—	—	—	2	—
Manipur ... ..	30	10	1	2	—	—	1	16
Tripura ... ..	30	9	—	12	—	—	6	—



## Poverty and Population Progress in Ceylon

R. M. SENEVIRATNE

It has become customary to refer to the Ceylon economy as an 'agricultural' economy. This reference will successfully bear out its meaning if it is the intention to distinguish merely between an 'agricultural' and an 'industrial' economy as such. These simple references will, no doubt, be appropriate for the Western economies. But how does the term 'Agriculture' present an accurate picture of our country? The truth is that it does not convey any meaning. Our economy is precariously perched upon the unstable tripod of tea, rubber and coconut, the main if not the entire produce of which is exported unprocessed, to external industrial markets. It is, therefore, incorrect to refer to our economy as an 'agricultural' economy—It is a 'plantation agricultural economy'—or in other words a 'colonial economy.' It is a 'colonial economy' because the history of colonial countries, shows that the system of plantation agriculture, wherein the utilization of the land was solely directed towards the supply of those materials useful to a 'mother country,' arose as a direct consequence of the dominance of a superior country over another.

Now, let us proceed from this premise to examine the question of Ceylon's population. An analysis of public statements presents us with an array of erroneous theories propounded with glib unscientific levity. We would very naturally condone these offences when we realise that, rather than being self-inspired, these theories are a direct reflection of our perfect or imperfect imitative capacity.

The problem of population has attracted the attention of man from time immemorial; but it was not until the appearance of the celebrated work of the Rev. T. R. Malthus that the subject was considered with serious public attention. Growth of population was considered a social calamity which if unchecked would sooner or later contribute to the overcrowding of this planet. While man, he stated, was endowed with tremendous powers of reproduction, nature's capacity to support the growing demand was limited. This was demonstrated by a very simple mathematical formula which need be mentioned only in memory of Malthus. The growth of population followed the geometric progression while food production adhered to the arithmetic progression. The neo-Malthusians or Malthusiasts continue to support this thesis—painting weird and gruesome pictures of the state of things to come if timely action is not taken to check this growth. Before even time, the father of truth, could disprove Malthus' theories the socialists—Marx being the foremost among



them—vehemently stood against the propagation of such unscientific theories. They were not merely unscientific but drew a veil against the real causes of the social and political troubles of the time.

And thus, into the 20th Century the controversy continued. However, it assumed a new aspect. The contenders could easily be placed against the background of political class interests. While the socialists point out that over population was a direct result of a particular form of political and social organization, the neo-Malthusians persist in stating that social distress is the direct result of the inordinate growth of population. These are broadly the two schools of thought. It could, therefore, be easily stated that neo-Malthusian sources have inspired the privileged classes to make a parrot cry of their theories.

Ceylon's population now remains between 7 million and 8 million, the precise figure for 1950 being 7,550,000. The death rate per 1000 has decreased from 21.0 in 1938 to 12.6 in 1950. The birth rate continues to increase; there was a total number of 304,635 born in 1950 as against 212,980 in 1940, 201,215 in 1930, 175,831 in 1920 and 73,718 in 1880. The rate per 1000 has continued to rise from 27.9 in 1870, 36.7 in 1910 to 40.4 in 1950<sup>1</sup>. The relatively low death rates and the very high birth rates have kept the population of Ceylon increasing, now at a rate of 250,000 per annum. This mere increment of numbers has caused great alarm among certain sections of the population. In the ultimate analysis the rate of increment of population is caused by an excess of births over deaths. It is intended to show in this essay that hunger or social misery is not caused by the increase in population but that over-population is caused by hunger itself. "This idea sounds paradoxical, since hunger, an agent of deterioration and death, seems unlikely to provoke an excessive increase in population," states Josue de Castro<sup>2</sup>—the Chairman of Executive, Food & Agricultural Organization, who has irrefutably demonstrated this theory—stating that "... in reality this is just what happens". The figures given earlier set against the background of this thesis will also show that there has been a continuous deterioration of the social and economic conditions in this Island.

At this point we must address our minds to the question of Food and Agriculture which necessarily forms the basis of the existence of Ceylon's 7½ million population. The land area of Ceylon is 16,023,229 acres of which, according to the Census Report of 1946—4,207,398 acres or 26.63% are cultivable—This

1. Statistical Abstract, 1951. Census and Statistics Dept.

2. Geography of Hunger. Josue de Castro—Gollancz 1952.



figure is extremely misleading as it excludes land not open for cultivation at the time of the census. The actual extent of land cultivated is only 3,210,101 acres leaving an area of over a million acres of land uncultivated. This is an under-estimation based upon the Census Report's earlier definition of cultivable land, which is very narrow. If we were to take the extent of the cultivable land as 50% of the total land acreage of the country, then we would have a figure of over 8 million acres available for cultivation. Furthermore, of the cultivated land area of 3,200,101,—2,900,720 acres are under crops of which 69.9% or 2,029,110 acres are utilised for tea, rubber and coconut cultivation, for export. Paddy which should occupy the first place among crops, occupies an area of 620,780 acres (maha-1946) while 46,322 acres is devoted to the wasteful chena system of cultivation. Apart from these figures which show an inadequacy in our agricultural system there are also the problems of land tenure and fragmentation which aggravate the agricultural problem. This is, no doubt, a legacy of imperialism. As Fritz Sternberg<sup>3</sup> points out that, the middle classes of Europe while undermining the feudal hierarchy at home, supported and in some cases arrested the decline of, the great feudal landlordism of the Asian and other colonial countries for reasons quite well known. These are the factors which retarded the development of a healthy agriculture in this Island. The picture has changed little and the country could only wish well for those who are presently engaged in the Sisyphean task of changing this heritage.

As important as the question of the availability of sufficient agricultural land to maintain a population is the question of making available a standard diet. The subject of nutrition and balanced diets have been discussed by specialists<sup>4</sup> in this branch.

We have more than frequently heard of the superior physical capabilities of our ancestors. Forklore is full of them. Modern civilization by dietary monotony forced, more or less, man to base his alimentation on a restricted number of food elements. As Josue de Castro says:—

“primitive man had a vast number of native plants and animals at his disposal, while civilized man limits himself to a mere handful. Max Sorre calls attention to this limitation and cites the following figures: there are some two million known species of animals, but only 50 have been domesticated and contribute to our food supply. Similarly, out of the World's 350,000 vegetable species, only 600 are cultivated by man”

3. Capitalism and Socialism on Taril—Fritz Sternberg.

4. Further Report on Nutrition in Ceylon—Dr. Lucius Nicholls' Sessional Paper XXIX of 1937. See also Eat and be Healthy—Dr. Lucius Nicholls.

It was also one of the 'benefits' which Western Civilization bestowed upon man that wherever 'natives' came into contact with white men their diet grew worse. Sample surveys of dietary conditions carried out by experts in Ceylon show that in general, even if the availability of food is satisfactory from a quantitative point of view, it is highly unsatisfactory from a qualitative sense—they are thus "unbalanced diets from a nutritional standpoint."<sup>5</sup>

The ECAFE Report for 1950 discloses further evidence of the lack of proper diets in the Asian countries. The following figures reproduced from the Report shows the deficiencies in the essential food groups required to maintain healthy living standards.

### Food Supplies Available for Human Consumption<sup>5</sup>

(Kilograms per capita per annum at the retail level.)

	Cereal	Starchy Foods	Pulses	Sugar	Fats	
Ceylon 1934/8	129.0	46.0	61.5	12.4	3.8	
1948/9	102.0	37.8	61.7	13.3	3.6	
1949/50	101.9	36.8	61.9	16.2	6.1	
	Meat	Eggs	Fish	Milk	Vegetable	Fruits
1934/8	8.3	.5	12.0	8.4	40.4	1.2
1948/9	2.3	.4	7.5	8.7	39.5	1.2
1949/50	2.6	.5	—	9.7	—	—

### Calories and Protein Content of Food Supplies available for Human Consumption<sup>5</sup>

(Per capita per diem at retail level.)

	Calories	Protein Gram	
		Animal	Total
Ceylon 1934/38	2192	16.3	55.4
1948/49	1918	10.6	43.2
1949/50	2010	10.9*	43.5*

\* Includes fish, vegetables and fruits at 1948/49 levels.

The above tables which, no doubt, as the Report itself admits, could not be taken to represent the actual food intake of either individuals or of different sections of the population concerned, show a marked deterioration in the consumption of food in Ceylon. Milk, fish, vegetables and fruits do not regularly find a place in the Ceylonese diet. Even though these are available in abundance in certain parts of the Island by the rural population, they merely serve the grower through sale to purchase essential consumer goods. All above mentioned commodities, except

5. See ECAFE Report 1950.



perhaps fish and vegetables to a limited extent, are considered luxury commodities by the rural population.

The relatively higher calorie levels could be attributed to an increase in the supplies of food which are sources of energy such as cereals, roots, tubers and fats and oils.<sup>6</sup> Starchy foods such as roots and tubers do not contain proteins of high biological value. It is now well recognised that an average individual requires between 2800-3000 calories per day. Ceylon has not been able to provide this minimum requirement of calories at any time.

Dr. Lucius Nicholls stated in 1937 that "the matter of nutrition is even more important in many tropical countries where the economic status is relatively very low, and a large portion of the poor classes are diminutive and suffer impaired health because of poor monotonous diets."<sup>7</sup> A survey was started in 1933 and by 1935 the State Council voted Rs. 30,000 for nutritional research. In spite of the awareness of the problem no serious attempt was made to overcome the defects. Medical research is no doubt a useful thing, but after all, the medical man could not be expected to solve an economic and social problem.

It could be shown that economic and social conditions of the mass of the poor have been deteriorating considerably. Protein deficiency in the body makes man more susceptible to disease. A much greater toll of human lives is taken by the ravages of tuberculosis, pneumonia, dysentery and typhoid fever and other diseases than by the ravages of war. These are the sins of our Legislators. Says Josue de Castro "This correlation is so clear that we can now safely speak of tuberculosis not only as an infectious disease but equally properly as a disease of malnutrition—a disease of hunger.....The only really efficient method of tuberculosis prophylaxis in these areas of misery is to feed the population adequately, because once they are well nourished they will become in effect immunized against the attacks of the tuberculosis bacillus." Not only tuberculosis but all other protein deficiency diseases are the trade marks of the governments. Apart from calories and proteins, there must also be a sufficient supply of mineral salts for the body. Iron, calcium, sodium and iodine are among the more important of the minerals required by the human body. Medical science has demonstrated that lack of iron—(according to Sherman 6-16 mgs. per day) is manifest by the development of anaemia and worm infestation; lack of calcium ( $\frac{1}{2}$  to 1 gram daily) will bring about rickets, tooth decay, etc.

6. See ECAFE Report 1950.

7. Further Report on Nutrition in Ceylon—Dr. Lucius Nicholls' Sessional Paper XXIX of 1937.



Sodium is required by the body in direct relation to the quantity expended in the form of sweat. Lack of this shows signs of lethargy and laziness. The proverbial laziness of the Sinhalese has often been erroneously attributed to a mysterious national characteristic of being satisfied with one meal a day, a chew of betel and a cigar. This characteristic is nothing more than a mineral deficiency in the body. The lack of iodine shows itself by the development of goitre, and this is common in most areas of Ceylon. Physical deformity contributes towards the depravity of human personality.

The lack of a single or a combination of the minerals will undoubtedly cause various diseases in the body. Rickets, mandama, beriberi, pellagra, goitre and various other nutrition deficiency diseases have been constantly undermining the health of the people. The impact of Western Civilization has been chiefly responsible for the widespread prevalence of these deficiencies. While plantation agriculture deprived the peasantry of this country of a very substantial portion of cultivable land, the introduction of European foods, canned and other, and the "Europeanization" of even our local foods made the position worse. This was clearly demonstrated in the Amazon region, where the rubber boom drove men from their fields to the collection of latex. This was followed by replacement of the local diet by canned foods lacking in the most important elements of a standard diet. This caused beriberi, and the Amazon is known to-day as the river of Beri Beri; so was it in the Mississippi cotton plantations. The rubber and cotton booms also created beriberi booms. In Ceylon too, the use of polished rice, which will very soon become the curse of the nation, will contribute to a great extent in the spread of beri beri and other diseases. Polished rice forms the major part of the Ceylonese diet. The Report on nutrition (Sessional Paper XXIX of 1937) shows the growing popularity of this commodity. It shows that except in the Central Province and the Uva Province, polished rice formed the basic meal of the population. Besides this, of comestibles of animal origin the report shows that fish is the only article regularly consumed in large quantities, but we must be cautious in accepting this as the average condition, for in certain parts of Ceylon fish is such a rarity that it is consumed only on festival days. The report states, "Meats such as beef, mutton, pork and chicken are not taken more often by the poorer classes of the towns than about once a week, and many villages never eat flesh other than that of fish." It continues ".....milk and milk products never occur in the diets of the children of the poorer classes, even tea is drunk without the addition of milk and even when milk is added to tea it is condensed tin milk of which large quantities are imported each year". This is true of almost all provinces of Ceylon except perhaps the



Southern and Eastern parts where curd is consumed. But even this consumption of curd which acted as a compensating factor seems to be on the decline.<sup>8</sup> Generally speaking therefore, consumption of protein and mineral containing foods is very negligible.

There has not been any evidence of change in the situation to-day. In fact the position has worsened with the increase in the cost of living. A perusal of the Medical Reports for the years 1935 and 1950 will bear out this contention. Let us analyse the incidence of nutrition deficiency diseases for these years. The report for 1935 states, "The lack of adequate nutrition among the rural population was revealed during the malaria epidemic and the feeding of school children in the badly affected areas showed a remarkable improvement in their health." The report for 1950 states, "Malnutrition is the chief defect found among school children". In this year 23.01% of the school children showed dental caries as against 14.5% in 1935 and 21.7% in 1949. In 1935, 79.2% of the children examined were defective with 52,843 defects and in 1950 66.6% were defective with 110,624 defects. Rural dietary surveys carried out in 1950 show that vegetable consumption except in the Western and Southern Provinces was very negligible and moreover, fruit, flesh and milk consumption rarely entered into the diets of the people. Although the calorie content was over 2000 in all the 8 villages surveyed, it remained below the minimum required.

The impact of this low standard of living and nutritional deficiencies, both physiologically and psychologically, increases fertility and causes the growth of population "..... groups of people subjected to persistent malnutrition, ..... appear to be sexually stimulated. They show a definite increase in fertility over the less badly fed. This intensification of the reproductive capacities of chronically starved people develops through a complex process involving both physiological and psychological factors"<sup>9</sup> states Josue de Castro. In proof of his thesis he provides a mass of information and evidence of authoritative experiments. It will be of interest to give one example. J. R. Slonaker experimented with rats of two generations and showed that when over 18% of the calorie intake was constituted of protein, fertility declined remarkably. The results could be summarised thus :—

Males	
Protein in Calorie Intake	Sterility
10 %	5 %
18 %	22 %
22 %	40 %

8. Further Report on Nutrition—1937, page 58.

9. Geography of Hunger.

**Females**

<b>Protein Intake</b>	<b>Average Production of Offspring</b>
10 %	23.3 %
18 %	17.4 %
22 %	13.8 %

Animal proteins reduce fertility; in Ceylon, in common with other Oriental countries, religious tradition restricts the consumption of animal foods. We have seen earlier that consumption of even other foods which could provide the necessary proteins to protect the human body from diseases is limited due to economic reasons. The majority of the rural population of Ceylon constituting 72% of the total population and the large body of workers do not have the necessary income to purchase minimum requirements. They look after themselves, eating however and whatever they could obtain from their meagre earnings. This position is worsened and they have sooner or later to face the vicious circle of dwindling incomes together with a deteriorating purchasing power of the rupee and increasing dependents. The absence of saving is due to the inability to save. An illness, funeral or wedding could easily upset this low level equilibrium. These low levels of income contribute to the increase in the number of dependents and the increase of dependents lowers the per capita income still further. The problem of population is therefore the problem of low incomes and low standards of living.

The provision of medical facilities will, no doubt, lower the death rates. The death rate per 1000 for 1938 was 21.0, for 1948 it was 13.2 and in 1951 it was still lowered in 12.6. This lowering of the death rate, has inspired such myopic population theorists as William Vogt<sup>10</sup> to blame Western Medical Science for the misery and hunger of the "teeming millions of the Orient." But although there has been this lowering of the death rate, the deaths due to nutrition deficiency diseases have been rising and at best stable. Let us analyse these figures:—

**Deaths due to Diseases<sup>11</sup>**

	<b>1944</b>	<b>1945</b>	<b>1946</b>	<b>1947</b>	<b>1948</b>	<b>1949</b>
Tuberculosis <sup>12</sup>	3,720	3,666	4,012	3,842	4,072	4,035
Dysentery	1,925	1,938	1,824	831	717	708
Malaria Fever and Malaria Cachexia	5,601	8,521	12,578	4,557	3,345	2,401
Rickets	603	588	423	422	475	444
Mandama	8,379	7,051	5,666	4,513	4,100	4,630
Rheumatism, diseases of nutrition and of the endo- crine glands & other general diseases & vitamin deficiency diseases	12,329	11,026	9,041	7,457	6,977	7,571
<b>Total</b>	<b>133,985</b>	<b>142,931</b>	<b>135,937</b>	<b>98,544</b>	<b>93,711</b>	<b>91,889</b>

10. Road to Survival—William Vogt, Gollancz.

11. Statistical Abstract of Ceylon, 1951.

12. Tuberculosis of the respiratory system, of other organs, acute & chronic



Tuberculosis is to-day considered to be the most prevalent diseases. There are over 100,000 people affected with it. The above table shows that deaths due to this disease have been rising from 3,666 in 1945 to 4035 in 1949. The figures of death due to diseases of nutrition were 12,329 in 1944 and 11,026 in 1945. These were the last years of the war, but though there has been a reduction in 1946 this decline has been arrested in the succeeding years. So it is, in the case of all other diseases. It could also be pointed out that, when the death rate due to these diseases have been increasing the rise in the birth rate too has followed a similar trend. During and after the World War I the birth rate per 1000 rose to 38.9 (1920) from 36.7 (1910). And again after the World War II the birth rate increased to 40.4 per 1000 in (1950) as against 35.8 per 1000 in 1940. These were the periods which showed a deterioration of the already low levels of consumption. If the deaths due to these diseases are increasing, as noticed from the above table, it also means that a wider mass of the population is suffering from nutrition deficiency diseases.

Broadly speaking, our population could be divided into three groups (1) the rural peasantry, (2) the estate and urban workers and (3) the middle and upper classes. It would not be wrong to assume that 90% of the population consists of the first two groups. Our earliest remarks could be in the main said to apply to the rural population. As regards the estate population the Social Service's Report of 1949 brought out certain interesting figures relating to the birth rates in the estates:—

#### Birth Rate per 1000 of the Population

	1938	1941	1942	1943	1944
Estate ...	37.5	45.9	41.1	45.6	42.7
All Ceylon	35.9	36.5	36.7	40.6	37.1

It is a well known fact that Estate population depends to a greater extent upon imported food-stuffs. This dependence would increase during booms and be reduced during the depressions. The year 1938 was certainly not a boom year for the estates but years 1941-1944 were. The birth rate on estates in 1938 was 37.5 per 1000 and for the years 1941-1944 it remained over 41.1 per 1000. The lean years prior to 1938 did wean away the people from imported foods to home grown varieties. This resulted in a better diet and consequently to a lowering of the rate of population growth. The subsequent "baby boom" was a result of the tea, rubber and coconut boom. Another conclusion which could be drawn from these figures is that the estate population is much worse off than the rest of the population.

Medical care in the estates is certainly far superior to that provided outside. The Social Service Report in fact states that



conditions were said to be even superior to the Colombo General Hospital. But Major Orde Brown pointed out "with due deference to professional opinion, I must also express a doubt about the advisability of no provision being made for medical specialists in labour conditions; the peculiar problems connected with the accomodation of labourers, the occurrence of industrial diseases, the relation between diet and output, and various other technicalities, are outside the scope of the ordinary medical practitioner.....". Thus it is clear that the birth rate tended to increase in the estates not because of medical care but because of increased fertility.

The Census Report of 1946 states that the "most effective means to be applied for the control of population is a diffision of birth control information." The application of birth control methods is one of the crudest and the most dangerous method of population check. It is crude and dangerous because it does not help in a qualitative improvement of the population. A healthy population policy must be sought by the economic and social betterment of the country's population. Physical deformities, stunted growth and mental defects are not characterestics of a particular nation or of a particular class; they are the symptoms of an ill-fed, hungry nation. Diet is one supreme factor which determines the physical health of a nation. It was not long ago that an American merchant tried to breed Shetland ponies in America and failed—and failed for this reason, the Shetland ponies were puny, stunted creatures because they depended upon a very restricted diet, but as soon as they were removed to America their diets changed and the generation of ponies were, in comparison, huge creatures and the whole project was a failure. And further, the Japanese or Chinese who emigrated to America early in the century found their younger generations physically departing from the proverbial Chinese or Japanese. Therefore, it is clear that a proper solution to our population problem must be sought elsewhere. It is quite natural that under a particular economic set up, where the end of the exploitation of the national resources is to serve a limited number of people, an increase in population will be looked upon with anxiety. The density Ceylon's population was in 1946, 262 to the square mile. In the more highly developed countries such as England, Belgium and Netherlands the density of population is over 500 to the square mile. What is required now is a rational development of our resources to accomodate the population and to provide the population with the required standard of living. A concious effort to limit population is dangerous because under different circumstances, the country may be faced with an insufficient population to carry out envisaged developmental programmes.



## The Kandyan Peasantry Problem—I.

J. B. KELEGAMA

### The Problem

Behind the facade of prosperous tea plantations in the hill country are the depressed Kandyan peasants living in poverty, squalor, disease, ignorance and superstition—thousands of them—living in a world of plenty having nothing. The appointment by the national Government of a special Commission to investigate into and report on their accumulated grievances is a landmark in the country's history, as it is the first concrete step taken in the correct direction to redress their sufferings. The report of this Commission (The Kandyan Peasantry Commission) was published last year in 529 pages and the Government is already taking measures to implement some of its recommendations. The Report is no doubt a useful source of information, but it has dealt with the problem of Kandyan peasantry inadequately, and what is more, it has omitted the more important data required by the economist, the planner and the administrator. It is the purpose of this article to show where the Commission has gone wrong and at the same time to supply the important data it has omitted.

The poverty of the Kandyan peasant has no parallel in Ceylon. His standard of living is probably the lowest in the Island. It is income which determines the living standards; so long as income is low, living standards too will be low. The standard of living of the Kandyan peasant is low because his income is meagre. It is unfortunate that the Commission did not investigate into the income of the peasant, for few of us only know how low it is. According to the Economic Survey carried out by Dr. Das Gupta in 1938, the average income of a rural family in Matale District was Rs. 13.01 per month; and fifty per cent of the families in the areas surveyed had incomes below Rs. 9.09 per month. It is also important to note that 74 per cent of the families were in debt. These figures bear ample testimony to the poverty of the Kandyan peasants in 1938. It is doubtful that conditions have changed since then. There is no data on present incomes of the Kandyan peasants; a survey is therefore urgently required. But whatever it is, though money incomes might have increased, there is sufficient reason to believe that real incomes are not much higher than they were in 1938 on account of the increase in population and pressure on land. According to a recent survey carried out by the Department of Statistics, the average income per rural family in Nuwara Eliya District was Rs. 40.35 per month in 1948. If we deflate this by



the cost of living index for the working classes in Colombo (in absence of a cost of living index for rural Ceylon) for 1948, the real income per family stands at Rs. 15.51. Thus the monthly income of a rural family in the Kandyan provinces was only Rs. 2.50 greater in 1948 than in 1938. But we cannot be precise in this comparison. Dr. Das Gupta says that the subsistence costs of a family per month is about Rs. 150.00. This means that the families having incomes less than Rs. 150.00 a month have to borrow to finance their consumption. This is sufficient for us to understand the hardships of the Kandyan peasant family earning a monthly income of only Rs. 40.35. The low income of the Kandyan peasant explains all his other grievances—lack of education and housing, malnutrition, disease and even his fatalistic outlook on life; he cannot afford the kind of living that is conducive to high social efficiency.

The low income and the consequent poverty of the Kandyan peasantry are the result of a number of factors among which the most important are (a) landlessness; (b) uneconomic size of agricultural holdings; (c) surplus population in the rural sector causing under-employment and (d) an obsolete system of land tenure. In the rural areas and especially in the Kandyan Provinces, in the absence of alternative form of employment, land was and is the chief source of income. Landlessness is therefore an indicator of inadequate income and poverty. The history of the Kandyan peasants is a long story of how a land owning yeomanry degenerated into a landless peasantry as a result of the impact of Western capitalism. It is an unpleasant story of how the land owned by the Kandyans was alienated to coffee and tea planters by a government which overrode the rights and claims of the permanent population of the land. Initially forest reserves of the Royal Villages were given to military and civil officers as free grants; when they were exhausted, inroads were made into the forest reserves and chenas of the villagers. The Government sold over half a million acres in the wet zone to civil servants at prices ranging from one shilling to five shillings an acre. Even the Governor at the time could not resist the temptation. A register of land sales kept at Kandy Kachcheri says that 1120 acres were sold at 1 shilling an acre to Governor Sir Edward Barnes. Mr. A. M. Saunders says that in the land he bought there was a prosperous village and that he was given a police force to eject the people. This is clear evidence that the Government actively encouraged the plantations at the expense of the native population.

One has only to look back to the Crown Lands (Encroachments) Ordinance, No. 12 of 1840 and the Waste Lands Ordinance, No. 1 of 1897, to see how ruthlessly the land of the Kandyans



was appropriated by the Government and granted almost gratis to the foreign capitalists. Under the Crown Lands Ordinance of 1840, "all forests, waste, unoccupied or uncultivated land, was presumed to be the property of the Crown until the contrary is proved." Thousands of acres of village forests which were essential for village life and thousands of acres of chena land which were cultivated only at regular intervals, thus passed into the hands of the Crown. The forest was a part and parcel of the village as it was necessary for purposes of pasturage and timber; chenas supplied a supplementary source of income. Appropriation of forests and chenas therefore did untold damage to the peasants as it was done without any reference to the communal needs of the villages. Under the Waste Lands Ordinance of 1897, "whenever it so appeared to the Government Agent of the district that any land or lands situated within his province or district is or are forest, chena, waste or unoccupied, he was empowered by issue of a notice to compel any claimant to appear before him and prove his title in default of which the land would be declared the property of the Crown." It is needless to say that there were no titles and therefore no proof. Hence this law became a dangerous instrument for grabbing village forests and chenas to be disposed to planters. "Further the presumption in favour of the Crown created by the Ordinance led to a great degree of uncertainty among the peasantry as to the title to their chena lands. As a result the peasantry sold what they regarded as doubtful title to speculators from other areas." Thus thousands of acres passed from the sons of the soil to foreigners. The number of peasants forcibly evicted from their land and rendered homeless was legion. The destruction of the peasantry was so complete that all internal revenue ceased, and the country had to depend entirely on the revenue from plantation crops. Another iniquitous piece of legislation was the Grain Tax of 1878; this tax was so high that the people sold their fields owing to their inability to pay it. The Kandyan Peasantry Commission Report correctly concludes, "most of the land legislation during early British times tended to impoverish the village and to strengthen the hands of speculators in land. The old Kandyan Law which gave the seller of any land and his descendants the right to repurchase the land at any time was abolished by proclamation in 1821. The new land laws made village lands alienable; the partitioning of land was made easy; the abolition of *rajakariya* loosened the bonds which held together the village unit. All these combined to impoverish the villages and destroy the economy of villages and the co-operative social life of its inhabitants."

The result of these iniquitous laws was the creation of a landless peasantry. The administration reports of Assistant Government Agents of Nuwara Eliya between 1868 and 1888

speak of the number of peasants ejected from their homes. Every year fifteen to twenty thousand left their villages. Plantations are Ceylon's chief source of revenue; but most of us do not realise that many villages were broken up and thousands of peasants rendered homeless and landless to establish those plantations. The policy followed in the sale of land at the time is illustrated in a Despatch from Earl Grey to Viscount Torrington in 1848 instructing him:—

“To render land costly to those who do not intend to make use of it, but to render it as cheap as possible to *bona fide* settlers... Since in return for the price paid for the land they should obtain advantages, the buyers are to be provided with means of occupying it with advantage as a civilized society. All monies accruing from land sales should be expended not as ordinary revenue but in the construction of roads and other public works calculated to enhance the value of land sold.”

What more evidence is required to show how the Government did everything in its power to the benefit of plantations?

The Report of the Kandyan Peasantry Commission says that there are many landless peasants, but it has not given us an indication of the magnitude of the problem. The Report on the Survey of Landlessness produced by the Department of Census and Statistics however gives us some important information regarding ownership of land. The following figures are taken from the report:—

Table I.  
Ownership of Land by size of Holdings  
(for Rural Agricultural families.)

District	Percentage of rural families with no land	less than $\frac{1}{2}$ acre	$\frac{1}{2}$ - 1	1-2	2-3	3-4	4-5	5-10	10-15	15-20	over 20
Kandy	19.4	22.1	17.9	16.2	8.9	6.0	3.0	5.4	0.9	—	0.2
Matale	38.3	18.7	17.4	9.2	5.3	2.5	1.4	3.9	2.5	0.4	0.4
N' Eliya	41.8	17.6	12.3	12.7	5.3	3.7	2.1	3.3	0.4	—	0.8
Badulla	8.8	10.0	10.0	27.6	14.9	9.2	6.1	10.3	2.3	0.4	0.4

The percentages given here cannot be taken as very accurate for they are based on a sample survey of only a few villages in each district. But it is the only index we have. The table shows that landlessness is acute in Nuwara Eliya and Matale Districts; in the former 41.8 per cent of the rural families are without land



and in the latter 38.0 per cent. If we take actual figures we find that out of a rural population (excluding estate population) of 803,300, approximately 216,891 are landless in the four districts of Kandy, Nuwara Eliya, Matale and Badulla; since a rural family roughly consists of 5 members this is equal to 43,374 landless families. This illustrates the magnitude of the problem of landlessness.

The problem of landlessness is aggravated by the extreme inequality in ownership of land in the Kandyan Provinces. This inequality is illustrated by the existence of hundreds of uneconomic small holdings side by side with the large tea plantations running into thousands of acres. Table I. gives sufficient evidence regarding the smallness of agricultural holdings. Table I. however, can be presented in a more effective way to illustrate the problem:—

Table II.

**Cumulative Percentages of Ownership of Holdings**  
(for Rural Agricultural Families.)

District	Less than $\frac{1}{2}$ acre	Less than 1 acre	Less than 2 acres	Less than 3 acres	Less than 4 acres	Less than 5 acres	Over 5 acres
Kandy	41.5	59.4	75.6	84.5	90.5	93.5	6.5
Matale	57.0	74.4	83.6	88.9	91.4	92.8	7.2
Nuwara Eliya	59.7	71.7	84.4	89.7	93.4	95.5	4.5
Badulla	18.8	28.8	56.4	71.8	80.5	86.6	13.4
Average for the four districts	44.2	58.6	75.0	83.6	88.9	92.1	7.9

The table shows that in the Central Province and Uva about 58.6 per cent of the rural families own agricultural holdings less than one acre; the percentage of the families owning land less than 2 acres is 75.0; less than 3, 83.6, less than 4, 88.9, and less than 5 acres 92.1; those who own more than 5 acres amount to only 7.9 per cent of the total rural population. It is difficult to say what constitutes an economic holding in Ceylon, as it varies with the climate, fertility, irrigation, labour, etc. But generally 5 acres are taken as an economic unit. (In India too, economic holding is 5 acres). If we take 5 acres as the economic unit, we come to the unpleasant conclusion that only about 8 per cent of the rural families in the two Kandyan Provinces own economic holdings. If we be more liberal and take 4 acres as the economic unit then 11 per cent have economic holdings. If we further leave a broad margin and assume that those who own 2 acres and above have a good income, even then we find that about 75 per cent of the

rural families own less than 2 acres. Those who own less than one acre cannot by any stretch of imagination or by any standard be taken to own economic holdings; the percentage of families owning less than 1 acre is 58.6. The percentage of landless is 27. Thus 58.6 of the rural families in the two provinces can be classified without any dispute as landless or owning uneconomic holdings. In actual figures this is about 93,986 families or 469,930 people. The Report of the Kandyan Peasantry Commission has not given us information regarding the ownership of holdings.

So far we have based our conclusions on a sample survey. Since there is a possibility of questioning the validity of the survey itself, let us take concrete figures. The following data regarding agricultural holdings in the Central Province and Uva are taken from the Statistical Abstract for 1950.

Table III.

**Agricultural Holdings in Central Province and Uva**  
(Extent in Acres.)

	(1) Total		(2) 'A' Estates		(3) 'B' Estates	
	No. of Holdings	Extent	No. of Holdings	Extent	No. of Holdings	Extent
C. P.	313,970	741,224	816	415,190	431	22,254
Uva	111,306	265,912	210	136,885	206	11,327
Total						
for both	425,276	1,007,136	1,026	552,075	637	33,581
	(4) Small Holdings		(5) Town & Village Gardens		(6) Chenas	
	No. of Holdings	Extent	No. of Holdings	Extent	No. of Holdings	Extent
C. P.	37,151	92,129	117,848	56,739	26,595	80,238
Uva	10,346	24,938	45,792	23,820	9,802	35,195
Total						
for both	47,497	117,067	163,640	80,559	36,397	115,433
(7) Paddy Lands						
	No. of Holdings		Extent			
C. P.	131,129		77,669			
Uva	44,950		33,747			
Total for both	176,079		111,416			

The above table shows that out of a total arable area of 1,007,136 acres in C.P. and Uva, 552,075 acres belong to "A" estates and 33,581 acres to "B" estates. Thus 585,656 acres or 58 per cent of arable area in C.P. and Uva belong to "A" and "B" estates. But the cultivated extent in the two provinces is

"A" and "B" estates are both over 20 acres. A small holding is below 20 acres. Town and Village Gardens are less than 1 acre,



742,529 acres. Of this 489,448 acres or 66 per cent belong to "A" and "B" estates. And only 34 per cent of the cultivated area belong to the peasants. The Kandyan Peasantry Commission Report has not made any reference to these facts. The total cultivated area belonging to peasants is 253,081 acres. The rural population in the two provinces is 803,300; **therefore the average agricultural holding per head is 31 or 1/3 acre.** The Report of the Kandyan Peasantry Commission gives only the statistics of paddy holdings and omit the rest; correct conclusions cannot be made on such inadequate data. From the table given above (which should have been embodied in the Report) we see that the average village garden is about 1/2 acre, and **average paddy holding about 2/3 acres. This is in contrast to the average "A" plantation which is 538 acres.** It is this inequality of ownership of land that is one of the key factors in the Kandyan peasantry problem. But it has been ignored by the Peasantry Commission. Of the 402,308 acres of tea cultivated in Central Province and Uva, 356,615 acres or 88 per cent belong to "A" estates alone. Of the 88,913 acres of rubber grown in the two provinces 69,560 acres or 78 per cent belong to "A" estates alone. Very truly the peasant economy in the Kandyan Provinces is, "an agriculture of pygmies in a land of giants." Too much land in too few hands and too few land in too many hands constitute one of the chief problems in the Kandyan Provinces.

The low income and the consequent low standards of living of the Kandyan peasants are the direct result of uneconomic holdings and landlessness. Either the peasant owns no land at all or owns holdings so small that they provide no adequate income or give him and his family full employment. This is illustrated by the fact that 58.6 per cent of the rural families in the two provinces or 93,986 families own no land or own holdings less than 1 acre in extent. If we strictly take 5 acres as an economic holding, then 92 per cent of the rural population have no land or own uneconomic holdings! I have consulted many experts in the colonization schemes and elsewhere and come to the conclusion that 4 acres comprise an economic unit—i. e. a unit which gives an adequate income and full employment to a rural family. Then we came to the disturbing conclusion that about 89 per cent of the rural families in Central Province and Uva are landless and own uneconomic holdings! So long as his holding is uneconomic—i. e. it is not large enough to give adequate income, and so long as there is no alternative employment, the Kandyan peasant is condemned to eternal poverty.

The third major factor causing poverty in the Kandyan Provinces is the surplus rural population which the Commission has not even understood. Surplus population is made of visible



unemployed and the disguised unemployed. It is really the latter that is more significant in our rural sector. "Disguised unemployed are those persons who work on their own account and who are so numerous relative to the resources with which they work, that if a number of them were withdrawn for work on other sectors of the economy, the total output of the sector from which they are withdrawn would not be diminished even though no significant reorganization occurred in this sector, and no significant substitution of capital". Those disguised unemployed are a burden on the land, they force down the rural standards of living; they press on limited resources and lower the income per capita. It is not easy to calculate the disguised unemployed or under-employed but we can get some rough idea of the gravity of the problem by comparing the relationship of rural population to arable land in 1901 and now. In 1901 the rural population (excluding estate population) was 423,042 and the arable area 1,007,136 acres. Thus the average holding per head was 2.38 acres. In 1946 the population had increased to 803,300 the arable area remaining the same; thus in 1946 the average holding per capita was 1.24 acres—almost half of that of 1901. This shows how the agricultural holdings have grown smaller as a result of increasing population. Further, even if the whole arable area in the two provinces are distributed among the present population each will get only 1.24 acres—or an uneconomic holding. This is a sign of overpopulation in the rural sector—too many people on too few acres. Whereas the median agricultural holding of a peasant family is about  $\frac{3}{4}$  acres in the Kandyan Provinces, it is possible for a family to cultivate twice or thrice or five times that area on the existing methods. Let us assume that a family can cultivate twice the present area though this is an underestimate. This suggests that half of the present farm labour (to be on the high side) might be able to maintain the present volume of production. This means that about half the present population—401,650—in the Central Province and Uva are underemployed and constitute a surplus. Underemployment in the rural sector is also aggravated by the seasonal character of agriculture. So long as the surplus population remains, the pressure of population on agriculture, will always tend to lower the incomes and depress the living standards. It is a pity that the Peasantry Commission has failed to grasp this problem adequately. The problem of surplus labour is disquieting in view of the rapidly increasing population. The rate of increase of population is far ahead of the rate of production. The inevitable result is deterioration of living standards year by year.

The system of land tenure in the Kandyan Provinces affect the agricultural productivity adversely. The Commission has not dealt with this subject thoroughly. The Commission however



pointed out the defects of the service tenure system which brings many hardships to the peasant and perpetuates caste system; the tenants of temple lands have to perform degrading labour and they are ill-treated by temple chiefs. The service tenure system is a remnant of feudalism and all feudal restrictions should be removed if any progress is to be achieved. The Commission has also referred to the "Ande" system, but it has not said how widely this system prevails in the Kandyan Provinces. It points out two defects of this system—precarious tenancy and the payment of "madaran" or good will fee, but it is silent on its other evils. It should be noted that under the "Ande" tenancy the tenant farmer has no incentive to increase his output since a large share will accrue to the land owner who has incurred no part of its cost. Often the high share taken by the land-owner leaves the peasant with a bare minimum subsistence with no margin for investment. "Ande" tenancy thus leads to stagnation in agriculture.

It is strange that the Commission has not said a word about the "Thattumaru" or joint ownership where each owner cultivates the land at regular intervals. This system too is prevalent in the Kandyan Provinces; here too the farmer does not take much interest in increasing his yield; he does not even manure the fields. "Thattumaru is an enemy of good farming. It frustrates the farmers' capacity for self-expression. Where the partners are too many the land becomes more a bone of contention than a common productive asset". (Dr. B. B. Das Gupta). There are other types of tenancies too on which the Commission has not made any comment. There is the "Otu" system where a portion of the crop equal to the extent sown or sometimes half or double that is given to the owner. The share given to the owner varies with whether he gives seed and cattle. In Uva, when the cattle and seed are supplied by the farmer himself the owner gets only a share of the crop equal to the extent sown. Then there is "Paraveni" or hereditary land and "Maruvena" or tenure at will. In chena cultivation too share cropping prevails; when a peasant cultivates another's land he has to pay him something, generally a share of the produce. It is clear that the Commission has not gone deep into the land tenure system of the Kandyan Provinces; very little is revealed in its report about the subject. Since the land tenure system affects the productivity and standard of living, a thorough probe into it is required. The superficial survey done by the Commission is inadequate, and misleading in the sense that it understates a very big problem. "The peasant is imprisoned within the walls of his own agricultural system; year by year his numbers grow and the walls remain. The walls are the methods of land tenure which stand in the way of progress wasting capital and preventing investment" (Dr. Keene). The Commission



recommends another Commission to investigate into the matter; surely it could have done it itself.

The other important problems in the Kandyan Provinces are those of irrigation, agricultural technique, soil erosion, communications education and medical facilities. The Report of the Kandyan Peasantry Commission reveals that 47,520 acres of paddy are without irrigation. This is the result of the destruction of village tanks by the British in the suppression of the Rebellion of 1818. The policy of sheer terrorism carried out by the British is illustrated by Dr. Colvin R. de Silva in his book *Ceylon under the British Occupation*.

"Wherever they (British) went they carried away or destroyed all cattle and stores of grain or provisions that they found; villages were wiped out, houses were burnt down, crops devastated, fields permanently ruined by damaging the irrigation system, fruit trees cut down and livestock killed so as to starve and terrorise the inhabitants into submission."

There is little doubt that this policy retarded the development of the Kandyan Provinces. The Commission says that the "Vel Vidane" system does not function properly, but it does not give the reasons why. It wants another Commission to be appointed to investigate this; but we cannot understand why it failed to do the task itself.

The peasant farmers follow traditional methods of cultivation; his agricultural implements are primitive; consequently his yield is low. Ceylon's paddy yield is the lowest in the world—520 lbs. per acre as compared to 4,000 lbs. in Italy. The peasant does not have the capital nor the technical training to introduce modern methods. Even if he has them, his agricultural holding is too small in size for modern farming.

The destruction of highland forests for the opening up of tea plantations exposed the virgin land to soil erosion. In the Kandyan period in almost every Province there were forbidden forests—"Tahansi Kale"—in which no chena could be cut. The British planter grabbed even this land; forests on hill slopes were destroyed indiscriminately without any reference to soil erosion and other attendant evils. Floods earthslips, drying up of water sources and silting of tanks and streams are all the unfortunate result of destruction of highland forests. In 1947 besides the major flood of Mahaweli there were earthslips in 23 out of 29 Wasamas in Kotmale Division; 800 acres of paddy were damaged and hundreds of people rendered homeless. Many tanks and streams in the Kandyan villages have either silted or dried



up. In fact Dr. Gorrie goes to the extent of saying that even Gal Oya will be silted. This problem is one which needs scientific investigation urgently.

Then there is the problem of education. Probably no community in Ceylon has suffered more from the absence of education facilities than the Kandyans. This is primarily the result of the lack of an education policy for the country as a whole. English was introduced as the official language and the medium of education. This meant that the Kandyans were put out of action in their own home. Further there were no schools of any kind to instruct the rising generations for 38 years (1818—1856), and all this time, every official position in the Government requiring a knowledge of English went to alien hands. "Our language ceased to be current in our own land." In 1832 Colebrooke records that "the number of Government Schools now nominally maintained in the Sinhalese Provinces is 90. There are four in the remaining Malabar Districts and there are none in the Kandyan Provinces." Towards the end of the nineteenth century a few missionary schools were established in Kandy; the little education the Kandyans received was from the missionary schools. A few Government schools were established but the cost of education was beyond the means of Kandyans and the money voted for education was spent almost entirely outside the Kandyan Provinces. Since education was not free, the Kandyan peasants deprived of their only sources of income—land—could not send their children to school. Only a handful who had some property educated their children. That is the reason why there is not a single well educated person in the Kandyan peasantry. The picture in 1952 is not different from that of 1852: poverty prevented the Kandyan peasants from educating their children in 1852, and poverty prevents them in 1952. Few realise that there are thousands of Kandyan youths wasting their talents because they have no means of education.

To-day we are enjoying free education under a national government. But the wrongs of a century cannot be undone in one or two years. The English schools are in towns and the peasant has therefore to board his son in town; but to board costs money, and the peasant has no money. Thus the peasant is still unable to educate his children. Moreover the Commission has pointed out that even the few schools in the Kandyan Provinces are ill-equipped and overcrowded. It is indeed a sad commentary on the state of affairs, that in Deltota the Sinhalese people have to educate their children in Tamil owing to the absence of a Sinhalese school. The Kandyans have lost their land and with it education; and now are they to lose their mother tongue?

The Commission has rightly pointed out that the number of Kandyan in the Public Service are only a handful. There are only a few Kandyan graduates, doctors and lawyers. This bears testimony to the long neglect of education in the Kandyan Provinces.

The following figures show illiteracy in the Central Province and Uva.

*Table IV.*

**Percentage Illiteracy in C.P. and Uva.**

District	% age for all persons	% age of male	% age of female
Kandy	52.5	37.8	69.3
Matale	49.7	33.8	68.4
Nuwara Eliya	59.6	42.6	78.6
Badulla	63.5	46.9	82.4

The figures show that a large percentage of women in the Kandyan Provinces are illiterate; in Badulla district it is 82.4 per cent! Of 685,959 males in the two provinces 277,526 are illiterate; of 601,211 females 445,476 are illiterate. Thus out of a total population of 1,287,220 in C. P. and Uva, 723,002 or 56 per cent are illiterate.

The Commission has also revealed the sad state of medical facilities in the two provinces. The peasants need more hospitals, dispensaries, doctors, sanitary inspectors and nurses. It is interesting to note however that in over 60 per cent of the cases of illness among the peasants the chief cause is malnutrition which in turn is the result of poverty. It is not surprising that the under-nourished Kandyan peasant afflicted with malaria and hook-worm disease is a weak and lethargic worker. In many villages the residents are unable to get medical aid due to the absence of roads. This is particularly so in Uva where a network of roads is necessary. Housing is another problem in the Kandyan Provinces. The houses are small, overcrowded and insanitary but they are more the symbols of an economic maladjustment.

Finally we come to the problem of population in the Kandyan Provinces. The total population in Central Province and Uva in 1946 was 1,507,528 of which the major racial groups are as follows :—

Kandyan	...	697,716
Indian Tamils	...	522,892
Low Country Sinhalese	...	134,340
Ceylon Tamils	...	55,613



The figures show that the Kandyans are outnumbered by the other racial groups. Indian Tamils form 33 per cent of the total population in the two provinces. In Nuwara-Eliya District they have a predominant percentage of 57.3. It should also be noted that the birth rate of the estate Indians is higher and death rate lower than those of the native population. In 1946 birth rate of Indian estate labourers was 41.6 per 1000 as compared to the 38.4 per 1000 for the whole island; death rate of Indian labourers was 16.9 per 1000 as compared with 20.3 per 1000 for the whole island. This is a "danger ahead" signal. The Indian estate population in Ceylon is again the outcome of plantations. The Colonial Government gave every assistance to facilitate the introduction of South Indian labour to the tea plantations. It gave vessels for the transport of Indian labourers; it gave an annual subsidy to a company in Bombay for regular conveyance of labourers; it secured them rights in this country. It is argued that Indians had to be brought to Ceylon because the natives were unwilling to work in tea estates. Naturally, we could not expect the Kandyans to work in tea estates because they had not recovered from the impact of the transition from service tenure or *rajakariya* to wage system. Wage-system was something alien to the Kandyans who up till the advent of the British, had been a landowning peasantry. The Indian population is creating many problems in the Kandyan provinces. The majority of them have no permanent interest in this country; if they have any interest at all it is only a business interest. Most of them have come here because they were unable to get employment in India; to them Ceylon is a source of money making; a great part of their earnings go back to India. Economically they are a danger as they depress the standards of living in the Kandyan Provinces; socially they are not easily assimilated into the fabric of our society. It should be noted that they are much better off than the Kandyan peasants; this is proved in Dr. Das Gupta's survey. The Report of the Kandyan Peasantry Commission shows that many Kandyan peasants are now willing to work in tea estates. But cheap Indian labour is a formidable competitor. The problem of Indian labour should also be tackled in any programme for rehabilitation of the Kandyan Provinces.

The Commission reveals that all business enterprise in the Kandyan Provinces are in the hands of non-Kandyans. This again tells a story of long neglect and helplessness.

Population in the Kandyan Provinces is increasing rapidly. The agricultural poverty in the area is partly the result of pressure of population on land; and even the maximum possible development of their land resources will not suffice to support their rural population if it continues to increase at its present rate.

[To be concluded].



## China Cuts Prices Twice Within Six Months

KAO SHAN

State department stores and co-operatives throughout China recently announced a general cut in daily commodities prices—the second within six months, and of a wider scope both as regards actual price reduction and types of commodities affected.

In Peking, for instance, the price for cloth was reduced 3.65 per cent; that of flour 8.8 per cent; pork became 7.2 per cent and eggs even 13.6 per cent cheaper in this second price reduction. Soap cost 10-20 per cent less; but shirts were reduced a mere 5 per cent.

Price cuts ranged from 2.40 per cent, the average reduction being 8 per cent. Food prices had remained stable. In Shanghai, this second price cut affected over 10,000 items, in Peking and Wuhan 4000. Following the lead of state department stores and co-operatives, privately-owned stores also had to lower prices, although their range was not so wide.

On the very first day after the price reduction had been announced, huge crowds queued up outside state department stores in Shanghai long before they opened. The turnover for that day exceeded other days by 40 per cent, while some co-operative stores even doubled their sales. High grade cloth, shirts, watches, biscuits, cakes sold very fast. The wife of a Peking worker, Mrs. Yuan Chi-hsing, took the opportunity of this second price reduction to buy a Sunday suit for her husband, a floral print dress-length for herself and shoes and socks for her children. Smiling broadly, she said, "Next time my husband takes me to a party at the factory club, both he and I will be able to spruce up like the others."

Commenting on the April price reduction, the *Peking People's Daily* had this to say in its April 15 editorial: "The ordinary people, especially wage-earners and peasants, are, as a result of the general reduction of commodity prices, able to enjoy great material benefits... Their real wages and incomes have gone up about 5 per cent. With the people's purchasing power increasing, national production can further develop so that our economy will flourish."

In more simple terms, Hsiang Chien-hua, who has been a salesman for thirty years, said to a colleague in one of the state department stores: "In the years before liberation, commodity prices always went up in vicious spirals. In consequence, my family all became thinner and thinner. After liberation, things



looked up at once. Under the People's Government, the inflation was halted and commodity prices were stabilised. Now—prices have been dropping continuously for two years. We look forward to putting on weight again and become happier and healthier all the time."

Nor are the people in any doubt as to where these material benefits spring from. Thanks to the "San Fan" and "Wu Fan" movements during the first half of 1952, costs of production were greatly cut. The "San Fan" or, literally translated, "Three-Anti" movement was directed against corruption, waste and bureaucratism especially in government organisations. The "Wu Fan" or "Five-Anti" was a parallel movement directed against private businessman who had made a practice of bribery, tax evasion, cheating on government contracts, theft of state property and theft of economic information for private speculation.

With the enthusiastic support of the masses, age-old vices like corruption and waste were ferreted out relentlessly and eliminated. How was it possible to reduce the costs of production and therefore, commodity prices? Business management, after these two cleansing movements, is now put on a more efficient, more economical basis, so that all enterprises function in accordance with the interests and the needs of the masses. Besides, all overhead costs like bribes and various types of graft—which were regular features of business under the Kuomintang—are now cut out; private enterprise is confined to reasonable, but not excessive, profits; and the people who have learned great lessons from the extensive campaigns against these evils are eager to go ahead and produce energetically, enthusiastically all that will make their own lives richer and better.

## Tax Proposals and the Consumer

A. D. V. DE S. INDRARATNA

The Minister of Finance budgeted only 161 million rupees for food subsidies although this subsidy was known to be much in excess of this sum and to tide over this financial crisis, the Prime Minister has at last announced an "Eight Point Plan", the proposals of which are briefly as follows :—

1. Surcharge of 10% on the existing import duties on certain luxury and semi essential goods.
2. Surcharge of 10% on the assessed income tax for a period of one year.
3. The doubling of the betting-tax.
4. Continuance of the recent increase in the price of sugar.
5. Reduction of the rice-ration by a quarter of a measure in all groups.
6. Increase in the guaranteed price of paddy from Rs. 9/- per bushel to Rs 12/-; of maize from Rs. 7/- to Rs. 7.50 of Kurakkan from Rs. 6.75 to Rs. 7/- and Sorghum from Rs. 7/- to Rs. 8/-.
7. Restriction of imports from non-sterling sources.
8. Strict control of non-urgent expenditure appearing in the estimates for 1952-1953 by about one hundred millions.

How far the above measures would relieve the present government of her financial burden was made known to us by the press. And it is my endeavour in this article to study them in relation to the consumer, particularly of the lower income groups. It is quite refreshing to note that addressing a meeting at Dehiwala the Prime Minister, Mr. Dudley Senanayake, said "the situation facing Ceylon is grim and if the country is to meet it successfully all the people must be ready to make sacrifices" and he further declared that the present government would see that everyone shared the burden equally and therefore not only was the price of sugar raised and the rice ration reduced which would obviously affect the poorer classes but also the income tax and the duty on luxury articles was raised to throw the burden equally on richer classes. However the truth of the above measures would reveal how and to what extent the consumer, particularly of the lower income groups would be affected.

The surcharge of 10% on the existing import duties on certain luxury and semi-essential goods would fall more heavily on the



consumers especially those of the middle and the lower classes, for it was made clear to us by the importers themselves, that, the additional burden would be thrown on to the consumer. We are also aware that the duty on luxury goods from dollar countries like American cars was cut by about 50% last year. The Prime Minister, who is pledged to distribute the burden equally has not waived this cut at this crisis evidently because "they are not luxuries to the richer classes of our country."

The surcharge of 10% on assessed income tax for a period of one year seems to the Government a great achievement; for it is expected to bring additional revenue of about 15 million rupees from all tax payers. However they fail to realize that though this affects all groups equally on a percentage basis, irrespective of their income levels, yet it distorts the pattern of real income levels. Firstly, I do not see any reason why the lower income groups should bear the same percentage of the burden as the higher income groups and secondly we have already accepted the principle that higher the levels of incomes of individuals, the greater the percentage of tax they should pay. There already exists a graduated scale for taxation, *i.e.* 9% on 1st Rs. 6000, 19% on next Rs. 10,000, 24% on next Rs. 20,000, 33% on next Rs. 50,000, 66% on next Rs. 100,000 and 73% on the balance. Then why should not in this instance too the surcharge be graduated on a similar principle? Further we see from the given scale that the 73% affects only those whose incomes are over 186,000 (after deducting the usual allowances which one is entitled to). Is there any justification therefore why this should not be raised to 95% as in Great Britain not only as a temporary measure to tide over the present financial crisis, but as a permanent feature? The position that the Government has taken becomes even more open to criticism when we study limited liability companies. So far we only saw how the interests of the poorer consumer are sacrificed to shelter the richer. Herein we see that the interests of the foreigner are better looked after than the Ceylonese. Our resident companies are taxed today 30% on their profits while the non-resident companies are taxed 36%. After the surcharge, of course, which is temporary they become 33% and 39.6% respectively. On paper no doubt this difference appears justifiable because foreign companies are taxed on a higher percentage than local ones. However we have entirely forgotten the fact that the individual shareholders of the latter pay taxes on the gross dividends receivable according to the graduated scale we have already referred to. The following example will prove this. Let us assume that there are two private companies, A and B, each of 5 shareholders, the former of which is resident while the latter is non resident. At the end of the financial year they declare a dividend of Rs. 500,000 after adjusting their reserves. The resident Company A has to



pay Rs. 165,000 for income tax on the dividend declared and each shareholder receives a net dividend of Rs 67,000, while the B Company pays Rs. 198,000 as tax, and declares a net dividend of Rs. 60,400 to each shareholder. Though the non-resident company is taxed Rs. 33,000 more than the resident one, the individuals of the latter have to pay taxes on the graduated scale on the gross dividends receivable. The gross dividend of each shareholder in this case is Rs. 100,000 assuming that this allowances are deducted from other sources of revenue he will be subject to the following payment of tax:—

1st	6000	9.9% ( 9% before surcharge)	594
Next	10000	20.9% (19% before surcharge)	2090
„	20000	26.4% (24% before surcharge)	5280
„	50000	47.3% (43% before surcharge)	23650
„	14000	72.6% (66% before surcharge)	10164
Total Tax Payable			41778
Less Deducted at source (By the Company)			33000
His Actual Payment			8778

Thus we see that the resident Company A pays in all Rs. 208,890 which is split between the Company and the five shareholders Rs. 165,000 and Rs. 43890 respectively while the non-resident company B escapes with Rs. 198000 (for its individuals are not taxed here as they are non residents). The percentages are respectively 41.8 and 39.6. This glaring anomaly speaks for the ignorance of our Finance Minister in sound taxation policy and could have been adjusted by raising the percentage of tax payable by these companies at least to 50%. This should have not only saved the consumer to a great extent, but also put the interests of the Ceylonese before those of the foreigner.

Doubling of the betting tax is welcome relief to all sensible people. The Ceylon Turf Club however protests on the ground that illegal bookmakers ("bookies") will be better patronized. The alternative is to license these bucket-shops, breeding thereby another source of revenue.

The gross injustice done to the consumer will be felt when we consider the recent increase in the price of sugar. The poorer classes are more addicted to drinking tea than the richer. Four cups of tea is a reasonable daily average per individual. About 20 cups can be prepared with one pound of sugar. After the increase in the price of sugar, the tea-kiosks have increased the price of a cup of tea up two cents. Thus if the consumer takes three cup of tea at home and one outside he incurs per week 15



cents more for home-prepared tea and 14 cents for tea drunk at kiosks. Thus he is exploited in two ways, the worse being the black-marketeer who makes an additional profit of 25 cts. at the expense of the consumer.

The regime of austerity has started with cutting of subsidized rice by a  $\frac{1}{4}$  measure. This would hit the poor consumer the hardest. If he does not turn for substitutes which is very unlikely he has to purchase unsubsidized rice. Firstly, his purchasing power cannot much afford to buy rice at Re. 1/- or more, as the rich consumer does, for a Rupee to him has much greater utility than to rich.

Secondly the increase in the guaranteed price for grains will curtail what is available for him at unsubsidized rates, for the producers will now prefer to sell them to the Government. Here too black-marketeers will thrive at the expense of the poor consumer. The Prime Minister is agreed that the only way to remedy these evils is to set up a Price Control Department but he is reluctant to do so, because such a department involves the Government in heavy expenditure, but more so, such a department was well-known for its attendant evils during the war days. The poor consumer has thereby become a victim of government inefficiency.

Restriction of imports from non-sterling areas and strict control of non-urgent expenditure are two sound propositions of the Government. Nevertheless the Eight Point Plan of the Prime Minister has thrown the burden more heavily on the consumer, particularly of the lower income-groups. He could have been saved without recourse to reduction in rationed rice and increase in the price of sugar by adopting other measures some of which I have suggested herein.

Those measures though fewer in number would save our country from its financial crisis more effectively.

## Postscript To Devaluation

G. H. WADINAMBIARATCHI

On the 19th September 1949, the £ Sterling was devalued, that is the gold equivalent of the £ was reduced 30.5%. The Board of Commissioners of Currency in Ceylon kept in step with the sterling devaluation and reduced the gold equivalent of the Ceylon Rupee by 30.5% to 2.88 grains of fine gold. In terms of the dollar, whereas previously one Ceylon Rupee fetched 30.2 U.S. cents it now fetched only 21 U.S. cents. Or, in other words, 18 was equivalent to Rs. 4.76 instead of Rs 3.80 as formerly.

It is not necessary for us to discuss the pros and cons of devaluation in England, but it will be sufficient if we remind ourselves that things were in a very bad way and that sterling was forced into devaluation, no doubt with just enough pressure from American quarters, by the process which the Chancellor of the Exchequer described as 'one leading to National Disaster'. What we are concerned with in this essay is to discuss why the Ceylon Rupee was devalued, what consequences that devaluation had on our economy, and whether the devaluation was justified as the powers that be have made out.

The Minister of Finance who introduced the amendment to the Currency Ordinance on the 20th September 1949 told the House that the Board of Commissioners of Currency had already affected the devaluation and asked for endorsement of that action. His one argument for devaluation was that we had to keep in step with the Sterling Area as it would be foolish for us to disturb the parity with the £ as 70% of our exports went to the Sterling Area and 60% of our imports came from there. Apparently he failed to see that only 30% of our exports had to pay for 40% of the imports from the hard currency area and that the income to us from that 30% had to be very high indeed to cover our payments for the 40% of our imports. He also failed to see the effect it would have on the various groups of the population. This is what we are attempting to assess three years after that momentous decision.

At this stage it is useful to refresh our memories with a brief summary of the accepted theories of devaluation.

The traditional theory of devaluation is based on the supply and demand analysis. With the fall in prices relative to foreign currencies there would be a corresponding increase in exports so that the expected return from exports would be higher. Where  $P$  is price,  $Q$  volume of exports and 1 & 2 the periods prior to and post devaluation respectively, then it is expected that  $P_2 \times Q_2$



is greater than  $P_1 \times Q_1$ . This depends on the elasticity of foreign demand for our exports.  $P_2$  exceeds  $P_1$  in local currency, but  $P_2$  is still short of  $P_1$  in foreign currency, and the elasticity of demand will determine how close one could get to the other.

The more realistic approach however is to consider the elasticity of the whole economy. Devaluation will effect incomes and therefore consumption. If the propensity to consume is high and the higher proportion of this consumption happens to be of imported goods, then the move will be useless as the possibility is for the balances to dwindle rather than accumulate. Another issue is, how far would idle resources at home be absorbed? Obviously it will depend on the price rise at home and the capacity of the export market. Again, taking the full economy, what effect would the comparative rise in import prices have on it? This will depend on the elasticity of our demand for imported consumption goods. From a development point of view the tendency in the post devaluation era for wages to lag behind and profits to rise will lead to an unbalancing of the economy as most of the profits will be used for useless luxury purchases.

Now let us turn back to the facts of our economy prior to devaluation. Comparing the years 1948 and 1949, business was stationary, shares low, dividends low, prices low and wages low, in the latter year and especially so in Rubber.

Table I.

	1948	1949
Unit Value of Exports	100	106
Share Prices	100	75
Dividends    Tea	24.1%	22.39%
Rubber	6.5%	—
Prices	100	111
Wages	100	102
Foreign Asstes (Rs. Million)	986.7	940.8

Table II.

Value of Exports

	1948	1949
Rubber (Rs. Million)	116.9	87.7
Tea            do	471.5	519.9
Coconut Products do	120.0	111.6

Table III.

**Imports from America in 1948**

	From America	Total	Amer/Total
Cotton Piece Goods	33,543,000	113,414,000	30%
Tea and Other Chests	6,998,000	11,770,000	60%
Machinery	6,324,000	23,298,000	27%
Preserved Milk and Foods	5,434,000	16,613,000	33%
Drugs and Medical Preparations	1,578,000	5,284,000	30%

As was mentioned earlier it was the contention of the Minister of Finance that it was foolish to disturb the parity with the £ sterling, as it will effect our trade with the Sterling Area. Granted that the Sterling Area is the largest multilateral trading combine, and therefore the supposed danger, it perhaps did not occur to the Minister of Finance that in the conditions prevalent at that time this was not a sufficient reason for us to link ourselves to bankrupt sterling. To devalue with sterling for this reason was entirely unnecessary and superfluous. It could be proved quite conclusively that though the economy received an upward push this was not due to devaluation but due to the war-threatened world markets indulging in hectic buying operations. With the easing of these conditions the economy has lapsed again, and the short upward trend of trade, which some attempt to attribute to devaluation was so shortlived that it reveals the real reasons behind it as the threat of war.

The drop in the foreign assets was arrested but the dollar accumulation was negligible until late in 1950.

Table IV.

**Foreign Assets (millions U.S. \$)**

	1948	1949	1950	1951
Sterling	213	146	194	206
Indian Rupees	84	46	29	15
Other	5	4	3	28
	299	196	226	249

(Exchange: 1948 Rs. 3.315, rest Rs. 4.775 per \$)

The slow dollar move is obviously due to the essential capital goods imported from the U.S. for development purposes. The Gal Oya contract was a dollar contract and only 30% of its raw material was to come from the Sterling Area. Salary and other payments were in terms of dollars. No small wonder then that the benefit of devaluation from the dollar countries was more



than offset by the Gal Oya Prodigal. To meet the same volume of imports from the dollar countries it was necessary to export to them an increase of 43%, which Herculean task we have failed in.

The exports increased with the war boom and then fell off, devaluation apparently having no say.

*Table V.*

**Exports (millions)**

		1948		1949		1950		1951	
		Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.
Rubber to	Str. Ar.	448.2	40.6	39.7	30.3	52.0	83.0	79.4	196.0
	Dl. Ar.	122.1	76.3	99.3	57.4	150.8	235.7	58.7	142.1
Tea	Str. Ar.		355.7		422.8		451.0		539.0
	Dl. Ar.		115.8		96.8		171.3		118.8
Coconuts	Str. Ar.		108.9		105.3		128.2		201.2
	Dl. Ar.		11.1		6.3		20.3		9.4

A close scrutiny of the figures for Rubber will indicate that exports to the Sterling area have enjoyed a larger price benefit. The unit price of exports to the sterling countries is more favourable, so that one is apt to doubt seriously the supposed benefits of devaluation in respect of dollar exports.

The prices rose to dizzy heights.

*Table VI.*

**Price Indices**

	1948	1949	1950	1951
Rubber	100	91	268	351
Tea	100	119	132	129
Coconut Oil	100	128	164	191
Copra	100	106	143	181
Average	100	111	177	214

With the upsurge in prices the share market was given new life as will be seen below.

*Table VII.*

**Share Prices**

		1948	1949	1951
Rubber	Rup. Co.	100	86	171
	Str. Co.	100	53	91
Tea	Rup. Co.	100	98	129
	Str. Co.	100	62	102.

From prices of produce and shares we shift on to the other important factor to the producer that is his return on the investment. Dividends were indeed very handsome, at times making a return equal to the full investment in the space of two years thereby amply compensating for the 'no dividend' years just preceeding.

Table VIII.

	Dividends %			
	1948	1949	1950	1951
Tea Companies	24.1	22.31	32.26	22.72
Tea Cum Rubber Cos.			42.43	34.57
Rubber Companies	5.64		50.25	53.75

Meanwhile the wages, the fare of the forgotten man lagged behind. Working on a basis of 100 in 1948, the comparative figures are 102 in 1949, 119 in 1950, and 145 in 1951. So that while the capitalist made his packet, the small man suffered. He was left to face the food scarce world tied down to an International Wheat Agreement and a Rice Agreement which were both dollar agreements..... a fine piece of work our leaders have done us.

America would have bought our rubber with or without devaluation, and at any price. If America did not there were others as the case proved. The unprecedented upsurge of prices was due to war as was the unprecedented demand for rubber. Devaluation was a forgotten incident as far as our exports went. But no so for our imports, especially for the import of food and clothing which cost more not only from dollar countries but from sterling countries as well. Sterling Area prices rose as did the others and we paid through our noses for these imports.

### Price of Burma Rice

(Per 100 lbs. f.o.b. Rangoon).

	1948	1949	1950	1951
U.S. Dollars	6.85	5.80	4.49	4.99
C. Rs. pre devaluation	22.74	19.26	16.57	16.57
C. Rs. post devaluation		27.66	23.77	23.77



Table IX.

## Exports

	1948 Quantity	Value Rs.	1949 Quantity	Value Rs.	1950 Quantity	Value Rs.	1951 Quantity	Value Rs.
Tea	296,000,000 lb.	590,000,000	297,500,000 lb.	650,000,000	298,000,000 lb.	751,500,000	305,000,000 lb.	800,000,000
Rubber	207,000,000 "	143,000,000	197,000,000 "	124,500,000	265,000,000 "	405,000,000	229,000,000 "	582,000,000
Copra	1,090,000 cwt.	42,000,000	431,500 cwt.	21,500,000	422,000 cwt.	25,500,000	387,000 cwt.	27,000,000
Coconut Oil	1,500,000 "	84,000,000	1,784,000 "	121,000,000	1,500,000 "	127,000,000	2,200,000 "	227,000,000
Desiccated Coconut	236,500 "	25,000,000	312,000 "	25,500,000	898,000 "	95,000,000	796,000 "	66,000,000

## Imports

	Rs.	Rs.	Rs.	Rs.				
Rice	8,188,000 cwt.	236,115,000	7,936,000 cwt.	226,356,000	9,808,000 cwt.	278,000,000	7,915,000 cwt.	236,173,000
Wheat-flour								
and wheat	3,374,000 "	97,225,000	3,148,000 "	82,655,000	3,314,000 "	79,300,000	4,285,000 "	115,489,000
Sugar	1,920,000 "	43,551,000	2,332,000 "	47,580,000	2,173,000 "	57,436,000	2,800,000 "	99,981,000
Cotton and Art								
Silk piece-goods	77,000,000 yd.	119,425,000	100,941,000 yd.	128,750,000	109,846,000 yd.	146,486,000	110,215,000 yd.	189,491,000
Curry-stuffs,								
onions, dried-								
fish, Maldiv								
fish, spices,								
chillies, potatoes	2,105,000 cwt.	66,965,000	2,233,000 cwt.	88,613,000	2,405,000 cwt.	96,016,000	2,523,000 cwt.	116,799,000
Total		563,281,000		573,954,000		657,238,000		757,933,000

The war boom has ended and the legitimate effects of devaluation are now being felt.....lower returns on exports and costlier imports. Table IX. gives a summary of our main imports and exports and the figures speak for themselves. A larger volume of exports bring in a proportionately smaller income, whereas on a smaller volume of imports we spend a proportionately larger sum from our income. The facts in the following table (table X.) will also put the conditions in better perspective.

Table X.

## Imports from America

	1948		1949		1950		1951	
	A	B	A	B	A	B	A	B
Cotton								
Piece Goods	33,543	30	—	—	564	$\frac{1}{2}$	18,021	14
Tea and								
Other Chests	6,998	60	880	10	—	—	—	—
Machinery	6,324	27	22,563*	72	6,183†	85	4,892†	67
Preserved Milk								
& Milk Foods	5,434	33	1,397	18	4,121	22	6,152	20
Drugs & Medical								
Preperations	1,578	30	501	18	2,939	34	3,361	26

The above table shows what our essential imports from the U.S. cost us, thereby driving up our cost of living from 100 in 1948, to 99 in 1949, 105 in 1950 and 109 in 1951. Besides these the figures for item 'Machinery' is revealing. We paid through our noses for the capital goods we required for development purposes.

The Minister of Finance considered only the elasticity of demand of the foreigners for our products and this too he has miscalculated as the facts reveal. Of course, he entirely failed to consider the elasticity of our demand for our imports. And the result—producers richer, the small man ignored, war prices tottering, cost of living rising, development schemes strangled and the devaluation gamble—what else could one say when the dice was cast against well known odds—a miserable failure, bringing in its wake more terrible consequences on the country.

A. Value '000.

B. Imports from America as a % of Imports from all sources.

\* Agricultural Machinery— Civil and Defence.

† Agricultural Machinery.



## The World Bank Mission's Report

### I.

G. V. S. DE SILVA

By way of introduction a very revealing news item appearing in the *Ceylon Daily News* of 19th September 1952, may be appropriately quoted.

"Britain has offered to assist the Egyptian land reform programme as, it is understood, British experts have acquired experience of land reform in somewhat similar conditions through assisting the land reform programme in Ceylon."

The present food crisis in Ceylon is undoubtedly the best testimony to the 'expert' land reform work done by these individuals, and later taken over by their understudies, the Ceylonese 'experts.' These same people, well covered by that magic word 'expert,' which protects them from too searching a scrutiny of their qualifications and capabilities, are now to be foisted upon the Egyptians, if they would be foolish enough to accept them.

The same news item continues: "The British Ambassador to Egypt, Sir Ralph Stevenson, is understood to have expressed general sympathy with the land reform programme."

Has British Imperialism which, through the permanent Zemindari settlement, was responsible for the creation of a new landlord class in India, become so enlightened in its period of senile decay as to express general sympathy with the Egyptian land reform programme? Lord William Bentinck, Governor-General of India from 1825 to 1835, in an official speech during his term of office described with exemplary frankness and clarity the purpose of the Permanent Settlement carried out by Lord Cornwallis in 1793.

"If security was wanting against extensive popular tumult or revolution, I should say that the Permanent Settlement, though a failure in many other respects and in most important essentials, has this great advantage at least, of having created a vast body of rich landed proprietors deeply interested in the continuance of the British Dominion and having complete command over the mass of the people." (Lord William Bentinck, speech on November 8, 1829, reprinted in A. B. Keith, *Speeches and Documents of Indian Policy, 1750-1921*, Vol. I, p. 215).

Could Sir Ralph Stevenson have forgotten in a moment of rash indiscretion this basic policy of British Imperialism chalked out by his gubernatorial ancestors, Cornwallis and Bentinck, a

century and half ago? Or is it that both American and British Imperialism today realise the inevitability of radical, social and economic changes in South East Asia, the Middle East and other colonial countries and attempt through the gratuitous advice of their so-called experts to check and moderate the tempo of such change?

This is undoubtedly the role played by all the 'expert' missions, whether they come directly from the Imperialist countries or indirectly from such Imperialist agencies as the World Bank, Export Import Bank, I.M.F., E.C.A.F.E., I.L.O., E.C.O.S.O.C. etc.

The World Bank sent such an 'expert' mission to Ceylon. It consisted of twelve 'experts' on the various problems of economic development and two secretaries, who too, no doubt, were 'experts' in their own line. They arrived in Ceylon on October 6th 1951 and stayed a little over two months in the country, during which period they were entertained lavishly to a number of cocktail parties, drank in the scenic beauty of Ceylon and stood humbled before the ancient ruins. Then they proceeded to put together a number of administration reports by the heads of government departments, with a few criticisms thrown in, into a five-hundred page report (in two parts) on "the economic development of Ceylon," with the pious hope "that the recommendations of the Report will help the Government of Ceylon in its great task of ensuring the further development of the country's economy and of improving the standard of living of its growing population." They might have also added, "and everyone would live happily ever after."

## II.

### Plantation Agriculture

"It would appear that the land hunger of the small cultivator has been somewhat aggravated by the absorption of agricultural lands into the large estates; but this is perhaps more fancied than real. By far the greater part of the tea land is at elevations beyond the reach of typical peasant crops. Much of the rubber land is otherwise unsuited to rice. Hence no more than a part of the estate development can have been a real obstacle to extension of peasant farming." (Part I, p. 9).

Having got that off their chest and feeling quite relieved that they have done their duty by the British planters in exonerating them from the charge of having unscrupulously grabbed the land of the peasants, the Mission proceeds to tell us that out of Ceylon's total developed agricultural area of about 3.5 million acres, tea accounts for more than 560,000, rubber about 660,000 and coconuts around 1,000,000 acres.



But like all good things this too must come to an end and it seems that Ceylon has had about enough of tea, rubber and coconut. The mission, therefore does not recommend the extension of the existing acreage under these crops but only, the replanting of some of the existing acreage, increasing the yield and efficiency and the maintenance of research activities. In the case of tea, there appears to be a slight excess of supply over demand in the world markets. The Tea Propaganda Board must therefore intensify its activities in talking Ceylonese into drinking more tea. But all is not lost and the Mission consoles us with the 'comforting' thought that: "Export agriculture must certainly continue as the mainstay of Ceylon's economy." (Part I, p. 2).

### Peasant Agriculture

The remaining 1.3 million acres is said to be under peasant crops. Most of these are foodstuffs for domestic consumption, but a few like cocoa, cinnamon, citronella and tobacco are cash crops. The Mission obviously has not stopped to think whether the landless and impoverished rural population of Ceylon could be called 'peasants,' or whether 'pauperised petty bourgeoisie' may be the more appropriate characterisation. In any case, the latter term would have been outside their vocabulary.

The Mission's recommendations for this sector of agriculture is that existing crops should be further developed and possible new crops investigated. What words of wisdom! But at the same time they discourage the one useful attempt being made by the Government in this direction.

"In some quarters much reliance is placed upon cotton production in the development of the Dry Zone.....The yields recorded under favourable conditions certainly give ground for hope of successful development. Nonetheless too much hope should not be built on these highly favourable but sporadic yields and expansion should proceed with some caution. A proposal to get 2,500 acres of chena cultivation under cotton in the current season may, for instance, be over-optimistic. Selection, agronomic and field husbandary trials (work on which has already begun at several Agricultural Department stations) should be accomplished over, say five years in chena, on various colonization schemes and at Gal Oya, so as to gain more information, over a wide range of conditions, about the details of the economic production of this valuable but uncertain crop." (Part II, p. 94).

Five years, may be, would give Lancashire sufficient time to adjust itself to the loss of the Ceylonese market for her textiles.

As regards paddy cultivation, there have been varied estimates of paddy acreage, yield and output. The Mission's own estimate is that the tiny paddy fields add up to a total of over 600,000 acres which, after allowance for double cropping, provide a total effective rice area of about 900,000 acres a year. This paddy acreage yields on an average 14 bushels per acre, giving a total annual output of 200,000 tons. The Director of Census and Statistics, in his estimation of the National Income of Ceylon for 1951, is more optimistic. He estimates the paddy acreage cultivated during 1951 at 1,056,540 acres. Which yielded 23 bushels per acre, adding up to a total output of 292,695 tons for the year.

Neither of these estimates has any claim to accuracy. They are based on inadequate and dubious village headmen's statistics on equally inadequate and doubtful sample crop cutting experiments. It is a sad commentary on the work of our 'planners' that we have reached the last year of the Government's so-called Six-Year Plan and yet we still do not accurately know the acreage, yield and output of our staple food commodity. But what we do know is that Ceylon imported 395,731 tons of rice in 1951. This draws forth from the mission the truism that:

"A greatly increased output from existing acreage is both urgently necessary and possible if improved methods are adopted." (Part I, p. 16).

But the snag is that the 'illiterate, ignorant and conservative' Ceylonese peasantry do not know what is good for them.

"Much of the blame must be placed on poor cultivation practices, failure to transplant, inadequate or improper fertilization and a prodigal use of water which is often wasteful and sometimes harmful. The Mission believes that proper practices in all their matters could double the reported yield of 14 bushels per acre from present rice lands." (Part I, p. 16)

But there is a ray of hope. The Ceylonese peasant has not become so degenerate that he is beyond all redemption. It is true, as the Mission itself concedes, that:

"The pressure of population on the land—becoming steadily more acute in the Wet Zone in the absence of substantial agricultural opportunities elsewhere in the island—is reflected in the fractional scale of Ceylon's peasant farming. The land has been minutely sub-divided among successive generations of peasant families, until today typical holdings are far below an economically satisfactory size. The consequences are chronic under employment and poverty, heavy indebtedness, absentee ownership and insecurity of tenure and the presence of a large element of landless agricultural labourers among the peasant population." (Part I, p. 9).



But what matters all that, he could still be beaten into shape through education and pursuation.

"The necessary changes in traditional methods will not, however, be brought about quickly or easily among the normally conservative peasantry. There is a tremendous task of education and pursuation here for the agricultural extension officers, the co-operative and rural development societies, the village schools and all other agencies able to influence the small rice grower." (Part I, p. 17).

Even this is not sufficient. Foreign experts too have to be mobilised in this grand crusade of educating the Ceylonese peasant.

"Although the education of the cultivators themselves in improved methods is primarily a task for the local leaders of the rural population, external technical aid could play a key part in the whole process, by providing staffs for the training of the expanded force of field workers." (Part I, p. 17).

The education of the peasant would presumably proceed on the lines that his interests are identical with those of the absentee landowner and the ever-present money lender. Therefore, what does it matter, if out of his increased output the landowner appropriates a big share and the money-lender an equally large slice! The peasant must be taught the A.B.C. of patriotism and Internationalism; that the landlord, money-lender and himself are members of one happy family, which is a part of the wider and happier family of "the free nations of the world"!

Carlyle very picturesquely described the situation of the French peasantry on the eve of the Great Revolution in a famous passage.

"The widow is gathering nettles for her children's dinner: a perfumed seigneur, delicately lounging in the *Oeil de Boeuf*, has an alchemy whereby he will extract from her the third nettle and name it Rent and Law."

In France, this situation exploded in the French Revolution. In Ceylon, it will increase average rice yields by 10 per cent.

"We believe the minimum target to be achieved by these and other measures by 1959 is a 10 per cent increase in average rice yields." (Part I, p. 17).

### Irrigation

"Of Ceylon's total area of about 16.25 million acres, 6.75 are considered suitable for agriculture in some form. Tea, rubber

and coconuts occupy 2.25 million acres of this; rice and miscellaneous crops now use another 1.25 million. About 3.25 million acres await development." (Part I, p. 15).

But lest we get too enthusiastic the Mission cautions us:—

"The area of potential development is nearly as great as the total acreage now under cultivation. But it must not be inferred that bringing it all under crops will by any means double the current agricultural output. Most of the unused lands are in the Dry Zone. Their soils are poorer than in the Wet Zone. They need irrigation to develop their full output; and the Mission's preliminary calculations suggest that not more than 600,000 additional acres can be irrigated. Therefore a large part must be developed through dry farming, with much lower yields per acre. As for any unused portions of the Wet Zone, these naturally tend to be marginal lands in point of fertility or accessibility. Very broadly, the combined crop potential of all unused agricultural land may be put at roughly half that of the island's lands now producing for domestic consumption. Such an addition to the country's output would be a major achievement.....It will take at least another generation to do the job fully." (Part I, pp. 17 and 18).

This is an amazing statement. How could any serious minded body of people, who had even the slightest inkling of the rapid tempo at which scientific technique is developing today, cast themselves in the role of prophets to lay down the limits to the development of Ceylon agriculture for the period of a whole generation? Or is it their tacit assumption that for the next 30 years, Ceylon is to remain within the Imperialist fold and thus be denied the benefits of those developing techniques?

The absurdity of the Mission's dogmatic assertions could be made even more obvious by a brief reference to the multi purpose projects now under construction in the Soviet Union.

"The scheme is concerned with the Amu Darya river, which rises in the Pamir Plateau on the borders of Kashmir and flows through to Kara Kum desert region into the Sea of Aral, a distance of a thousand miles..... what is now a desert once cradled an ancient civilisation.....The scheme consists in building within 5 years a 700 miles long canal (the longest in the world) from the Sea of Aral to Krasnovodsk, the big port on the Caspian Sea. The Amu Darya river, which now flows uselessly into the Sea of Aral, will be completely diverted into this canal by means of a dam at the river mouth.....By means of 800 miles of irrigation canals and 600 miles of pipe lines, this scheme will irrigate a now desert area of 31,000 square miles (greater than the entire area



of Ceylon) and make it fit for cultivation. The diversion of the rivers will lower the water level on the Sea of Aral by about 20 feet. The fertile Amu Darya Delta, now covered by sea, will be reclaimed and 750,000 acres of the delta will be irrigated for rice and cotton cultivation....

"Similar gigantic multi-purpose schemes are now being constructed along the Volga, the Don and the Dneiper. They will irrigate the vast Ukranian and Crimean Steppes and the deserts of the Caspian area. In the Volga region alone, 30 million acres will be irrigated in 5 years.

"Under these multi-purpose schemes now under construction in the Soviet Union four times more land will, in 5 years, be irrigated than the U.S.A. has managed to irrigate within the last 100 years....

"The new irrigation works of the Soviet Union aim at turning deserts into fertile fields. In the U.S.A., despite the advice of experts so freely imported and believed by the U.N.P. Government, an average of 8,000 acres per day are going out of cultivation due to soil erosion....

"Irrigation construction has been revolutionised by applying the new principle of hydro-mechanisation of earth-moving works in the digging of canals. Suction dredges are used and the earth removed in the form of liquid mud through hose-pipes to a distance of about one and a half miles. The suction dredgers now operating on the Volga scheme alone do the work of 50,000 workers." (Dr. S. A. Wickremasinghe—"The Gal Oya Project and the Crisis of Agriculture"—*The Ceylon Economist*, Vol. I, No. 4).

This incidentally raises the further question of where Ceylon is to look for experts, technicians and machinery.

Quite oblivious to all this the Mission proceeds to limit the provision of irrigation facilities for the period 1953-59 to about 125,000 acres of new land, out of the 600,000 acres, which we saw was their estimate of the total irrigable new land in Ceylon. This is expected to cost Rs. 187 million.

Of the 125,000 acres of new land to be provided with irrigation facilities, more than 50% (66,000 acres) would be so provided as a result of the completion of the Gal Oya scheme during this period. The proposed Walawe Ganga scheme, however, comes under heavy fire and the Mission suggests that it should be shelved.

"The Walawe Ganga project, however, is far more dubious. Although it will not impair utilization of water in other valleys, grave doubts arise about its intrinsic economic merits. A figure

supplied by the Government puts the cost of headworks, power system and irrigation facilities at approximately Rs. 117 million. Since this estimate is unsupported by details, it is not clear how it was obtained. The Mission's own estimate, based on experience at Gal Oya and elsewhere, comes closer to Rs. 200 million. Until convincing estimates of costs are available, the Mission has serious reservations as to the economic merits of the project." (Part II, p. 202).

Finally, the Mission politely warns the Government that circusses alone are not sufficient. When the people cry out for rice they cannot long be fooled by spectacular irrigation schemes which produce only profits for the contractors both local and foreign. The Mission, no doubt, is not averse to these enormous profits being made by their countrymen, but they are prudent enough to see that unless the masses are placated with a few sops, the very fountain-head of these profits, the U.N.P. Government, would be demolished by an angry people. The Mission, therefore, grown wise on their bitter experience of Chiang-Kai-Shek's fate in China advises the Government to really grow a little paddy by "concentrating on numerous small schemes rather than big, impressive ones." (Part I, p. 19).

### **Soil Erosion, Flood Protection, Forestry and Livestock**

There is a wealth of accumulated evidence of British experts about the underlying cause of soil erosion and the silting of the rivers and tanks in Ceylon. Dr. Wickremasinghe collects some of it together in his article referred to above.

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

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

In 1895, Lewis, Assistant Conservator of Forests, in advocating the opening of a railway line to the Kelani Valley, gave his reasons as follows:—

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



In 1916, another expert, Howard, reported:—

"In the hill tracts in the Centre of Ceylon, which is now covered with tea gardens, the original forest canopy was removed...The loss of soil has been enormous and is still going on... The agricultural capital of the Island has been allowed to run to waste and can never be replaced by any system of manuring."

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

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

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

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

Despite these repeated warnings, it was not till 1930 that a Committee was set up to consider the problem of soil erosion. It is only very recently, however, that special legislation, the Soil Conservation Act, No. 25 of 1951, has empowered the Government to do something practical about it. What it proposes to do is quite obvious from its policy as regards soil erosion and silting in the Gal Oya scheme. Here, the first step should have been the reforestation of a large section of the tea estates in the upper reaches of the river and of the patnas as well. But the Government while refusing to do this, seeks to prevent soil erosion by stringent measures against the far less harmful system of chena cultivation. The consequences of this refusal to disturb the property rights of imperialist planters have been enormous. In order to bring 30,000 acres under paddy cultivation, an area of 20,000 acres is to be inundated. Over 4,000 people are to be evicted from this area by the autocratic decree of the Gal Oya Development Board to whom they are only primitive *Veddahs*. Thousands of the village population of Medagama Wasama, Nikeweti Korala, Nilgala Wasama and Dambugalla Korala have been prohibited from engaging in chena cultivation, their main source of livelihood. As far as these areas are concerned, the scheme for opening 30,000 new acres for cultivation in the lower reaches of the river has meant the effective stopping of all food production over an area of almost 250,000 acres.

In such a context there could be no doubt at all as to what the verdict of the Mission would be. They naturally endorse the policy of the Government of protecting the interests of the

European planters at the expense of that of the Ceylonese villager. The evidence, part of which was quoted above, regarding the basic cause of soil erosion, is so conclusive that even the Mission is constrained to admit that:—

“The early coffee planters, as well as tea and rubber planters both past and present must be held responsible, together with Ceylonese peasantry who for many years have cultivated country of this kind.” (Part II, p. 149).

This dual responsibility does not satisfy the Mission. They must focus attention on a single culprit and naturally that culprit has to be the peasant. So, in discussing the problem of erosion in the Gal Oya catchment area, the Mission triumphantly points out:—

“The major causes of disturbance appear to be the chena burnings and the severe fires that rush through the grassy portions of the vegetation, exposing the soil to erosion by storms.” (Part II, p. 179).

As regards flood control, the Mission gives it up as a bad job.

“Owing to the physical features of the land, Ceylon is visited by frequent floods which are difficult and expensive, if not downright impossible to control.” (Part II, p. 209).

The reason for this is:—

“In both areas reservoir construction would swallow up very valuable land now under tea, rubber or other crops.” (Part II, p. 209).

So, once again, Imperialist vested interests have to be protected at all cost and the Mission suggests:—

“The best course would seem to be the unheroic one of accepting the fact that floods will occur, abandoning any idea of preventing them by reservoir construction (which would sacrifice an annual value in agricultural production far greater than the average annual loss by flooding) and concentrating on mitigating the effects of floods in populated areas.” (Part II, p. 210).

This callous disregard for the devastation caused by floods, in human terms, which is only too well-known to the thousands of flood victims every year, is voiced by a group of people who at the slightest provocation would stand up and make a speech about the dignity of the individual personality and the spiritual needs of the Ceylonese people.



"The individual in Ceylon has, however, other objects besides material advancement. Though he may think somewhat enviously of the higher material standards of the West, he does not want to attain these standards by sacrificing other values inherent in his own social traditions, customs and culture. We shall have many occasions to point out where material and cultural objectives clash. It does not follow that cherished cultural traditions and long standing social habits must always give way. On the contrary, it is essential that the way of life to be built up in Ceylon shall not be merely a better one materially, but one spiritually satisfying to the Ceylonese people." (Part I, p. 12).

Those are noble sentiments even though they reveal a gross ignorance of the unity of material standards and cultural values. But the Mission speaks with its tongue in its cheek; for when it comes to concrete action, the preservation of Imperialist plantations takes precedence over the protection of human beings from the ravages caused by floods.

After all this, there is not much point in examining in detail the Mission's comments on Forestry. They make a number of recommendations urging the need for forest surveys, forestry education and research, but, as one would expect by now, there is not one word about the urgent necessity of reforesting some of the tea and rubber plantations.

As regards livestock, the Mission in all seriousness preface their comments with the following thesis:—

"Development of animal husbandry on the island has been retarded, partly through religious considerations." (Part I, p. 18).

Would the Mission have, equally seriously, propounded the theory, that the opposition of the Catholic Church to usury has had any appreciably retarding effect on the industrial development of the European countries?

Later in their report, however, the Mission gives us an inkling of the real cause why the development of animal husbandry on the island has been retarded. They say that among the more important types of natural grazing and browsing are:—

"The hill and montane pastures of high rainfall, high humidity and lower temperature, where European cattle generally are more at home than at lower elevations." (Part II, p. 125).

In another section of their report, where they discuss the natural regions of Ceylon, they describe the hill or montane country as follows:—

"Portions of this region carry the well-known and valuable tea estates; others carry rubber, underplanted with cacao at the lower levels." (Part II, p. 63).



It is not very difficult now to put two and two together and the result is the same story. Whatever aspect of Ceylon's agriculture we examine, whether it be soil erosion, the silting of rivers and reservoirs, the flooding of rivers, the poverty of our peasantry or the absence of animal husbandry, we cannot but reach the inescapable conclusion that the basic, underlying cause of the crisis of our agriculture was the wholesale and indiscriminate destruction of our forests and the depopulation of our villages, in order to make room for the equally indiscriminate and unscientific opening up of tea and rubber plantations by the British.

The Crown Lands (Encroachments) Ordinance, No. 12 of 1840 and the Wastelands Ordinance, No. 1 of 1897, were the two infamous legal instruments with which the "land-hunger" of the British planters was satisfied. The former stated that "all forests, waste, unoccupied or uncultivated land, was presumed to be the property of the Crown until the contrary is proved." The latter legislated that "whenever it so appeared to the Government Agent of the District that any land or lands situated within his Province or District is or are forest, chena, waste or unoccupied, he was empowered by issue of a notice to compel any claimant to appear before him and prove his title in default of which the land would be declared the property of the Crown."

The consequences of this iniquitous legislation were:—

"It is needless to say that there were no titles and therefore no proof. The Government sold over half a million acres in the Wet Zone to Civil Servants at prices ranging from one shilling to five shillings an acre. Even the Governor at the time could not resist the temptation. A register of land sales kept at Kandy Kachcheri says that, 1120 acres were sold at 1 shilling an acre to Governor Sir Edward Barnes. Mr. A. M. Saunders says, that in the land he bought there was a prosperous village and that he was given a police force to eject the people." (J. B. Kelegama—*The Kandyan Peasantry Problem*—an article appearing in this Journal).

Any plan for Ceylon agriculture must obviously start by attempting to undo the untold damage done by a century of naked and unashamed land grabbing by the British planters. But naturally, an American and British inspired Mission could not find any place in their Report for a proposal which would disturb Imperialists property rights in this country.

### Colonisation

During the period 1953-59, the Mission estimates that about 250,000 people would be resettled, if the irrigation works proposed by them are carried out. This would include the



non-agricultural population of the new villages and towns which will be created. About two-thirds of this number will be in Gal Oya. The estimated cost of these colonisation schemes is Rs. 200 million.

The Mission further mildly suggests to the Government that the sole, or even main, purpose of opening up the Dry Zone, should not be to find an outlet for the surplus agricultural population in the Wet Zone. A major consideration ought to be the increase in food production and the small holdings of the colonist is not the ideal economic farming unit for this purpose. What the Mission has in mind, however, are not State farms, but large private estates.

"Secondly, we believe it would help to speed economic development if part of the new land were leased in larger blocks to financially responsible individuals or to corporations, instead of being wholly reserved for allotment to small holders in uniform plots." (Part I, p. 21).

### Industry

The Mission, like many another 'experts' before them, pays lip service to the need for industrial development. But this is too vital a question of Imperialist policy to toy around with; the Ceylonese might get ideas and take a really big bite off this forbidden fruit. Then what would happen to that large surplus of manufactured goods, in America, Britain and the Western European countries, which cannot be sold at home and have to be dumped in the Ceylonese and other colonial markets in order to keep the wheels of capitalist industry turning? No, that would never do. So, the Mission writes accordingly:—

"Diversified industrial growth, while not as urgent as increased agricultural production, is essential to Ceylon's ultimate development. It is true that for some time to come both the additional population and the major investment of capital can most profitably be applied to the development of new lands and the improvement of cultivation; but before many years, as the empty lands fill up, Ceylon will need to seek other means of using new additions to population and available capital and especially uses in the manufacturing field." (Part I, p. 25).

One can almost see the Mission patting each other on the back at having found such a satisfactory formula. "In principle we accept the need for industrialisation. But after all, is not yours primarily an agricultural country. Why don't you first develop those new lands of yours? Then, it will be time for you to think of higher things such as industrialisation. Incidentally, that would give us sufficient time to exploit you still more and



squeeze out the last cent of profits from you, so that you may then not even possess the resources which you have now for industrialisation."

To let in some fresh air, let us now quote from another source, a more objective one and no less expert for that.

"The industrial revolution in the European countries and in North America paved the way for the international division of labour. The basis of agrarian and raw material production for sustenance and employment narrowed down in the industrial countries. This scheme for international specialisation which has been set up is now being threatened by the industrialisation of the 'backward areas.' For this reason is this new industrialisation an artificial product of intervention against the current of natural tendencies? ...

"Industrialism in the world economy had given rise to a process of growth which accomplished only its first phase in producing that division of labour between industrial and agrarian countries .. This primitive division of labour can be regarded as rational only in a unique transitional situation and only from the point of view of the old industrial countries....

"Moreover, it is often the case that the economic structure which would best accord with a country's own economic development is not necessarily the best one from the point of view of cost advantages in the world market... Take the example of Australia: specialisation in the production of wool in the areas beyond the mountains may still be the greatest source of wealth for the country as a whole but this is of little profit to the masses of men crowded in the cities along the shore-line, since it gives them no more employment and no larger share in the total wealth ...

"In classifying countries as areas of industrial or agrarian production it is necessary to beware of the 'fallacy of misplaced concreteness.' Strictly speaking, it is not the countries themselves that can be so classified, but certain geographical sections or even only certain groups of producers. It is precisely when young countries develop their own tendencies that loose generalisation, which considers only the economic sector that is most important for exports, may distort the picture of possible specialisation." (*Industrialization of young countries and the change in the International Division of Labour*—by Ernest Peltzer—in *Social Research*, September 1940).

The Mission is, however, not quite certain whether this type of nonsensical talk of theirs would satisfy the more educated sections of the Ceylonese public, who have realized that rapid



industrialisation must be an integral part of any economic plan for the country. So they switch over to another line of attack, presumably on the theory that the bigger the lie, the greater the chance of it being believed.

"The popular belief that Ceylon is virtually without industry probably stems from familiar association of its existing major industries with agricultural production. As everywhere, it is the novel that attracts attention. Thus the prospect of a comparatively small new sugar mill or a factory to make paper from illuk grass—either one equally dependent upon an agricultural crop—is heralded as a notable industrial advance. Meanwhile there is a tendency to overlook even such large producers as the island's 950 tea factories, to say nothing of a multitude of rubber mills and the large and small factories producing coconut oil and other products. When we consider these, the hundreds of thousands of workers they employ and the 155,000,000 k.w.h. of power they consume, it is probable that Ceylon is proportionately far more industrialised than many another 'under-developed' country today." (Part II, p. 251).

In fact, it is the other way about; Ceylon is over-industrialised and the Mission suggests in another part of their Report that we should close down some of the 950 tea factories.

"For the processing of about 300 million lbs. of 'made tea' there are not less than 950 factories operating in Ceylon....The ratio to output is high by comparison with some other areas. In Indonesia, before the war, for example, about 300 factories processed an aggregate of 160 million lbs. of tea. Thus, concentration toward optimum size units may become a competitive necessity." (Part II, p. 68).

So that is it. Without our knowledge the Industrial Revolution has taken place in Ceylon and it needed the expert eyes of the Mission to spot it. The Mission, quite correctly, takes the power consumed as one of the criteria of the level of industrial development of a country. Let us compare the amount consumed in Ceylon with the consumption in some other countries. Unfortunately, the United Nations' Monthly Bulletin of Statistics, from which the following figures are extracted, does not give separate statistics of the power consumed for industrial and domestic purpose. It gives only the total consumption, both industrial and domestic, for each country. The comparable figure for Ceylon, therefore, is not 156,000,000 k.w.h. but 256,000,000 k.w.h. which includes a 100,000,000 k.w.h. of domestic consumption.

We shall not take upon ourselves the responsibility—which the Mission conveniently avoids—of defining what an ‘under-developed’ country is. If we did we may be inclined to adopt some measure which would relate the output of a country to its potential productive capacity and then it would emerge that the U.S.A. is the most ‘under-developed’ country in the world today. In the table below, we, therefore, confine ourselves to comparing the consumption of power in Ceylon, with the consumption, not in ‘under-developed’ countries, but in countries whose population is about equal to or less than that of Ceylon.

Table I.

Country	Population (millions)	K.W.H. (millions)	K.W.H. (per capita)	Index of per capital consumption, with Ceylon as base
Ceylon	7.7	256	33	100
Algeria	8.8	665	76	228
Trinidad	0.6	55	92	276
Panama	0.8	88	110	330
Portugal	8.7	1,035	119	357
Malaya	6.4	790	123	369
Venezuela	5.0	618	124	372
Cuba	5.3	822	155	465
Chile	6.0	1,681	280	840
Puerto Rico	2.2	653	297	891
Ireland	3.0	1,009	336	1008
Netherlands	10.3	5,798	563	1689
Austria	6.9	5,654	820	2460
Union of S. Africa	12.6	11,664	926	2778
Belgium	8.6	9,499	1,105	3315
Finland	4.0	4,423	1,106	3318
Australia	8.2	10,858	1,324	3972
New Zealand	1.9	2,892	1,522	4566
Luxembourg	0.3	810	2,700	8100
Sweden	7.1	19,543	2,753	8259
Canada	14.0	57,398	4,100	12,300
Denmark	4.3	21,375	4,971	14,913
Norway	3.3	17,317	5,248	15,744

On this basis of comparison, Ceylon is not even half as industrially developed as Algeria or Trinidad, not 1/3rd as developed as Panama, Portugal, Malaya or Venezuela, not 1/4th as developed as Cuba, 1/8th as Chile or Puerto Rico and right at the top of the scale, not even as 1/157th as industrially developed as



Norway whose population is less than half that of Ceylon. And yet, the Mission has the brass to say that "Ceylon is proportionately far more industrialised than many another 'under-developed' country today."

The Mission devotes a very interesting section of their Report to a discussion of "Some Present and Potential Industries." Among the existing industries the Mission gives pride of place to a machine manufacturing industry. Ceylon seems to be so highly industrialised that she even produces capital machinery. Nay, more, she exports capital machinery. At least, so the Mission makes us understand.

"Closely related to the industrial processing of the three main income producers of the island is a substantial and long established machinery manufacturing business, supplying much of the equipment for the local tea and rubber industries and lately beginning to export as well." (Part II, p. 251).

This sounds very impressive, but let us read on:—

"At least five major private engineering firms operate excellent shops on the island. Among other things, these manufacture annually about Rs. 6 million worth of capital machinery for the tea and rubber industries. Ceylon is said to produce 30% of the world's supply of certain types of the machinery and 50% of that used locally. Some machinery is exported to India, Africa and Australia." (Part II, p. 287).

Whether it was a vivid imagination or a puerile attempt at deception that was responsible for the Mission's characterising the manufacture of only Rs. 6 million worth of primitive instruments of productions as a capital goods industry, one does not know. How primitive and how obsolete this type of instruments must be is apparent from the fact, that Ceylon's output constitutes 30% of the world's supply. In other words, it is so out of date, that total world production of it is valued only at a paltry Rs. 20 million.

There are only two other important industries in the Island today, according to the Mission. One is the plywood factory supplying about 10% of the island's tea chests. The other is the cement factory providing about one-third of the local requirements of that material.

The Mission makes some caustic remarks about the organisation and operation of these and the other Government Factories. We shall only quote their remarks on the Government Glass Factory.



"Existence of the Government Glass Factory in its present form and location is difficult to explain....Its financial losses have been great, averaging annually more than twice the invested capital. Plant layout is fundamentally bad from the first. Blowers walk as far as 40 feet from the pot to the mould for each article blown. Annealing is done by wood fires, unevenly and by guess-work. Finished ware is carried in boxes, over a tortuous circuit of several hundred feet, to a separate building for sorting; rejects are carried all the way back—and the rejects amount to 60 to 70 per cent of the total blown. Cut-off and fire polishing are done in still another building. To do these things the plant employs 315 men—several times as many as should be needed for a hand blown production of this size. Plant capacity has been rated at 850 tons per year, now reduced to 400 tons since one furnace has been torn down; but with shut downs and various organisational troubles the 1950-51 output was only 98 tons. The highest ever reached was 216 tons in 1946-47 and the eight year average is only 126 tons." (Part II, p. 284).

With regard to potential industries, the Mission allocates only Rs. 75 million for the six-year period 1953-59. This is less than 5% of the proposed total investment of Rs. 1,600 million for this period. But even this does not assure them that they have effectively sabotaged the industrial development of Ceylon for the next six years. So, they proceed to pick out a few vital industries, which if started in earnest would have provided, however inadequately, some sort of an industrial base for the economy of the country and soundly condemn them as uneconomic. First, in their line of fire is the Iron and Steel industry, which obviously must provide the base for any industrial development of Ceylon.

"Thus, for instance, there is no advantage to Ceylon in depleting her own future iron ore reserves merely because she has them; they will keep very well underground until later. To meet her present small requirements of steel, the Island can ill afford the extra drain on her capital, power and other resources which a local steel mill would cause at this time." (Part II, p. 266).

Contrast this, for instance, with the Hungarian Three Year Plan, (1947-50), in which a serious attempt was made to industrialise the economy. The Introduction to the Plan states:—

"In the field of industry, the target is to enlarge our power resources (coal and electric current) as well as to achieve the extension of the iron, metal and machine industries, a highly developed machine industry being essential not only to further industrial advancement, but also to rationalise agricultural production. Concerning other branches of rational economy, the



Plan envisages principally the development of the chemical, textile, building material, wood, leather, paper and printing industries as well as that of the artisan industries."

The Mission next turn their fire on the chemical, fertiliser and textile industries as being equally uneconomic.

"Several proposals have been made for the manufacture of sulphuric acid. The soundness of any of them is debatable. The island has known no commercial deposits of sulphur, pyrites or other standard sulphur sources; nor are these things easy to obtain. One current scheme is to make the acid from gypsum; it has even been proposed that this be obtained from the local salterns. It should be pointed out that the amount available from salterns is only trivial, that the supply would probably have to be imported from India or Egypt and that to make sulphuric acid from gypsum under any circumstances is a costly and uneconomic process to be resorted to only in emergencies." (Part II, p. 274).

"Fertilizer consumption, even if it doubles or trebles within the next few years, will remain comparatively small. Ordinarily the supplies are ample. If there are occasional difficulties in obtaining it from abroad, it is only because of shortages of the very raw materials which Ceylon would have to import for her own factory. Thus there seems to be little justification for Ceylon to make such a large factory investment for fertilizer within the next 10 or 15 years. It is recommended that the project be postponed and the funds diverted to more urgent needs." (Part II, p. 282).

"Textile specialists hold the view that increased Ceylonese textile manufacturing can be sound economically if the island can grow more of its own cotton. Otherwise, it is feared, the projects will not be competitive with foreign sources. Since the present Wellawatte mill is already prepared to absorb much more local fibre, we believe that emphasis upon new mill construction is disproportionate at this time." (Part II, p. 302).

Is it not a strange coincidence that the Mission has discouraged the opening up of precisely those industries, iron and steel, chemicals and fertilizers, textiles, which the introduction to the Hungarian Three-Year Plan quoted above specifically mentioned as constituting the basis of industrial advance?

Having brushed these inconvenient industries out of the way, the Mission graciously informs us that we should go ahead with the manufacture of chutney, bottle caps, buttons, chocolate, soft drinks, cigarettes, cigars and such like. Certainly, a most wonderful assortment of 'industrial' products!



Discussing the minerals of Ceylon, the Mission shows a keen interest in thorianite:—

“Although a few tons of thorianite were exported before 1910, interest later ceased. Subsequent investigations have shown the mineral to be more widely distributed on the island than at first believed. Because of increased demands for radio-active materials, we believe that it will now be worthwhile for mineralogists of the Government of Ceylon to open discussions of this subject with the United States Atomic Energy Commission.” (Part II, p. 291).

We had no doubt at all that the United States is interested in our thorianite. What the Mission forgets is that the people of Ceylon may prefer to use this vital mineral for constructive purposes and not for the manufacture of Atom Bombs.

As a parting shot, the Mission suggests the scrapping of the Industrial Products Act:—

“On the other hand, the Industrial Products Act, compelling purchase of local manufactures, is harmful to sound development and should be repealed.” (Part I, p. 27).

When one country after another, the United States being among the first, has discarded the 19th century belief in laissez faire and Free Trade and industrialised behind high tariff walls, quotas and restrictions, the Mission quite seriously asks Ceylon to keep the Free Trade Flag flying, for old times' sake.

### Power

“The potential hydro electric development of the island has not hitherto been investigated with any accuracy. No inventory of the potential water power that can be harnessed has been made and all the figures given in this field are mere guesses without firm basis. In the reports of the U.N. Economic Commission for Asia and the Far East Ceylon is given a potential water power of about 1,000,000 k.w. In other reports about 500,000 k.w. are suggested.” (Part II, p. 228).

Of this potential only 25,000 k.w. have been tapped as yet. This, together with another 28,000 k.w. of installed thermal power, only a part of which is utilised, generate about 100,000,000 k.w.h. for public consumption. Another 156,000,000 k.w.h. are generated by private plants for their own consumption and by the Kankasanturai Power Station for cement production. The total installed thermal capacity of these is about another 90,000 k.w. Thus, for the whole island, the total installed electric capacity is about 143,000 k.w. which generates annually about 256,000,000 k.w.h. of power.



The Mission recommends that over the six year period 1953-59, another 50,000 k.w. should be installed, generating annually 200,000,000 k.w.h. Thus, out of a total potential capacity which, in the absence of an adequate survey, has been estimated at 500,000—1,000,000 k.w., the Mission proposes that over the next six years only a paltry 50,000 k.w. should be harnessed. The extra 200,000,000 k.w.h. generated, we are told, would be just sufficient to meet the normal increase in demand.

“At least within the period up to 1959, the increase in output is likely to be absorbed by natural increases in demand, by extension of supplies to new areas (including a substantial switching of rubber and tea factories to the public supply system) and by service to new industries of types making only modest demands for electric power. Thus within that period the Mission sees no reasonable prospect of really large amounts of hydro electric power for such heavy users as electric furnace, steel-making or railway electrification and as it does not appear economic to supply the power requirements of such developments by construction of new thermal plants, we have not provided for them in our general development programme in that period.” (Part I, p. 25).

Power is the life-blood of industry and the Mission's intention of sabotaging the industrial development of the country becomes even more apparent now. Contrast this 'expert' advice with the type of economic development now taking place in Bulgaria, for instance. The comparison is all the more revealing because of the similarity of the two economies as regards their agrarian character, population and available power resources:—

“With 80 per cent of its population in agriculture, Bulgaria was the most backward of all the agrarian countries...Both industry and agriculture depended for their development almost entirely on hydro-electricity to provide power and irrigation water for the intensive crops. Except for the small coal mines at Pernik (now renamed Dimitrovo) the country has very little in the way of mineral resources. The two plans, Two Year (1947-49) and Five Year (1949-54), are therefore in essential schemes for rapid electrification. Pre war production amounted to 202 million k.w.h. and by mid 1949 had doubled: by the end of 1953, it is to increase to nine times the pre-war level, to 1,800 million k.w.h....By means of the increased production of electrical power, it has been possible to increase industrial production very quickly: by the end of the Two Year Plan in 1948, it had increased by 71 per cent over pre war. But this success was due, in part to industrial expansion and electrification during the war,



In the Five Years Plan, the aim is an increase by 120 per cent over the 1948 level." (Doreen Warriner—*Revolution in Eastern Europe*, pp. 100-104).

### Transportation

"Thus, there is no question of major and dramatic transport developments. Nevertheless, a great many improvements are needed, some of them more of the character of long deferred maintenance and much remains to be done in extending the local rail and road network into more of the Dry Zone lands which are being opened up. Almost every current development project brings new transport problems. Every agricultural settlement scheme needs at least new minor roads and every factory puts heavier—sometimes even specialised—demands on roads, railways and ports. As more things are produced they must be moved to market. Better transport is thus an underlying need of agriculture, industry and indeed of all development. Hence the total amount which has to be spent on communications of all kinds is large. In the development programme recommended by the Mission for the next six years it amounts to Rs. 430,000,000, or over 25% of the total capital expenditure proposed." (Part I, pp. 28-29).

Some of the high-lights of the Mission's comments and recommendations are:—

"Trincomalee, on the north-east Coast, is a first class natural harbour. Its large area of deep water is almost entirely land locked, yet open to shipping at all seasons. Today its surrounding country is undeveloped, but, as settlement of the area proceeds, Trincomalee will be the obvious channel for much of the resultant trade. Accordingly, it is not too soon to plan the installation of commercial shipping facilities there. As a British naval base, the harbour is now controlled by the United Kingdom Admiralty under agreement with Ceylon and it is understood that the Admiralty would be co operative." (Part I, p. 29).

Indeed! How very kind of the Admiralty to permit us to develop our harbour.

Imperialism does not willingly relinquish its monopolies, one of which is the carrying trade of the world. Apart from the question of the enormous profits which the foreign shipping lines are making in the business of carrying Ceylon's imports and exports to and fro, there is the further question of the destination control of Ceylon's exports and the control of the source of her imports, which that total dependence on foreign ships ensures. If the Ceylonese had their own ships they may even start trading in a big way with those 'undesirable' countries like



the Soviet Union, China, Czechoslovakia, Hungary, etc. No, this has to be stopped at all cost. The Mission accordingly makes the 'expert' recommendation:—

"A local proposal has been made to establish a Ceylonese international shipping line. But Ceylon today has hardly any personnel with experience in either the operation or management of ships; there are not even any domestic coastal services between Colombo and the outports. Nor has the Mission seen any evidence that operation of a nominally national service, through any form of agreement with foreign shipping interests, would be profitable to the Government or beneficial to the country's economy. We therefore recommend no allocation of funds for such a development." (Part I, p. 30).

The Mission seems to be ignorant of the modern conception of graduated taxation as being an instrument to bring about a better income distribution. On the question of railway finances, the Mission writes:—

"There are circumstances in which financial support to railway operation from general tax funds is justifiable. This is true if the continued maintenance of the railway is essential for strategic reasons or for the basic economic development of the country and if the users of the railway, whether passengers or shippers of goods, cannot bear additional charges or will switch to other means of transport if rates are raised. But subsidization is not justified if it merely provides transportation below cost and benefits railway users at the expense of the general public. We strongly suspect that it is this which is happening in Ceylon today." (Part II, pp. 336-337).

And who are these railway users who should not be subsidised at the expense of the (what a convenient term) general public? The Mission is aware of the answer to this question:—

"This class (*i.e.* the third class) provides 97 per cent of the passenger traffic." (Part II, p. 337).

So railway fares must be increased. But not all fares. The Mission compares the fare structure of 1938-39 with that of 1949-50.

*Table II.*—(Part II, p. 337)

**Percentage Increase in 1949-50 over 1938-39**

	<b>Low Country</b>	<b>High Country</b>
1st Class	57	52
2nd Class	50	43
3rd Class	29	71

Yes, that is it. That 71 there looks a little out of place, but it does not matter. But that 29 completely distorts the beauty of the table.

"The Mission is satisfied that the situation requires an increase of third class low country fares....We suggest increasing third-class passenger fares by 16.6 per cent." (Part II, p. 338).

This would change the 29 into 52 and the harmony of the table restored. Such arrant nonsense is expected to pass for sound economics.

Although their main object was the safeguarding of Imperialist interests in Ceylon, the Mission has not forgotten, in passing, to throw a few crumbs to the Bus Magnates, the local watch dogs over those interests. They oppose the nationalisation of the bus services and sanction an increase in fares.

"We do not suggest any changes in the basic regulations of the 1951 Motor Traffic Act. Continued operation of road passenger services by controlled private concerns is seen as the most satisfactory procedure. These companies provide a very extensive network of services, although many of the buses leave much to be desired in standards of comfort and reliability. We believe that a limited fare increase would encourage some improvement in bus services." (Part I, p. 31).

### Population

No report on the economic conditions of 'under-developed' countries appears to be complete without a warning to those prolific breeders, who strangely enough seem to inhabit only these countries, that unless they learn to limit their rate of growth to something more like the proportions of the sensible European peoples, they are in for a lean time ahead.

"Ceylon has not hitherto had to face the problems of general over population, despite the very great pressure of population in some areas. But if the present rate of increase is not checked it will be only a few years before the population problem will be felt very keenly and very obviously." (Part II, p. 386).

The 'teeming millions' of Asia and Africa and the 'yellow hordes' of China and Japan have for a long time been a source of anxiety to the white minority which dominates over a good part of the world and attempts to subjugate the whole of it. They are afraid that these peoples would, before long, turn their covetous eyes on the relatively under-developed and under-populated American and Australian continents, the white-man's preserves. Japan's demand for 'living space', before the war,



was successfully channelled by the imperialist powers in the direction of China. But the next time they may not be as successful and the target may prove to be Australia. The Mission too is quite alive to this 'danger.' In discussing the rapid increase in the European population after the industrial revolution, they say:—

"Moreover those were days of expansion and colonization when many new countries were opened up and tremendous resources became available from the new world. No such wind-fall is likely to benefit Ceylon or other countries in the East or West today." (Part II, p.387).

And, why not?

But, before Ceylonese could help to develop the vast untapped resources in the rest of the world, their undeveloped resources at home are insistently clamouring for their attention. To this too, the Mission have a ready answer; it is the theory of the Parson Malthus, who was rewarded for it with a professorship at the East India Company's College, that population is increasing faster than food production. The experience of the nineteenth century smashed this theory, when the expansion of wealth so glaringly exceeded the growth of population and revealed the causes of poverty to lie in the social system. This, however, does not prevent the Mission from resurrecting it again to suit their convenience.

"The economic developments which are in sight, can take care of the natural increase of population for only a very few years, after which continuation of that increase can only be at the expense of the health and the standard of living of the people. Unless serious attention is paid at once to the population problem, the next generation will be living under worse, not better sanitary conditions and will be worse, not better fed than the present." (Part II, p. 386).

To such trash we can only reply with the Soviet economist:—

"Only man haters, only obscurants can say that the earth is incapable of feeding its population, that sterilisation and birth restriction are necessary. All that is needed is to develop it in the interests of all the working people, to exploit its reaches rationally instead of rapaciously"

[ *To be continued.* ]

# Cost of Living Index

Cost of Living Index—Working Class—Colombo Town.

Group	Average Price, Nov. 1938 to April, 1939=100				Average Price, November, 1942=100											
	Weight	Average			Weight	Average										
		* 1939	1940	1941		† 1942	† 1943	1944	1945	1946	1947	1948	1949	1950	1951	† 1952
Food	52.40	112	115	129	183	103	102	111	113	128	138	144	154	155	152	148
Fuel & Light	6.28	102	103	108	171	94	94	94	111	121	101	97	102	112	112	104
Rent	15.96	97	97	96	93	105	106	112	124	136	140	129	129	129	129	133
Clothing	8.36	112	128	153	194	138	156	165	180	213	189	156	155	197	201	186
Miscellaneous	17.00	104	111	116	144	118	127	158	155	157	157	148	154	160	162	175
Total	100.00					100.00										
Index Nos.					Index No.											
					Nov. 1938											
					April 1939											
	108	112	122	162	107	109	121	125	138	142	139	149	154	153	150	
					197	200	221	229	252	260	254	272	283	281	277	

\* Five months' average. † Eleven months' average. ‡ Weight—Food 64.24 : Fuel and Light 7.32  
House Rent 7.13 Clothing 8.86 Miscellaneous 12.45



# Export Volume Index

(Base 1948 = 100)

## EXPORT VOLUME INDEX

233

Month	All Exports Products		Tea		Rubber		All Coconut Products		Desiccated Coconut		Coconut Oil		Copra		Other Coconut Products		Other Export Products	
	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
January	120	135	101	129	166	173	148	136	382	387	128	91	30	71	192	149	114	78
February	107	116	84	97	152	116	147	183	392	409	123	156	30	81	191	95	114	113
March	107	100	86	80	124	93	155	169	264	536	173	135	51	33	169	124	157	157
April	99	132	103	122	81	83	107	212	194	436	120	236	12	67	157	118	74	107
May	121	130	132	127	98	98	105	177	243	365	100	155	15	138	157	96	87	93
June	122	128	122	136	84	98	153	132	279	358	172	86	23	105	199	85	138	100
July	123		124		71		166		347		180		39		143		90	
August	105		96		73		164		388		156		42		176		110	
September	103		86		103		160		457		135		27		177		96	
October	113		88		151		172		417		162		37		199		96	
November	124		119		103		157		349		145		47		280		157	
December	109		96		113		156		340		147		72		139		86	
January-February																		
1951	113		105		118		136		292		136		27		178		114	
1952	124		115		110		168		430		143		83		111		108	

Source :- Department of Statistics, Colombo.

## Export Price Index

(Base 1948 = 100)

Month	All Export Products		Tea		Rubber		All Coconut Products		Desiccated Coconut		Coconut Oil		Copra		Other Coconut Products		Other Export Products	
	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
January	175	152	133	116	375	313	159	140	87	67	172	152	176	150	160	174	151	154
February	191	149	143	117	420	309	170	129	83	63	179	141	206	129	161	170	164	150
March	199	145	147	121	436	274	181	117	93	59	193	129	212	110	177	165	181	146
April	199	136	143	113	443	268	190	103	92	55	202	111	221	96	198	159	186	146
May	186	133	138	108	380	278	193	98	86	51	207	103	220	97	222	157	175	131
June	174	128	134	106	326	258	189	97	80	47	211	101	195	98	226	151	177	141
July	170		130		326		179		76		205		170		232		167	
August	166		128		323		165		70		186		159		217		162	
September	172		128		374		159		67		175		164		203		163	
October	161		120		335		158		70		169		174		194		148	
November	157		118		320		157		70		168		175		189		148	
December	155		120		307		151		68		165		161		177		156	
January—June																		
1951	187		140		397		180		87		194		205			191	172	
1952	141		114		283		114		57		123		113			163	145	

Source: Department of Statistics, Colombo.



## Volume, Price and Terms of Trade

(Base 1948 = 100)

Period	Import Volume Index	Import Price Index	Export Volume Index	Export Price Index	Terms of Trade
1952					
1st Quarter	146	137	117	149	92
2nd Quarter	140	137	130	132	104
1951					
1st Quarter	140	106	111	188	56
2nd Quarter	159*	119*	114	186	64*
3rd Quarter	134	130	110	169	77
4th Quarter	125	132	115	124	106
1950					
1st Quarter	96	99	93	134	74
2nd Quarter	149	98	110	129	76
3rd Quarter	129	98	119	143	69
4th Quarter	113	103	119	172	60

Source: Department of Statistics, Colombo. \*Corrected figures.

# Finance Indices

(1934-38 average = 100)

Month	Note Circulation (Gross) (a)		Note Circulation (Active) † (a)		Total Savings ‡		Bank Clearings		Government Revenue		Government Expenditure	
	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
January	815.6	906.2	929.2	1033.1	834.7	990.6	927.3	877.5	775.8	929.7	701.1	880.9
February	858.8	901.6	991.1	1035.3	851.9	998.1	761.4	792.1	691.2	792.3	594.4	1761.8
March	880.4	896.4	991.7	1025.3	866.2	1003.6	766.5	836.6	863.7	874.7	795.5	802.2
April	878.0	911.1	995.0	1019.7	876.0	1001.6	820.4	805.1	868.1	850.5	704.5	896.6
May	891.5	897.3	1005.7	1023.9	890.3	1009.1	868.6	889.0	941.8	1068.1	736.0	952.8
June	867.0	878.8	1010.4	1016.3	904.2	1014.3	837.5	791.2	948.4	904.4	698.9	868.6
July	884.6		1004.0		917.2		842.6		1005.5		697.8	
August	876.4		1011.8		929.5		877.4		870.3		815.7	
September	934.1		1057.2		946.1		857.0		1038.5		1566.3	
October	915.1		1041.5		960.1		921.0		849.4		692.1	
November	900.0		1041.2		972.1		833.0		791.2		738.2	
December	928.7		1056.6		983.4		788.9		724.2		741.6	
January-June												
1938	108.0b					122.4		113.0		103.3		98.9
1950	837.2b		654.2b			734.1		581.0		546.2		483.1
1951	865.3		987.2			904.2		830.3		849.5		696.6
1952	898.7		1025.5			1014.3		831.9		903.3		1027.0

(a) Includes subsidiary notes &amp; coins (Source Central Bank of Ceylon).

(b) Excludes subsidiary notes &amp; coins (Source General Treasury).

† Nett values of savings deposits plus Savings Certificates.

‡ From May, 1952, the figures are provisional.

§ September, 1938, to August, 1939 = 100.



## Quarterly Index of Share Prices : Sterling Companies—

January—June 1939=100

	Tea	Rubber	Tea-Cum Rubber
1948—1st Quarter	206	75	140
2nd „	187	58	118
3rd „	192	59	119
4th „	190	59	121
1949—1st Quarter	188	54	117
2nd „	175	45	111
3rd „	182	54	112
4th „	216	65	137
1950—1st Quarter	231	76	152
2nd „	249	105	179
3rd „	257	116	195
4th „	266	136	211
1951—1st Quarter	271	169	224
2nd „	261	176	228
3rd „	265	175	223
4th „	260	177	227
1952—1st Quarter	239	175	208
2nd „	217	142	167

Quarterly Bulletin of Statistics—Department of Census and Statistics.







Handwritten blue ink scribbles on a textured, reddish-brown background. The scribbles include a series of connected 'W' or zigzag shapes in the upper left, and several smaller, more fragmented marks below and to the right, including a small 'i' and a 'z'.