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The authors try to answer the question "Why has post-independence Sri Lanka not lived up to the promise of its early years of independence?" The political system and political economy of the country, civil liberties, language and religion, defence and external affairs are among the wide range of themes that are dealt with in this publication.

- *The University System of Sri Lanka: Vision and Reality* edited by K M de Silva & G H Peiris, 1995. (Rs 600/=)

Written at the time when Peradeniya University celebrated its 50th anniversary, the monograph appraises the achievements and failures of the University System in general, and Peradeniya University in particular, and its contribution to Sri Lanka's development. Contributing authors: Professors Asoka Ekanayake, K N O Dharmadasa, S A Kulasooriya, S N Arseculeratne, B L Panditharatne, Drs. Wijaya Jayatilake, Neelan Tiruchelvam, Messrs. D L O Mendis and W M A Wijeratna Banda.

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This is the most comprehensive analysis of post-independence socio-economic development available today. The author presents a rich variety of quantitative and qualitative data, much of it not readily accessible to the average reader, to support the discussions on a large number of major themes ranging from, Physical Resources Base, Environmental Hazards, Development of Peasant Settlements in the Dry Zone, Plantation Crop Production and Social Welfare Services to Macro-Economic Change: Problems and Prospects.

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Letter from the Editor

Dear Reader,

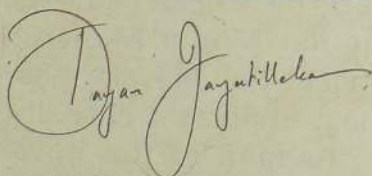
**THE LANKA GUARDIAN - CONVERSION
TO A MONTHLY.**

The serious minded English reading public in Sri Lanka was always a slender stratum. This made the Lanka Guardian's market a small one, incapable of generating a profit which would have turned the L.G. into a commercially successful - or even viable - enterprise. This structural constraint made it impossible for the L.G. to become a self-sustaining business, at any time in its history. What the magazine provided - and continues to provide - is a *service* of an intellectual and cultural sort, which cannot be judged by purely market criteria of profitability.

All of this meant that since its inception, the L.G. was sustained by modest grants from liberal minded foreign donors. The drying up of such sources was an important cause of the crisis of the L.G. in the 1990's, a crisis which showed every sign of being terminal.

The transition in the editorship of our journal was accompanied by the successful securing of one more foreign grant - this time, for a two year period. However, the post Cold War shift in foreign funding away from Asia, the budgetary slashes in the developed world and in particular the extreme fiscal conservatism of the U.S. Congress, has meant the sudden restriction of this grant to one year of the promised two. This financial shock has temporarily de-railed the 'new look' Lanka Guardian's plans for self sustainability; a target that was being steadily and verifiably achieved but would have taken the other year of external subsidy to reach.

To meet this unexpected financial crisis, we at the Lanka Guardian are forced to make a painful decision and to convert the journal, with immediate effect, to a monthly. Henceforth the L.G. will appear on the 1st of every month. Believe me, if we felt we had a choice we would not do this. It is a step backward, a retreat, but the only way for us to continue to provide you, the serious minded English reading and writing public - a community embattled and besieged by the trend of a 'bookless consciousness' - a lifeline which the Lanka Guardian has constituted for nearly two decades of this country's most tormented and tumultuous times.



Dayan Jayatilleka

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THE IDEAS MAGAZINE

COORAY

CONTRADICTION

Mervyn de Silva

Pro-Premadasaism vs. anti-Premadasaism, a two-line struggle as the Marxist-Leninists used to say, but here in Sri Lanka, in the island's Conservative party, the United National Party, plainly not-so-united, recently.

Sirisena Cooray, former General Secretary, and now custodian of the Premadasa Centre, arrested. The contradiction in the main Opposition party almost resolved thanks to the intervention of the Peoples Alliance!

Deliver a crippling blow to the Liberation Tamil Tigers (LTTE) already thrown out of the northern peninsula, their traditional homeland, and holed up in the jungles. All the Tamil parties, from the parliamentarist TULF to the all the former guerrilla groups, will be ready to accept Prof. G.L. Pieris "devolution package" and his "union of regions". Thanks to quiet intervention of the British (Liam Fox, Derek Fatchett and Co.) U.S., the World Bank and the donors, the UNP will guarantee bipartisan support for the Pieris package. Let the monks, Gamini Iriyagolle, Prof. Nalin de Silva, Gunadasa Amarasekera *et al*, shout "sell out". The PA's conflict resolution exercise will be the end, or the beginning of the end, of the 14 (or 2,000) year Sinhala-Tamil war. So went the game-plan of the PA's 'think tanks'.

What the arrest of Sirisena Cooray is doing to the "bipartisan support" for the Pieris package, Prabhakaran's "Tigers" did to JAYA SIKURUI, the military operation that would have allowed the PA to negotiate from a position of strength. With the 'tigers' on the run or holed up in the jungles, all the Tamil parties from the respectable TULF to the EPDP, the ex-guerrilla organisation, would be ready to smoke the peace-pipe. The LTTE not only took the army by surprise, but took prisoners, including some ranking officers. The PA's politico-military grand strategy or game-plan is in shambles.

Was the Cooray affair then a diversion? Inquiries go on. No clear official statement has been issued yet. No doubt such a statement would be possible only after the investigations have been completed. As we write, Cooray's UNP backed petition to the Supreme Court — a fundamental rights application — has opened a new front. And that in turn has guaranteed much wider publicity. Already the press has turned the spotlight on the Supreme Court.

The **Sunday Leader** had this headline on its front-page the day before the UNP's top team of lawyers led by Mr. K.N. Choksy P.C. appeared before the Supreme Court: **DESMOND TO APPEAR IN COORAY CASE**. The report said

that Mr. Desmond Fernando P.C., the island's most prominent "human rights" activist and now President of the prestigious and influential International Bar Association had "insisted on coming in as one of Sirisena Cooray's lawyers". He would take it up with the British Bar Association. He was also scheduled to meet British Prime Minister Mr. Tony Blair.

So the Supreme Court will be the next arena in this dramatic PA - UNP battle. Since Supreme Court proceedings give the national media the same privilege that Parliament does, the exchange in Hulftsdorp will attract the widest coverage. A copy of the petition had already been delivered to the Attorney General of course. The Cooray battle now holds the attention of the island's newspaper reading public, (a vast audience created over the years by Sri Lanka's high literacy, certainly one of the highest in the developing world), as well as of the huge private FM and TV audience. The PA leadership may find another reason to regret its aggressive onslaughts on the media — an undeclared war in which many PA stalwarts have been wounded, and the genial Media Minister, Mr. Dharmasiri Senanayake has been the most important casualty. The rapid changes in the governing Board of the state-run Lake House tell the same sad story.

Though the spotlight places Mr. Sirisena Cooray on centre stage, the drama has much wider dimensions.

MINORITY MOVES

Last week, five Tamil political parties EPRLF, DPLF, EROS, TELO, and EPDP sent this letter to the President and Prof. G.L. Pieris, the Constitutional Affairs Minister. (Opposition Leader Ranil Wickremesinghe also received a copy). The letter said:

"We who had at one time engaged in an armed struggle, to secure the political rights of the Tamil speaking people, are presently part of the democratic political mainstream. It is our sincere hope that our confidence in arriving at a settlement that addressed the legitimate aspirations of our people through negotiations and other democratic means will not be erode".

The mildest of statements no doubt. Both the PA and the UNP are at the receiving end but it does have a direct and blunt message to the governing 'grand alliance', which has no clear majority in the 225 seat Parliament. "You have let us down" is the simple message ... and it does sound like a polite 'first warning'. "Mr/Ms. PA, we are most reluctantly compelled to remind you that you have neglected, no doubt under pressure of work, to pay rent for the past two years and more ... Assuring you of our highest regard etc. etc."

If the signatories to the "joint letter" spoke on behalf of 5 TAMIL parties, Mr. Ashraff speaks for one organisation, the Sri Lanka Muslim Congress. And yet one could argue that in the current political context, the SLMC and its outspoken founder-President are equally important. Located in the eastern province, the SLMC's support-base is strategic. There can be no

regional autonomy offer, no devolution package, no "union of regions" (Prof. Pieris's formula) without the active and honest co-operation of Mr. Ashraff's party. Besides, it is the only credible representative of the island's Muslim community, an island surrounded by Islamic states, with the Gulf a huge source of revenue — the monthly remittances of Sri Lankan workers, preponderantly Sinhalese.

The five Tamil parties and the TULF had a meeting on June 17. At the end of the three-hour talks, a "decision was taken to close ranks and urge the government and the LTTE to agree to a cease-fire" reported the political correspondent of the WEEKEND EXPRESS, a newspaper that the VEERAKESARI groups (Tamil-owned) launched recently.

The SLMC leadership had reason to be upset by the recent "Cabinet re-shuffle". Mr. Ashraff lost part of his portfolio, "reconstruction" and was restricted to "rehabilitation" in the East, while his deputy Mr. Hisbullah had cause for disappointment too.

A confrontation at the highest level led to some adjustments, but the SLMC remains disenchanted.

COLLISION, NOT CONSENSUS

Is the 'grand coalition' falling apart? That was the question which the political officers of the more important embassies raised. The U.K's benign intervention through Mr. Liam Fox, a deputy minister of Prime Minister Major's administration, had raised the PA's hopes of a negotiated settlement. Opposition Leader Mr. Ranil Wickremesinghe's visit to London strengthened the chances of a bipartisan (PA - UNP) 'conflict resolution' exercise.

The decades-long search for a political settlement has a few

crucial lessons for both the political parties and the Sri Lankan electorate. The formula must have the sincere, public support of the two main parties — the SLFP and the UNP. External support (or involvement) is a risky exercise, as the Indian intervention proved. Delhi has too much at stake, and must give priority to its own regional security interests. Britain, the Commonwealth or an EU initiative, not opposed by the sole superpower, have better chances.

But the external is the secondary ; the domestic (chiefly Southern or Sinhala) consensus is primary. Far from winning the co-operation of the UNP, the PA has detained the former General Secretary and a Cabinet Minister of the UNP under emergency regulations. The UNP is instinctively and promptly closing ranks. The UNP and Opposition leader, Mr. Ranil Wickremesinghe approved a statement that opened with this sentence : "The UNP views with serious concern the misuse by the government of Emergency regulations to detain persons involved in legitimate political activities. The sudden arrest of Sirisena Cooray, former UNP Cabinet Minister on unspecified charges is a gross abuse of Emergency regulations".

On Monday morning, Cooray's legal team led by K.N. Choksy P.C. was strengthened by the inclusion of Faiz Mustapha P.C. and Desmond Fernando, IBA head, who had flown back to Colombo to appear before the Supreme Court and to participate at the June 29th Premadasa rally.



AN ECONOMIC SUPER - DEPRESSANT

Prof. Buddhadasa Hewavitharana

Sri Lanka's senior most economist, Prof. Hewavitharana, was advisor to Dr. N.M.Perera when the latter was the Finance Minister).

ETHICALLY UNFRIENDLY TAXATION

Q: It is said that economies of scale are a contributory factor to economic efficiency and to growth. How would the devolution package affect the realisation of economies of scale in production?

A: The internal dynamics of market capitalism and trends in modern technology call for the realisation of economies of scale. Now, the realisation of economies of scale is a matter for the size of the market and therefore market widening is of the essence. This is why we witness a strong tendency today among the nations of the world to form themselves into trade areas by tearing down national trade barriers. All these are market widening measures so that the member nations can realise the economies of scale in the lines of production they specialise in. The formations are the North American Free Trade Alliance (NAFTA), Asia Pacific Economic Co-operation (APEC), European Union (EU), Asian Free Trade Area (AFTA), our own SAARC and the SAFTA and the proposed Indian Ocean Rim Countries arrangement. While this sort of thing is going on among the nations of the world, Sri Lanka may very well get dragged into the opposite direction by the devolution package. *Under its impact the country's market can get fragmented into small units which instead of competing with the other countries in the world market would start competing against each other.*

This is because the package seems to facilitate the regions to promote their own economic interests at the expense of the others. Regions are empowered to levy sales and turn over taxes and some excises. In a *mercantile or protectionist spirit a region can very well use differential taxes and subsidies to discriminate against products originating in other regions which are considered to be "friendly" politically or ethnically.* This kind of action can lead to *market segmentation, frustration of economies of scale, discouragement of investment and ultimately a stifling of the growth potential of the Sri Lankan market.* Such regional protectionism would replicate the same problems of misallocation of resources found in countries that have adopted inward-looking trade regimes. It needs to be remembered that the segmentation that could be so introduced would be on top of the fragmentation of the market that is already there in the economy as caused by the historical process of techno-socio-economic dualism. My study of the markets for rural non-farm products has revealed the existence of "poverty niche" markets which is an unfailing sign of the acute fragmentation and fracturing caused by the underlying structural conditions.

At any rate it is doubtful whether any of the eight or nine regions, with the exception of the WP, that will get created will have a sufficient critical mass to warrant the realisation of economies of scale in most of the light consumer goods

industries. Taking such possibilities of increased market segmentation together with the earlier noted likelihood of factor immobilities, one can only agree with a critic when he says "To appreciate the resulting reduction in economic efficiency (under the impact of the package) consider the ongoing unification of economic and social policy in the European Union and imagine turning the clock back ten years".

Q: Cannot these mercantilist or protectionist tendencies be contained by regulations?

A: Regulations can be formulated to prevent a region from granting special privileges to others or discriminating against others through tax differentials or subsidies. Although these are useful, I doubt whether the undesirable practices can be completely curtailed by means of such regulations. Remember how hundreds of small sugar jaggery workshops in Moneragala had to be closed down and hundred of workers were thrown out of employment when the LTTE imposed a ban on the "import" of Moneragala sugar cane jaggery to Jaffna Peninsula!

Q: Earlier on you drew our attention to the adverse effects of politicisation of economic decision-making that could increase with the advent of the package. How would such a development affect economic efficiency?

A: In my view political interference is

a depressant while professionalism is a promoter of economic efficiency. My evaluation of the IRD movement, the one with more professionalism and minimum political interference, with the JTF which suffered much from political interference, in terms of their economic and social efficiency bears testimony to this view. The devolution package can be expected to widen the scope for political interference and a politicisation of economic decision-making. This is only to be expected from coalition making that could take place at the centre and also at eight or nine sub-national levels and *the intensified political bargaining and wrangling that could take place between the centre and the regions.*

We have already seen one forerunner of such events in the Oluvil harbour episode as can be gathered from press reports. Ms. Kumaratunge sought the help of Mr. Ashraf, the leader of a regional ethno-centric party for coalition building. The latter laid down the condition of being given a harbour for his area, Oluvil. Kumaratunge who was then Premier not only agreed but also for good measure made Ashraf Minister in charge of the very subject of Ports and Shipping. Later when Minister Ashraf reminded Kumaratunge who had become President, of the promise she tried to sideline it but the former managed to have his way by threatening to review the support that he was giving to keep the government afloat. In this episode we observed that the Head of the State and the Minister in charge of the subject taking on the roles of deciding on or rather pre-judging the economic viability of the projects. There were no studies or appraisals in terms of economics of coastal transport, international shipping or linkages with the hinterland. It was a 100% politicised economic decision-making.

Q: Weren't these decisions taken without technical studies because the beach at Oluvil is said to be a straight one?

A: The sheer ludicrousness of such poor quality decision-making by this duo from a techno-economic point of view was summed up by a wise journalist who christened this episode the "comedy of a harbour for my village with a straight coast line".

LESS REDISTRIBUTIVE JUSTICE

Q: Equity and distributive justice have been for quite some time development objectives on par or almost on par with the objective of growth in our country. What prospects do you see for the devolution package to promote this objective?

A: I am afraid the answer will have to be in the negative. I do not see much prospect for the regional council system to promote the objective of equity any better than a centralised system. It could probably fare much worse in this respect than the latter. Promotion of equity is a question of social efficiency, particularly targeting efficiency. The underlying principle here, as in the case of economic efficiency that we discussed earlier, is that of maximising equity involving distribution in favour of the poor with the given limited resources. Therefore, much of social efficiency depends on targeting efficiency.

Let us first look at the limits to the scope for redistribution by the Regional Councils. Equity through inter-personal redistribution and equity through decentralised redistribution are two different things. Inter-personal redistribution should primarily be conducted by the centre for which it has to control and distribute a significant share of the tax revenue and its public expenditure. Decentralised redistribution through the Regional Council system would naturally be less redistributive because in the initial conditions of the sub-national entities, the average income of the WP is at a much higher level than that of say the NCP or the Uva.

Turning to the Finance Commission we see that it is required to take

into account the population and the per capita income of a region and the need to reduce inter-regional disparities in social and economic conditions and per capita income distribution, when distributing its funds. We should note that the Commission is entrusted with this third aim of reducing inter-regional disparities, which is the approach of the regional council system to equity, without cognisance of the reality that the resources available are limited. This conflict between a high aim and a lack of a clear picture of the availability of resources would provide a ready made grievance for a region frustrated in respect of its high expectations to launch a campaign to secede.

Speaking of the resources that are to be transferred we should recall the earlier mentioned skewness in revenue generation and see what could follow from that. It was noted that the WP generates 75% of the revenue from sales, turnover taxes and excises and it is from this that the transfers to the other regions will have to be made. This can give rise to a sort of a "transfer" problem. With "regionalism" that would get fostered and nurtured under the package, *what if the WP were to demur about sharing its wealth with the others? In that event the centre might have to "force" the WP to transfers some of its wealth to poorer regions and this could lead to bitter wangling. What if the centre and the WP are ruled by one and the same pro-market party and a poorer region by an anti-market revolutionary party?* This could aggravate the problem of transfer from the WP to the other regions to defeat the aim of mitigating inter-regional disparities.

The problem becomes further complicated if we relax the assumption that the centre is benevolent and impartial. The centre could favour a politically friendly region by allocating to it "slush" funds, meaning reserve funds and funds for political bribery, which do not come within the purview of the Finance Commission. This is said

to have been practised by the Conservative Government in UK to favour politically friendly local councils at the expense of politically unfriendly ones. This type of thing has been observed to be already happening in Sri Lanka under the Provincial Council system. Such practices increase inter-regional disparities.

The national budget may visualise a geographical distribution in the interest of the country as a whole and would embody such a pattern of allocation. What is there to ensure that the distribution by the Finance Commission on the basis of regional claims and its responses and recommendations regarding them would correspond to the geographical distribution pattern visualised in the national budget? If there is a discrepancy then that would mean two conflicting approaches to the objective of mitigating inter-regional disparities. Social efficiency would be weakened here.

Inter-regional disparities are not just in terms of incomes but in terms of infra-structure, economic opportunities, resources, agglomeration economies and externalities. In the growth process, disparities in respect of these naturally tend to increase. The question is whether the devolution package can constrain the widening of these disparities. The answer is - apparently not more than a centralised system. *Inter-regional competition, mercantilism, selfishness and "regionalism" that could get fostered and nourished by the package would render the narrowing of the disparities a very difficult task.* As noted above trade discrimination and trade barriers could come up enabling some regions to gain at the expense of the others. Regions may compete with each other to attract enterprises through lowered tax rates and raised subsidies. Regions may also disallow migration of labour.

Uniformity and predictability in economic policy among the

different regions can become uncertain under the package. This uncertainty would discourage domestic and foreign investments in some regions. *For example, if the SP, NP or EP, were to come under an anti-market revolutionary regime the private sector will not invest in them but in the WP. Disparities can thus arise in the distribution of investment capital.*

It has been observed that the capacity to redistribute among regions increases with greater centralisation. One explanation for this is that the central government officers are professionally more competent to plan investments and projects.

This reflects my earlier argument that while **professionalism is conducive** to economic and social efficiency, **politicised decision-making is a depressant** of these efficiencies. What the devolution package is likely to do is to increase the role of politicised decision-making at the expense of professional approaches. This would have the effect of lowering social efficiency as my researches on social and targeting efficiency have shown.

The IRD movement in particular has developed good methods of problem identification, different approaches to targeting on the lines of target group, target area, target group cum target area, target group through target area, small area development, ranking of divisions according to socio-economic indicators. It has also developed local level planning approaches including bottom-up planning, social mobilisation, participatory rural appraisal, rapid rural appraisal and full project-cycle participation, so as to prepare development packages that are tailor-made to meet the problems and the needs identified. All these have been achieved through professionalism with little or no intervention from politicians. In contrast, the programmes of investment distribution which are based on politicised decision-making such as the DCB have

proved to be very poor in social and targeting efficiency and are conducive therefore to inequity. An MP would distribute his DCB quota in such a manner as to build up his vote bank rather than to meet the felt-needs of the poor.

To illustrate the above I use the following true story : A politician pestered an IRD project directory to employ one of his supporters as a social mobiliser. The PD declined pointing to the recruitment procedures that he was bound to observe and his answerability to the donor agency. Instead, he offered to give the politician a small irrigation tank which he would somehow or other arrange. The politician declined this offer and once again started pestering that his henchman be somehow or other absorbed into employment; obviously, because that was where his vote lies. We will therefore not be wrong in expecting that the devolution package by expanding the scope for politicised decision-making would reduce the possibilities for narrowing inter-regional disparities and maximising social efficiency.

The power given to the regions for negotiating foreign loans also has **implications for equity**. Some regions may be more able to borrow than others their international contacts. What if a region defaults on foreign loans? The centre will ultimately have to bail it out. But that would be unfair by the other regions because they will have to share the cost. As long as there are no powers given to the centre to remove a Regional Council for financial irresponsibility, such incidents are to be expected.

FOREIGN TRANSACTIONS

- Q:** But is it not proposed in The package, to subject the borrowing powers of the regions to limits set by the centre?
- A:** But let me ask in return - Can the centre effectively monitor such foreign transactions? Lenders could

connive with regions to circumvent the requirements of the centre. Also, in the event of a region defaulting, a powerful lender can exert pressure on the centre regardless of any violations of borrowing limits and the centre may be obliged to bail out the region out of considerations of security or foreign relations. My view is that the **region should not be given even limited powers**. Clearly the options are - *either reserve foreign transactions to the centre or give the power to the centre to remove a Regional Council for financial irresponsibility*.

The powers given to negotiate **foreign aid and technical assistance** and to regulate **foreign direct investment** also have implications for narrowing inter-regional disparities. Some regions may be more able to attract foreign aid and investments. A region under a revolutionary party may not attract any. If the SP were to come under an anti-market revolutionary party, will it encourage foreign direct investments?

Such divergent policies, attitudes and stances adopted by different regions can over time contribute to big *differences in the living standards among them*. *If that were to induce migration from the poorer to the better-off regions it could cause friction, particularly if the regions are ethnically different*. In these ways inter-regional disparities are likely to be further exacerbated under the package. Therefore, it is easy to see how a **breaking out of the cycle of poverty and violence would become even more difficult** under a devolved regime.

POLITICISATION

Q: Devolution and Decentralisation, do they not have useful and productive roles to play in economic development - in growth and equity?

A: Political devolution creates a layer of executive power holders and legislators comprised of politicians at the sub-national level which is an intermediate level between the central government and the local

authorities. In the devolution package, the concurrent list is dropped and the assignment to this regional level layer of decision-makers are made clear. This political devolution essentially empowers some to do things and decide **who is to do things**. But from an economic point of view what is important is **what is done and how well it is done**. Hence the roles of regional councils in growth and equity, with which we are concerned, have to be assessed in terms of the degrees of economic/output efficiency, which is promotive of growth, and social/targeting efficiency, which is promotive of equity, that these regional councils are capable of attaining.

There is considerable debate as to what useful and productive functions that such intermediate sub-national bodies can perform or should perform and as **to the economies of their scope and capacities**. For one thing, the quality of politicians who become decision-makers in these intermediate level bodies are not likely to be the best in the country because the best would have gone for national politics. Their motivation and dedication in intermediate level politics may not be that strong because they might look upon these bodies as spring boards or opportunities to build up power bases to one day enter the arena of national politics. Typically, as exemplified by the present provincial councillors they would like to look important and pretend to be important, but not do anything really worthwhile and thus earn for themselves the nick name "halparuwo" in street parlance.

Their efficiency is determined to a large extent by the efficiency of the provincial bureaucracies that work for them. These are not likely to be so efficient as the central bureaucracies which attract more qualified people, offer better career prospects and enjoy more possibilities of promotion.

It is not clear as to what these intermediate level decision and

policy makers would represent. For instance, they cannot claim to be better informed about unmet basic needs in their areas, for these are generally well known. Besides, it is the officers who collect the data and do the surveys, the grassroots levels organisation and the local level planners who can claim to be better informed about these matters. Formulation of development programmes and projects at the provincial level tend to be highly professional and technical affairs because of the need to formulate trans-divisional projects and to design projects to mitigate inter-divisional disparities. These are professional and technical jobs to which the politicians can only give policy support. In working out Policy Guidelines for Rural Development I could not see any positive role for politicians in economic decision-making or of any scope for them to provide any new sights into project formulation. On the contrary, as I pointed out before politicisation of economic decision-making, if allowed, could lower economic social efficiency. Therefore, it is not difficult to agree with Mick Moore who argues that in Sri Lanka the role of politicians in economic decision-making must be reduced along with the rolling back of the state.

Devolution has its own **Economies of scale with respect to the unit of devolution** and the costs of the institutions and the establishments. The huge expenditure outlay on the regional establishments can become economical only when the problems and the tasks to be handled could yield results commensurate with the scale of the expenditure involved. There are three things involved here, the scale of expenditure, the capacity of the Regional Council to handle the tasks and the quality and quantity of the results produced. It is observed that devolution/ decentralisation is more warranted in a populated country where second level sub-national units are bigger in respect of population or geographical size than many small countries. Success in decentralisation is also said to be more likely in the middle and high

income countries.

In geographically differentiated decentralisation the key concept is said to be the **critical mass**. For decentralised units to be efficient and to achieve potential benefits of decentralisation they need to be sufficiently big and have the critical mass in terms of population, activities, income and the problems to be tackled. This is the thinking among scholars who have done inter-national comparative studies of devolution and decentralisation.

Against this backdrop may I now ask you a question for a change? This morning when you came from Colombo to interview me here at Peradeniya, you passed through 3 provinces, the WP, Sabaragamuwa and the Colombo Port and if you had turned just a few miles to the west at Warakapola you would have caught a glimpse of the NWP as well. You would have passed around Kelani Bridge and Peliyagoda a number of unknown drug addicts, would have then seen coconut trees being cut down and paddy fields being filled up for housing because it is more profitable than farming and then all along you would have seen lots of people, specially young people, lolling around and doing nothing, during what are considered to be working hours, and some garment factories that have been closed down. Did you at any time think that if four high powered Regional Councils were to be created, one apiece for a province, with all the costly paraphernalia including separate judiciary, police force, public service commission, fat ministry establishments, array upon array of high sounding posts, vehicles etc., that the problems could get better handled?

Answer from the Lanka Guardian staff — No, that thought never crossed our minds, and Sir, if it did, please be assured, we would have laughed it out of our minds.

Q: What role do you see for decentralisation that has already been effected down to the level of the division?

A: Decentralisation of administration, planning and implementation down to the divisional level is capable of increasing both **growth-related economic efficiency** and **equity-related social efficiency**. Community needs identified at village level through participatory local level planning can come up in Bottom-Up processes to the division level. There, with the addition of inputs from line agencies and NGOs, a divisional plan can be prepared. Such divisional level planning becomes a useful vehicle to identify felt-needs, target the needy, prepare a package tailor-made to suit the felt-needs and deliver it on target. The participatory processes that are adopted would work towards economic efficiency through cost-effectiveness and maintenance. Such planning is done by professionals interacting with the public. Professionalism reigns supreme here leaving little room for politicisation of economic decision-making because the professionals interact directly with the beneficiaries.

Q: Cannot the deficiencies in the devolution scheme that you have focused be corrected as it gets implemented and as we learn from its experiences?

A: Devolution is essentially a political matter and has been so rightly treated. But the economic and fiscal questions relating to devolution seem to have been viewed as simply details to be cleaned up later. However, the reality is that considering its political nature it will prove to be exceptionally difficult to alter any part of the final solution after it is written into law. Mistakes made initially will tend to persist for a long time. Little learning process is possible here because of the cacophony from the politicians. We will then be looking at an irreversible process. Gamini Iriyagolla has said "A little devolution like a little pregnancy (or like a little inflation, as we are wont to tell our students at the University), tends to grow bigger and bigger" initial mistakes and all. **As Professor R.M. Bird of the**

World Bank has said "political compromises may be necessary, but they should be made with the full knowledge of their economic and fiscal consequences".

Let me also recall the emphasis I placed on the ability of the state to orchestrate a number of policies and their implementation in the context of an underdeveloped country like ours trying to achieve growth and development while adjusting to the changes in trade, technology and capital flows that are constantly taking place around us. Against this backdrop, I said that the centre, weakened in strength and deprived of flexibility in respect of policy making, would be in the same plight as a conductor of a philharmonic orchestra trying to do his job with eight or nine millstones dangling from his neck and swinging in all directions. I also requested you to be patient until I make this weird spectacle come alive. I think the glimpses that I have provided about possibilities of divergences and discords among Regional Councils in respect of policies and practices affecting investment, trade, borrowing, budget deficit, production sectors, infrastructure, factor mobility, natural resources, environment, planning, project formulation, equity and distribution; should now be able to convince you that I was not drawing that picture just in thin air.

CORRECTIVES

Q: What do you then suggest doing to correct what you have pointed out to be the defects and deficiencies?

A: From an economic perspective, devolution/decentralisation provides both problems and opportunities. The question is not whether to devolve/decentralise or not. The reality is that for better or worse Sri Lanka is already decentralised to some extent and is now considering further moves. The important thing is not to assume that the critical economic and fiscal issues are taken care of and that growth-related economic-output

efficiency and equity related social/targeting efficiency are not being sacrificed.

I have the following suggestions as corrections as they have emerged from the long discussion that we have had.

From the point of view of growth-related economic/output efficiency and social/targeting efficiency, "regionalism" is a **depressant** and "ethno-political regionalism" is a **super-depressant**. Hence should not demarcate regions or create regions on ethnic bases.

The Northern and Eastern provinces should not be merged because if merged it would conduce to "ethno-political regionalism" and tend to transform vast amounts of public goods, the state lands and two-thirds of the coastal resources, into ethno-specific goods or local goods, which entails an economic loss for it depresses economic efficiency and social efficiency.

Rights over state lands should not be devolved, but retained with the centre. A reconciliation of local and outside interests in land settlement can be effected by reserving lands irrigated by small tanks and a part of the lands irrigated by medium-sized tanks to local persons and by allocating on a case basis, part of the lands irrigated by medium-sized tanks and lands irrigated by large tanks to outside persons, including those from other regions, selected according to the severity of land-man ratios in their respective habitats.

The issue of who has the right to deal with state lands under the plantations in the different regions should be clarified and should advisedly be settled in favour of the centre.

Police powers given to the regions should not be allowed to obstruct in any way the inter-regional legitimate mobility of legitimate factors of production, goods, services and persons. Measures that would ensure the impartiality of the regional police forces in these

matters should be written into law and institutionalised.

To prevent mercantilist and protectionist tendencies inspired by selfish "regionalism" from causing economic distortions, mis-allocation of resources, a further fragmentation of the market and a further reduction in the prospects for realising economies of scale, it should be clearly stipulated that -

(a) Any economic privilege a region grants to any one region, including itself, should be granted to all other regions.

(b) Any restrictions a region places on the economic activity of another region should be placed on all other regions, including itself.

To protect the interest of the balance of payments strategy of maximising the rational use of grants and foreign direct investments, and to prevent a widening of inter-regional disparities, powers to negotiate foreign loans, grants and technical assistance should be reserved to the centre and should not be given to the regions, even subject to limits.

In order to ensure a proper management of the structural budget deficit and to minimise the growth - depressing forces that would result from fiscal and budgetary mismanagement, the Centre should have the power to remove a regional council in cases of proven irresponsibility in financial matters.

Policy and planning guidelines should be prepared for the benefit of the regional and rural development planners so that programme and project formulation by them will be in accordance with the national development strategy and the sectoral plans and programmes.

The Regional Council institution and the establishment should be designed to be slim and agile, in the manner the Provincial Councils were intended to be, and not

allowed to become fat and lethargic, in the manner that the Provincial Councils have become. The proposed establishments in the judiciary, the police and the Commissions should be reviewed in terms of their costs and benefits.

Decentralisation of administration, planning and implementation down to the level of the Division should be encouraged and strengthened because it is the truly meaningful and the most productive exercise for bringing the planners and implementations close to the people for problem identification and prioritisation, programme/project formulation to meet felt-needs and effective and efficient delivery. A divisional plan provides an ideal framework for encouraging participatory - local level - bottom-up planning processes and full-project-cycle participation which maximise economic/output efficiency and social/targeting efficiency.

The capacity of a Division should be built up for it to play a central role in the implementation of national, sectoral, regional and rural development and to serve as the focal point where bottom-up plans from the villages and the top-down plans coming from the national planning authority through the Regional Council will meet, get synthesised and implemented.

A Regional Plan - while incorporating the divisional plans should have in addition trans-divisional projects, projects to mitigate inter-divisional disparities, region-specific projects prepared in accordance with the regional and rural development policies, and projects and programmes adapted from national and sectoral plans in conformity with the objectives of the National Development Strategy.

CONCLUDED

HILLCOUNTRY HERO:

MUTHULINGAM LOCATES ILANCHELIYAN

K. S. Sivakumaran

Eluthatha Varalaaru (An Unwritten History) - study on Sri Lankan Dravidian Movement by P.Muthulingam. (Published by the Institute of Social Development 8, Mulgampola Road, Kandy. 1996. Rs. 100)

The Dravidian Movement in Tamilnadu initiated by E.V.Ramasamy Naaiaker, has had some impact among the Sri Lankan Tamils, particularly those in the plantation areas. But its history has not been written concisely and chronologically before. The writer P.Muthulingam has therefore made a study on the subject and has produced a critical analysis of the impact and the repercussions in Sri Lankan political history. This is very useful to the younger generation. But most importantly, Sinhala only knowing readers should be aware of the historical past of the Tamils before pronouncing verdict as on them.

The author is a researcher and journalist identifying himself with Leftist politics in the 70s. But in the '80s, he had to live incognito in India. He returned to Sri Lanka in the early '90s and is presently involved in social work. His political commentaries have appeared in all three languages. Presently he is the Director of the Institute of Social Development, Kandy. We learn that the late Dr. Newton Gunasinghe has had a great influence on P.Muthulingam.

By reviewing the role played by the then Sri Lanka Dravidian Advancement League (*Ilankai Thiravidar Munetra Kalagam*), which will be referred to as SLDMK in this review, in the affairs of the plantation workers of Indian origin in Sri Lanka, the author stresses the historical need to revitalise such a mass organisation to win the political, social, economic and cultural rights of the hill

country people.

The writer discusses the subject under the following heads:

The Origins of Self-Respect movement (*Suya Mariatha Iyakkam*) in Sri Lanka. The SLDMK and the Entry of Ilancheliyan, The Implementation of the Sinhala Only Act and Tamil Nationalism, The Entry of the Leaders of the Thamil Government Party (i.e. the Thamil Arasuk Kadchi or the Federal Party) into the hillcountry and the ban on SLDMK, the lifting of the Ban and the Conference to oppose Stateless Status, Shrima-Shastri Agreement, the proclamation of the SLDMK as a Political party, SLDMK and the World of Arts and Letters and the Individuality of Ilancheliyan.

The book has a few texts in Sinhala and English (newspaper reports and excerpts from the Hansards). Footnotes and bibliography are also included. Attractively printed, this 125 page book gives valuable historical information hitherto not widely known. Among the photographs included is one showing Bala Tampoe, Rohana Wijeweera and Ilancheliyan on the same platform. Here are some excerpts from the book, in translation:

The Self-Respect Movement started by E.V.Ramasamy Naiakkar in 1926 was anti-colonial in its make up but basically it was vociferous in its opposition to caste discrimination and the dominance of Brahmins in India. In Sri Lanka, the SRM gained ground

by 1932. The SRM and the Justice party in India joined hands together and renamed themselves as Dravidian League (Thiravida Kalagam), in 1944. Tamil Nationalism in Sri Lanka began to evolve, when in July 1948, a meeting was held in Colombo to focus on the subject.

The Dravidian League itself split in 1949, when its 68 years old leader EVR married a 26 year old woman, who was a member of the League.

C.N. Annathurai, a one time Chief Minister of Tamilnadu, broke away and formed the Dravidian Advancement League (Thiravida Munetra Kalagam - the DMK) on September 17, 1949. In Sri Lanka too, under the leadership of Ilancheliyan the SLDMK was formed. It is interesting to note that Ilancheliyan has also formed a Tamil Buddhist Association in 1950.

Later there was dissension among SLDMK members. Ilancheliyan felt that the local DMK should not blindly follow the leadership in Tamilnadu, but there were others who opposed that.

In 1962, the SLDM was proscribed by the Government. The order was revoked in 1963.

Meanwhile the SLDMK was erroneously dubbed as "We Tamil Movement" by a section of the Sinhala and English press. The motive was to convince the readers that the Tamils are a dangerous lot. As an outcome, a rally organised by the SLDMK at

Bandarawela was brutally attacked and racial clashes prevailed on July 15, 1963. *The Daily Mirror* reported this incident and the *Dinamina* too published objective reports. Meanwhile at Ratnapura, as a counter move: "*Api Sinhala*", movement was started to propagate the idea that the SLDMK was an anti-Sinhalese organisation.

The SLDMK, meanwhile proclaimed itself as a political party.

The *Aththa* newspaper wrote stories against the SLDMK, and painted a picture that it was a subversive organisation. But the CID reports revealed that the SLDMK was not indulged in subversive or treasonable activities. Nevertheless suspicions were cast on the party and further investigations were made. The JVP, Colombo Port and individuals like R.G.Senanayake and K.M.P.Rajaratne targeted the SLDMK as a dangerous organisation.

Ilanchelian was arrested and later released in 1971. The time had come for the SLDMK to cease to exist under Ilanchelian in 1972 as he now advocated Trotskyism. He formed the Sri Lanka Socialist Front. But the Tamils were let down by the 1972 Constitution formulated by the Trotskyites. Tamil Nationalism was then intensified. As a result the left-oriented Socialist Front lost its hold.

However, the author considers Ilanchelian as a rebel emerging from the people. The book is really a portrait of Ilanchelian in the context of SLDMK's influence in Sri Lankan politics.

Eluthatha Varalaaru should be translated into Sinhala for the benefit of the vast majority of the people in this country, to genuinely understand the problems of the Tamil-speaking people in this country and to clear any misconceptions and fear they have in them.

Waiting 40 Kundasale

So I lost you and found you,
Here at Kundasale, and we rejoiced
That youth had not yet passed.

On this Palace site on our love we set the seal
Looking later, for what it could reveal
Of the Kandyan legend.
There was no trace. Only the quiet grass
Growing, may be, over the grim stones of fallen pillars and
shattered halls
And remembered that savage report to Goa
That Narendra Singhas beautiful palace has been razed.

Goa or earlier for that matter, Batavia
Could afford it, may be, but wasn't keen
On recruiting historians from Oxford and Leyden
As Governors and Civil Servants.
Being plain merchants
Without much understanding of even the History they made
They chose those adept at extending mercantile intrigue
Into governance.
To hold the coastline blockaded and peopled by loyal immigrants
And colonial Quislings fawning for patronage.

With sundry Pretenders to the throne
They provoked despatch of expeditions into the encircled
mountains
Laying waste the libraries and palaces
All culture to them being subversion.

Those gentle scholars arrived much later
To research arsonists into Imperial heroes..

U. Karunatilake

LIBERALISING THE SR SOME STRUCTUR YET TO BE N

The declaration of the Ninth SAARC Summit which ended in Male on the 14th of May, in its section on **International Economic and Social Issues (1)** reflected the growing disillusionment of the SAARC leaders at their relative lack of success in employing economic liberalisation as the key strategy towards national economic growth and development. All South Asian states, with Sri Lanka as front runner since 1977, are now fully committed in policy, if not actually in practice, to the free market. The private sector, if not yet the engine of growth in fact, is at least being paid lip service to, as the key accelerator of future growth.

Yet, the Heads of SAARC States at Male last month could not resist taking a collective side-swipe at the current trends in liberalisation, and globalisation, its natural corollary, for as they put it "imposing a heavy burden on developing economies, in particular, the least developed countries which are becoming marginalised from the mainstream of the world economy". The devil is, as is to be expected at regional conclaves, the developed world outside and its unfair practices like "*linking imports to politically motivated social and environmental values and concerns, such as human rights*", and the well known evils of lack of access to developed country markets, capital new technology and declining levels of ODA. A highly popular and imposing list of charges.

But what about the problems within the regional States themselves and the *ad hoc* and stumbling manner in which the liberalisation process has been addressed domestically. Perhaps this is as much to blame for the lack of realisation of the expected outputs of liberalisation (and the enviable growth path taken by the South East Asian countries) as the machinations of the foreign devil. But it is always useful to have a scapegoat somewhere.

Only last week we had no less a person than President Kumaratunga (2) attempting to deal with some of the local reality when she observed that the way forward economically would necessitate us following the disciplines that South Korea and Malaysia have imposed on their societies. Of course this assertion was immediately countered by one of her Coalition allies (3) and ably supported by the independent Press who are extremely wary of anything that smacks of "a little bit of totalitarianism". (4).

This Paper attempts to highlight some of the real (structural) reasons why the path of economic liberalisation has not and will not be an easy one for Sri Lanka to follow on its anticipated way to growth and development. In the case of the Peoples Alliance government - a coalition of parties with disparate economic policies - it is just that

much more difficult. But the structural factors will, it is contended, prove to be formidable contracts to any administration pursuing this strategic path to economic prosperity.

The most recent **Annual Report** of the Central Bank puts the growth rate for the year 1996 at 3.8 per cent. The drought, power shortages and urban terrorism are some of the reasons adduced for the depressing rate of growth but even if these are discounted the annual increase in economic growth would still be very far below that which is regularly achieved by the Asian Tigers (5) and countries like China, Thailand and Malaysia.

What then are some of the real or structural reasons why we cannot perform as well as the High Performing Asian economies the (HPAEs)?. And the War against the armed separatists itself, debilitating as it has been over over the last 10 years or so can also be discontinued, for there are some **real** factors which are likely to prevail as constraints even after we have achieved peace in the North.

It is undoubted that it is **government influence** and **direction** that remain the key determinant of national progress in Sri Lanka. It was so before the open *economy* and *liberalisation* came into vogue in the late 1970s and it is so today. At first

THE SRI LANKAN ECONOMY: POLITICAL ROADBLOCKS NEGOTIATED

Bradman Weerakoon

sight such an assertion may appear to be in contradiction with a policy of *economic liberalisation*. But what Sri Lanka has done is to follow pragmatic economic policies which have sought to accommodate the essence of free market practise with government influence and direction as and when the occasion demanded. This has been so whatever be the ideology of the particular administration in power at the time. It was so in the 17 year period (1977 to 1993) when the initial proponents of economic *reform* and the *free market* were the governing party and it appears to be valid today when we have a government which has a history of commitment to planning and welfarism. The difference in terms of influence, direction and intervention is one not of kind but of degree.

In Sri Lanka's case **guidance, facilitation and regulation** of the **economy** by the government have always been considered necessary. This has been so because experience with the free market economy has shown that the market by itself clearly cannot do several things which are politically important, such as, relieving social and regional inequities, preventing corruption, alleviating unemployment and controlling undesirable commercial practises.

Moreover Sri Lankans have always had

the expectation that the State would take major responsibility in seeing that the public interest would be served by its role in the economy. Generally, the public interest has meant the **consumer** interest - a rather short term interest. The experience of the East Asian countries which have been successful in their transformation to economic liberalisation, is that there too the State has played an important role in guiding the economy. But there, the public interest has been defined more in the sense of the **producer** or the entrepreneur, by a national leadership which operated in an autocratic political milieu and one far less susceptible to pressures from below than in Sri Lanka.

The East Asian countries by and large, had the **infrastructure** and the **bureaucratic** and **entrepreneurial** foundations on which to launch their export-led industrialisation project as they liberalised their economies. In Sri Lanka, in comparison these basic conditions were relatively weak.

Moving from a controlled to an open economy, which Sri Lanka found itself forced to do in 1977, and which in World Bank terms constitutes the reform of the economic regime (structural adjustment), requires a delicate balance between two sets of strategies that on the face of it seem incompatible.

One, is **stabilisation** that attempts to

control imbalances in the economy like the frequent fluctuations of prices, interest rates, exchange rates and money supply. The other, is **liberalisation** which presumes that the free market will through the operation of the laws of demand and supply regulate the allocation of resources. The problem for any administration is that while in the long run the free market may quite likely do so, in the short run, the administration could be faced with innumerable political and social pressures which could threaten its very existence. Sri Lanka is noteworthy for the fact that the liberalisation process has been convoluted and complex. It has proceeded in spurts or in piecemeal fashion rather than moving consistently forward. Decision making has often been *ad hoc* and interventions disruptive. The moral of the Sri Lanka story is that there are serious practical problems in trying to follow both stabilisation and liberalisation in tandem. These cover such issues as political acceptability, the capacity of the bureaucracy to fulfil the demands cast on it and the matter of overall policy consistency.

Political compulsions and the expectations that people have of government will inevitably mean that in Sri Lanka as well as in other countries in which governments need to be constantly sensitive to the demands of the electorate and the political opposition, the threefold role

of government referred to above of *guidance, facilitation and regulation* will have to coexist along with the imperatives of liberalisation. What do these concepts mean in practice?

THE GUIDANCE ROLE

The objectives of government here would include *guiding* the economy towards macro-economic stability and overall growth targets, achievement of appropriate levels and types of employment, alleviation of poverty, raising of income levels, maintaining balanced growth in the different sectors of the economy and fostering lead economic activities, as for example the Mahaweli Project in the late 70s and the Ruhunupura project in the South, of the present administration.

The role of "*guidance*" must be distinguished from that of "*direction*" or "*managing*" which was a characteristic of government policy for many decades after 1948. However, at policy making levels the former attitudes of directing and managing have still not been subdued. Moreover the current policy formulation culture is more inclined to be reactive to situations that proactive in anticipating future development. This is undoubtedly part of an institutional tradition which has a preference for hierarchical-top-down decision making rather than horizontal peer-level co-ordination and consensus seeking.

THE FACILITATION ROLE

In its role of *facilitating* the proper functioning of the economy, the Sri Lanka State has consistently, virtually since Independence, given increasing attention to the following policies:

* education and training to provide the human resources needed for different types of investment in the economy.

* the development of infrastructure such as communications, power and

energy and transport to support expected economic activity.

* The introduction of advanced technology into production and distribution.

* putting in place the necessary legal and institutional infrastructure to foster investment in the economy.

THE REGULATORY ROLE

This is an important role for the State when, and where, the major responsibility of production and supply of goods and services has passed on to the private sector. In addition, in line with its enhanced role in the economy, the private sector will have to become the major source of employment and also the role model in terms of conditions of employment for labour. There is also the impact of economic activities on the quality of the environment, which in the context of the sustainability of the development process also raises concerns.

It is therefore quite valid for government policy to prescribe a regulatory framework within which the economy would function. Such a framework would cover concerns like:

* consumer protection through regulation of the quality, standards and prices of goods and services. Prevention of the growth of monopolies would also be part of such protection.

* environment conservation

* non-exploitative labour conditions in regard to wages, hours of work, health etc.

* the stability of the financial system and safeguarding the savings and investments of the public.

Accordingly, it is clear that the public policy management process in Sri Lanka has been characterised by

strong government involvement. The process usually involves three stages, *analysis, decision-making and implementation*. Although liberalisation should see some participation of other stakeholders - notably the private sector in the policy management process, this has not happened to any appreciable extent. This structural problem has not received the attention it deserves.

For example, in the *analysis* phase there is no institutionalised way in which either intended beneficiaries of the project, those who are expected to implement or even academics or 'think tanks' are involved. Similarly in the *decision-making* phase, we would expect that decision-making on policy options would not be confined to the traditional political institutions such as the Cabinet of Ministers or the sectoral Ministry but should provide for the broadest consultation and accommodate as wide a range of inputs as possible. And, in the area of *policy implementation* the institutional arrangements for policy implementation, and for monitoring and evaluation, need to have private sector representation. Today, very often what passes for evaluation of public projects or programmes is one-sided, done only by the government agencies concerned and is, not unexpectedly, self congratulatory!

The problem in Sri Lanka has been that the challenge of the new public management process, which needs to be instituted in the context of the liberalisation of the economy, has been approached with the same old tools - *institutional, process and human*, that had served the cause of the earlier regulated economic regime.

LOOKING BACK - PART III

LANKA'S RIGHTIST LEFT

H. L. D. Mahindapala

When the masses revolted against the Left in 1977 and cast them out of the political arena they withdrew into an oblivion from which they never quite recovered. They, however, had to come up with plausible explanation for their failure. It was provided by their leading theoretician Dr. Colvin R. De Silva who wrote the pamphlet *April 1971 - A Foredoomed Ultra-leftist Adventure*. Dr. De Silva was rated by Prof. George Jan Lerski, Visiting Professor of Political Science, Ceylon University, as "one of the most convincing Marxist writers of Asia, with qualities of a formidable political leader". In his book on the *Origins of Trotskyism in Ceylon*, he also quotes, in the footnotes, the Fourth International critic, Ernest Germain as saying: "Colvin R. De Silva and Leslie Goonewardene were brilliant Marxist thinkers who have written some of the best revolutionary pamphlets in South East Asia." (P.29) Undoubtedly, Dr. De Silva's analysis deserves critical consideration for the basic reason that he represented the ideological position of the LSSP better than anyone else.

The main thrust of Dr. De Silva's argument is that the JVPers launched a premature insurrection which put back the left movement into an almost unrecoverable plight for a long time to come. He argues that the JVPers launched an insurrection against the popular Samagi Peramuna government of the SLFP-CP- LSSP in April 1971 at a time when the conditions were not ripe for a revolution. "It was," he wrote, "an effort to carry through a task of the higher stage of the revolutionary process, namely, insurrection, at a stage when there was no revolutionary

situation at all in the country." (P.2 Ibid.). Dr. De Silva, in his characteristic analytical style, assesses the hopeless situation of the Left after 1977, when the UNP had trounced the SLFP and buried the Marxists in the grave they dug for themselves, and states that the future is bleak. Dr. De Silva wrote: "The insurrection only impeded, weakened and, in many aspects, frustrated the efforts of the Left parties and their allies in the SLFP to set going the process of radical change which the electoral victory of the mass movement in May, 1970 enabled. With the insurrection and the measures which the Government took to face and defeat it, especially the introduction of an emergency system of rule based on the armed forces, the police and the bureaucracy, the masses were in fact forced out of activity in the political arena. The situation thus created became a source of fundamental weakness of the Left in its struggle for radical change against the forces of the Right within and outside the Samagi Permauna Government. The forces of the Right were in fact fundamentally strengthened by the forcing of the masses out of activity in the political arena. A long time was to pass before they could at all re-enter the political arena as an organised force pursuing its own radical ends." (P.7-8 Ibid.). His pamphlet, *April 1971 - A Foredoomed Ultra-Leftist Adventure*, is in essence a belated attempt to find a scapegoat for the failure of the Left. And he blames the JVPers not only for jumping the gun (no pun intended) but also for the dismal failure of the entire Left. His conclusion is that "the insurrection in fact disarmed and disoriented the masses politically,

pushing them to the Right and Reaction for a whole period, as has been amply demonstrated anew and on a decisive scale in the results of the 1977 General Election." (P.8.- Ibid.)

He justifies the first part of his thesis that conditions were not ripe for an insurrection by quoting the appropriate text from Lenin and also from Rohana Wijeweera's speech to the Criminal Justice Court which tried him. But is this analyse is correct? Here I am going out on a limb and quoting from memory a report which appeared in the evening *Observer* where Leslie Goonewardene, General Secretary, told the Central Committee, almost on the eve of the elections of 1970, that conditions were ripe for a revolution. My recollection is that it was a brief report consisting of a paragraph or two which went unnoticed by many. Yet in the post-1977 period Dr. De Silva states that conditions were not ripe for a revolution. Who is correct? Dr. De Silva in 1977 or Leslie Goonewardene in 1970? Both are correct based on the dates from which they argue. After the Marxists joined the SLFP whatever conditions there were for a revolutionary situation were dissipated. But late in 1970, before the coming of the Samagi Perumana supported by the JVP at the May elections, the situation was deteriorating rapidly with the youth abandoning all hope of reform through the SLFP-Marxist Coalition. I remember vividly the JVP speakers giving notice at a Hyde Park meeting to the Samagi Perumana of a coming revolution if the Samagi Peramuna fails to fulfil their promises. It reminded me of Leslie Goonewardene's statement that conditions were ripe for a revolution. His

report to the LSSP backs up Rohana Wijeweera's conclusion that : "The objective conditions were maturing fast, but they were still unripe." Would not the maturing objective conditions ripened if the LSSP-CP joined the JVPers instead of the SLFP ? The LSSP- CP had all the factors which the JVP lacked. A combination of the two forces would have been absolutely formidable. It contained the possibility of shaking the foundations of the SLFP government to smithereens.

In other words, the revolutionary situation was defused by the urban Marxists joining hands with the SLFP to suppress the rural insurrectionists. The outcome of the urban Marxists joining hands with the rural insurrectionists would have been very difficult to predict. It is not too unrealistic to assume that together they would have had the power to even overthrow the government of the day. According to Dr. De Silva "some 94 police stations" in various parts of the country had fallen into the hands of the JVP. He also states that the JVPers had "sheer determination", made "the most heroic sacrifices" and displayed "the strength of their revolutionary spirit and fervour". What they lacked was leadership which the LSSP could have provided if they could find common ground with the JVP. But the two forces were destined to meet not as partners in a revolution but as determined enemies firing at each other from opposing sides — each determined to eliminate the other. Looking for scapegoats, Dr. N. M. Perera condemned it as a devious CIA plot. However, speculating on the wide open possibilities of a fluid situation like April 1971, it is necessary to ask : Did the Trotskyites who were committed to the basics of a permanent revolution miss the bus when the revolution came to their doorstep ? Did the Marxists fail to grasp the revolutionary potential in the JVP insurrection and advance their own expectations of the coming revolution ? Did they find it more important to defend their parliamentary seats than taking up ideological positions behind the revolutionary barricades ?

From a theoretical and committed point of view of the revolutionaries, conditions were ripening fast for a revolution and, taking this argument at face value, the

LSSP, instead of seizing whatever opportunities there were in the thesis of Leslie Goonewardene, threw themselves into the arms of Mrs. Sirmavo Bandaranaike. Though this opportunism was disastrous for the revolution they wanted, and the Left movement as a whole, it was, indeed, a blessing for parliamentary democracy. It was the bitter divisions of the Left that saved the day for democracy. When the Left went down ignominiously with Mrs. Bandaranaike, the leading theoreticians were left wailing in the wilderness, blaming everyone else except themselves. With a bleak future staring in their faces Dr. De Silva wrote : "The most disastrous consequences of the irresponsible adventure which was the April, 1971 insurrection was the destruction (it was no less) of this vital new element in the political process, namely, the growing organised political activity of the masses — an activity which in its development could at another and much higher stage provide one of the principal necessary constituents of a revolutionary situation. The irresponsible intrusion of foredoomed insurrection into the political process aborted the new element just when it was beginning to grow. The masses fell out of the political arena altogether and were held there outside by the draconian emergency, which a strengthened Right was able to keep going long beyond the needs of the defence of the Government against the insurrection..." (p.16 - Ibid.).

The Leftists leaders were either knaves or fools to believe that they were in fact serving and advancing the revolution to its next higher stage through the SLFP on the premise that it was a "progressive party". Revolutionaries never won the day by allying themselves with bourgeois parties, or by hoping to transform a *radala* gang into dedicated Castros. Revolutions always came from outside the bourgeois framework. Only the contradictory dialectics of Dr. De Silva enables him and his ilk to believe that they could sit comfortably in the semi-bourgeois, semi-*radala* Cabinet and, at the same time, expect the revolution to mature, ripen and fall on their laps at some vague, future date. Postponing the date of the revolution indefinitely was convenient because fixing a date closer to their seats in the Cabinet would have

been utterly disruptive to their unprincipled political compromises and, of course, their bourgeois life style. It was also imperative that they should deny or refuse to accept any objective conditions that may have been there for a revolution. They had to justify their own folly of backing the SLFP — "the alternative capitalist party" — that buried them. So they produced the self-serving theoretical justification by publishing *April 1971 — A Foredoomed Ultra-Leftist Adventure*.

The decline and the fall of the Left in our times was an inevitability, considering the global and local trends that matured and undermined the Marxist models. As stated earlier, the Lankan 'Right' produced some of the most humane and enlightened leadership with hardly any parallel in the Third World. Leaving aside the Right-wing "socialism", they established the most healthy democratic norms which facilitated the transfer of power to a legitimately elected party without resorting to violent overthrow of each other. In all other Asian countries — from Japan to India — it has been the norm for one party to dominate the political scene even with periodic elections. The LDP in Japan had only one break, the Congress Party ruled India until recently, UMNO party in Malaysia continues to hold its grip, and Lee Kwan Yew in Singapore, the Communist Party in China, N. Korea and Vietnam, the military regime in Burma have had a firm grip on the politics of their nations. In Sri Lanka the frequent change over from one party to another established a record for Asian countries. It began in 1956 and was repeated in 1960 (2 changes), 1965, 1970, 1977, and 1994 — making in all a total of eight changes in governments. The Right-wing also did not succumb to the ultra-right coup or violent ultra-left uprisings. It stood steadfastly by the democratic norms, however, feeble and defective the democratic institutions may be.

THE SIN OF HUBRIS

The first and the most serious challenge to the growing democratic tradition came from the SLFP-Marxist Coalitionists. They arbitrarily extended the life of parliament without even a

bogus mandate from the people. In one of the most comic acts, it also shifted the national day from February 4 to May 27 — the day the Coalition came into power. Driven with the hubris of megalomaniacs, the Left-oriented regime believed that they were launching a new era in history and their day (May 27) of electoral victory marks the beginning of history. In the typical Marxist fashion, they wanted to rewrite history by downgrading the 'Right-wing' history of February 4 and elevating the "revolutionary" history of May 27. They believed fancifully that the Coalition victory in 1970 was the equivalent of the October Revolution. It was another ruse to mislead the masses like the way they misled the masses by denouncing the independence achieved by D. S. Senanayake as "fake independence" — *eeniya nidahasa*.

To some extent, the Marxists believed that their share of seats in the Coalition cabinet was a part of their life-long mission to fulfil their political objectives. The Trotskyites also felt that it was the best attainable reward for their careers which began on December 18, 1935 when they first launched the Lanka Sama Samaja Party. Some even argued that they were opening the secret backdoor for the LSSP to grab power in the next phase of political developments. The right-wing of the LSSP led by Dr. N. M. Perera had triumphed over the wishy-washy centrists (Dr. Colvin R. De Silva, Bernard Soysa etc.) and the determined left-wing (Edmund Samarakoddy, Bala Tampoe etc.) at the decisive New Town Hall gathering of the national party cadres. Dr. Perera argued convincingly that no nation which has enfranchised the people with the power to elect their governments has had a successful revolution. This was, of course, contradictory to the tenets of Trotsky's daring theory of the Permanent Revolution which he had written in 1905. Whether his theories were applicable in the only country in which his flag flew high is highly debatable. What is on record, however, is the slow but steady decline of revolutionary dogma in favour of parliamentary opportunism. When the LSSP entered the State Council in the 1930s' and parliament after independence, their policy was to make use of parliament merely as a political platform to

propagate their views. But, in the end, instead of abolishing what they regarded as the instrument of oppression of the capitalist class, they embraced parliament with all their might as the last refuge of derelict Marxists with nowhere to go except into the wilderness.

The Left wielded power only as members of a coalition in parliament and it is this role that should be assessed critically to understand the trends that went awry in the 1970 - 1977 coalition. This was the period during which socialist experiments reached its high water mark.. The Left / Centre-right honeymoon launched into modes of social engineering which they hoped would transform society into their preconceived mould. They also believed that it was a historic swing that would consolidate the Leftward movement and take the nation further to the Left. Their tendency to read electoral swings as revolutionary movements reflects partly their ideological rigidity and partly their failure, despite all their intellectual brilliance, to understand basic politics in a democracy.

Initially, the LSSP believed that they were emerging as the third force that could rival the two established parties of the Right. In 1960 they fielded their maximum number of candidates hoping to triumph at the polls. They felt that the conditions were ripe for them to march triumphantly into history. It was a time when the SLFP had lost its leader after his assassination through a plot hatched by some party loyalists. The extreme Right-wing of the SLFP broke away and this splinter group led by W. Dahanayake, the Prime Minister who succeeded Mr. Bandaranaike, was campaigning against the SLFP. The leaderless SLFP was leaning on a political novice like Mrs. Sirimavo Bandaranaike to regain their lost fortunes. The UNP too had not recovered fully from its lowest depths since 1956. Against this background the LSSP felt that this was their grand opportunity. But as the results poured in it was clear that the UNP had managed to grab enough seats to form a minority government. Dr. N. M. Perera retired hurt and was lying on a *hansi putuwa* at the Kurunegala rest house that night, waiting pensively and all alone. Dudley

Senanayake too went to the rest house after the Dedigama count and I remember Wally Perera, the gregarious Lake House photographer, attempting to stage a picture of Dr. Perera congratulating Dudley Senanayake. Trying to coax Dr. Perera into the picture Wally said: "Doctor, please shake hands for me to take a picture?" A dejected Dr. Perera told him: "Wally, leave me alone. I don't want any pictures."

This election dashed all hopes of the LSSP capturing power on its own. Nor was there any prospect of a revolution at that time. The next step was for them to play bourgeois parliamentary politics arguing, somewhat unconvincingly, that they were advancing cause of socialism by joining the party they had condemned earlier as the feudal Right-wing of Sri Lankan politics. Mercifully for Sri Lanka, their honeymoon with the SLFP did not last long. But the brief encounter with 'socialism' was adequate to give a taste of the political nightmare that Sri Lanka escaped by the skin its teeth. If the recorded results of the brief interlude in power ended in their ruin and that of the nation it is possible to imagine what would have happened if they had come into power on their own! They would have undoubtedly gone down the track of suppressing dissent and demolishing democratic structures — all in the name of the people.

The courage and the integrity of the early Marxists of the thirties were admirable. These talented returnees from the west had the world at their feet. Their choice to follow a doctrine that promised salvation was the natural response of their youthful and zealous consciences. But by 1970 the young Marxists who began as distributors of dhal to the malarial victims had lost their early idealism. The anti-imperialist Surya Mal campaigners were defensively entrenched in benches of the front rows of Parliament in 1970. Starting from the State Council days in the 1930s' they were more accustomed to the verbal pyrotechnics in parliament rather than firing live bullets from working class trenches at the establishment. They preferred a swim at the Otters Club to a Long March to the Yenon Caves. They were willing to collaborate with the very class they condemned throughout their political careers. Having lost faith in the

revolution they recommended collaboration as a "progressive" step to their followers. Initially they taught that it was progressive to oppose the ruling classes. Later they taught that it was also progressive to support this class. They were not confused. They were being opportunistic. They saw it as the last chance of their careers. If they can't capture power — and where can anyone go in politics without power? — then the next best thing was to kow-tow to those who are willing to give them share of power, even though as a junior partner. They were, in the end, willing to trade their idealism, their doctrines, their camp followers, their skills for a few seats in the Cabinet. The result was disastrous: they gave birth to a Left movement of the next generation which not only vulgarised Marxism but deviated to the extreme fascist Left. The first generation of Marxists never spawned legitimate children. They produced bastards who were ever willing to kill their fathers. This is, perhaps, the greatest tragedy of the Left. The second generation of Marxists saw the first generation of Marxists as corrupted collaborationists defending the capitalist class, with no possibility of social salvation through an alternative system. Consequently, the vulgarised Marxism of the JVPers presented a revolutionary alternative to the disillusioned youth who were desperately looking for a way out.

Irrespective of their colourful revolutionary rhetoric, the Left never advanced from being a reformist group to any serious revolutionary politics. Though the Bolshevik-Leninist group of Dr. De Silva and others, were committed theoretically to a revolutionary process they did not activate a movement, overtly or covertly, to be the local counterpart of a Mao or a Castro. One of their fundamental mistakes was to neglect the peasantry partly because they were not in the category approved by doctrinaire Marxism and partly because it was convenient for the city-based Leftists to concentrate on the workers. In trying to refute this Dr. N. M. Perera once argued with me that he was returned to parliament from a rural electorate, Ruanwella. This argument could also be used Dr. S. A. Wickremesinghe from Matara, or William Silva from Ambalangoda, the Gunawardena brothers from Borolugoda.

It was this kind of casuistry that prevented the Marxists leaders from reading the political situation at grass-root level. They failed to realise that the rural vote they got was either a personal vote tied to an early image built on the services they rendered to their electorates, or to the prestige of a family name and not based on the strength of their ideology which never took root the way they wanted.

Besides, they were arm-chair revolutionaries who never dared to venture out of the bar at Hulftsdorf or the bar at the Otters Club. When Mao, Castro and Ho Chi Minh were going on long marches Dr. Perera was investing in the share market and Dr. Colvin R. De Silva was building middle-class flats for renting. One of the more committed Marxists, N. Sanmugathan, used to say that anyone who believed in Marxism would neither invest in the share market or flats because the first victims of the revolution would be the share market and expensive flats. This question was put directly to Dr. De Silva by Prof. George Jan Lerski, who wrote the book, *Origins of Trotskyism in Ceylon*. His comments in the footnotes are very illuminating: "I had a chance in 1963 to discuss at length with Dr. De Silva, his political opponents, including the pro-Moscow Communists, who made frequent allegations that the Ceylonese Trotskyites like himself could never be really sincere in their espousal of proletarian causes because their constant accumulation of private property reinforces their bourgeois attachment to the good things of life. I was amused to hear the following retorts, "Sure, some of us are fairly rich but that is why no one, including His Excellency, the Russian Ambassador, could ever bully us." (See p. 29. Notes - Lerski).

Dogma apart, credit must be given to the Trotskyites for their independent stance which led to the founding of the most successful Trotskyite movement in the world. Though they never met Trotsky, in the legends of the left there were stories of Philip Gunawardena crossing the Mexican border for a meeting with Trotsky and some attempts made by Selina Perera, the wife of Dr. Perera, to meet Trotsky. **But Trotsky himself never acknowledged the**

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existence of the Sri Lankan group which was to carry his banner high. The Fourth International of Trotsky was a ghostly shadow compared to the powerful Stalinist Comintern. Prof. Wiswa Warnapala, when he was a student of Prof. Lerski, defined the Fourth International "as being composed of four old bearded Russian Jews who recommended from Montparnasse Cafe in Paris, permanent revolution to the scions of the Ceylonese plantocracy." (Lerski - p. ix). It was, indeed, a pithy and fairly comprehensive summation of the state of the revolution in Sri Lanka.

NM: TOUGHER THAN THE UNP

At best, the Marxist leaders were a misguided group of middle-class intellectuals who in their enthusiasm to create a better world took to a millenarian doctrine which was far beyond their capacity to pursue with a degree of sincerity and commitment as Mao or Castro. Nor were they prepared to take on the establishment head-on through revolutionary politics. Their radical politics began and ended with city-based strikes that did not even touch the periphery of improving the quality of the life of the working class. And whenever they moved into the plum jobs in the Cabinet they became the fierce opponents of wage claims by the workers. *I. J. Wickrema, the pro-LSSP General Secretary of GCSU, was sacked by Dr. N.M. Perera when he opposed his budget and demanded better conditions. Mr. Abdul Aziz, the Indian estate workers leader of the Democratic Workers' Congress, told me that it was more difficult to bargain for wage increases with the Marxist Minister of Plantations, Dr. Colvin R. De Silva, than with the Right-wing UNP ministers.*

Besides, they were westernised, text-book Marxists who failed to analyse the local conditions (as was done in, say, Mao's Hunan Report) and relate it to the changing political circumstances. Despite the vast array of intellectuals none ever produced the original Marxist texts in the vernacular. The masses received only a crude version of Marxism which, in turn, bred vulgar Marxists who turned viciously against the first generation of westernised Marxists. The local variety which manifested itself in the form of JVP was

the bastard child of elitist Marxists who disowned them the moment they were born. The men who preached the doctrine of the "permanent revolution" turned their back on the first "revolution" that surfaced on Sri Lankan soil in 1971. If at that time the city-based Marxists had joined the JVP "adventurists" the chances were that the SLFP government would have collapsed like the lean-tos in the Borella shanties demolished by Dr. Perera. But Dr. Perera and Dr. Colvin R. De Silva used their workers to defend Mrs. Bandaranaike's government (of which they were a part) rather than support the "revolution".

Mrs. Bandaranaike did the right thing by crushing it. After that the Left was paralysed. They could only move sideways into the ranks of the growing Right. Today, the LSSP and the other leftists are locked into an overwhelming capitalist framework which gives them no room to manoeuvre in any socialist direction. By sharing power with the SLFPers they endorse the policies of inviting (in their jargon) foreign imperialists to buy Sri Lankan assets. They even tacitly agree not to touch the profits of the capitalists or to threaten their businesses with nationalisation. They make token protest here and there which they know very well will not yield any results. Their political hypocrisy has been exposed when they speak of socialism from the left end of their mouth and say "aye" to the free market economic policies from the right end of their mouth.

Leftist politics in power proved to be more reactionary than those whom they called reactionaries. ***Despite their ideological commitments, they were basically well-bred middle-class children who would have grown up to be outstanding figures in any Right-wing Cabinet.*** Dr. N. M. Perera whose childhood ambition was to be a tram car driver — and so was Dudley Senanayake — would have fitted into a Right-wing Cabinet like a glove. His general attitude was very much like that of any other landed proprietor or share holder. ***One of his biggest blunders was to buy the Moragolla rubber estate. When the workers of Moragolla struck demanding higher wages he refused and stuck to the prescribed wages.*** *The Daily News* of the day ran a cartoon at that time

depicting Dr. Perera on the telephone saying: "Hullo, is that Horagolla? This is Moragolla here!"

Dr. Perera, Dr. De Silva, Pieter Keuneman, it must be emphasised, have been some of the most intelligent formidable and amiable men in politics. So is modest, soft-spoken Bernard Soysa who is an outstanding intellectual who can expound anything from the finer points in an Agatha Christie mystery to the subtleties of Marxism. Dr. Perera, for instance, was extremely charming and would often come out of the Parliament chamber into the lobby and ask the first reporter he met: "What's the latest score?" if any local teams were at play. ***The first part of his biography, which he never completed, reveals that his upbringing was more of a traditionalist than of a Marxist.*** He was imbued from an early age with a strong sense of justice and nationalism. Tarzie Vittachi, Editor of *The Observer*, wrote of him, quite correctly, that he took the wrong turn in politics. Quoting Robert Frost, Tarzie said that he chose "the path less travelled". Like all Marxist Dr. Perera was a moralist pleading the cause of the dispossessed. But when moralist fail to live up to the standards they have set then they lose credibility. They exude the odour of lillies that fester. The Sri Lankan Left failed not only because they slipped easily into the bourgeois life style which they deplored in public platforms but also because they embraced bourgeois politics and economics, quite contrary to their original commitments to theoretical Marxism. It is a sad fact of their lives that they were not averse to abandoning their principles, their party cadres and the class they swore to defend if such betrayals were politically expedient.

COLVIN THEN

More than any other critics, the most venomous attacks came from the disillusioned comrades-in-arms who had followed the Trotskyite leaders through thick and thin. V. Karalasingham, a stalwart of the LSSP almost from its infancy, fired a bitter attack on the LSSP leadership when it joined Mrs. Bandaranaike's government in the sixties. Quoting chapter and verse in his publication *Politics of Coalition*, he wrote

(p. 58): "Today, however, cowardly petty bourgeois worshippers of power (Doric de Souza etc.) spineless intellectuals who do not want to break their comfortable routine of their lives (Colvin and others), and greedy seekers of office (N.M. Perera and others) who needed an alibi for their treachery have now attempted to give Mr. Bandaranaike a new dimension and his party a new characterisation. But soon after the formation of the SLFP, a recognised spokesman of the LSSP (Dr. Colvin R. De Silva) raised the questions "What is the SLFP as a political party? What is its class character? and himself answered as follows: "The answer is that it is a capitalist party though, like every major capitalist party, it also has a wide petty bourgeois membership and following. The SLFP is in fact the alternative party of the Ceylon capitalist class. It is nurtured and maintained by the capitalist class itself to hold the leftward moving masses within capitalism's framework, if and when the capitalist UNP government is defeated or overthrown. In other words, it is the Ceylon capitalist class alternative to the UNP; the alternative capitalist party held in reserve by the Ceylon capitalist class — and its foreign imperialist masters — against the eventuality of the UNP going down in defeat before the masses." This is a quote from Dr. Colvin R. De Silva, who wrote this and other analytical chapters in his pamphlet *Their Politics and Ours* (1954 - p 34).

From a Marxist point of view Dr. De Silva was dead right in 1954. Subsequent events have proved him right to the last full stop. President Chandrika Kumaratunga is the living proof of this thesis. The SLFP has shed all its socialist disguise and has joined hands not only with the local capitalist class but also with the Americans who were condemned as arch imperialists. There was no theoretical justification for the LSSP to join the SLFP in Marxism, Trotskyism or even in the local interpretation of these two Marxist gurus. The LSSP was divided into three when the issue came up. The right-wing was led by Dr. N. M. Perera. The centrists theorising to have the revolutionary cake and eat it consisted of Dr. Colvin R. De Silva and Bernard Soysa. The left-wing consisted of Bala Tampoe, Edmund Samarakoddy and V.

Karalasingham — all whom were backed by the obscure Fourth International which had its headquarters in some hole-in-the wall office in Paris. Not that the shadowy Fourth International mattered or carried any weight abroad or at home. In fact, when a representative of the Fourth International arrived on the eve of the decision to join the SLFP in 1960 he was kept waiting outside the New Town Hall while the LSSP delegates debated whether he was a spy of the imperialists sent to disrupt the LSSP joining the SLFP. Eventually, he was allowed in but he carried no weight in turning the forces controlled by Dr. Perera. The representatives from rural LSSP branches outnumbered the city revolutionaries and, though there were allegations of the Right-wing of the LSSP stacking the numbers with rural delegates, the outcome was a defeat for urban theoreticians who had neglected the rural sector.

The remnants of the rag-tag Left, hanging on to the *sari pota* as usual, presents a pathetic sight today. They make vague noises against privatisation, against dismissal of workers, against capitalism which is their stock in trade. They should also know that in the current socio-economic climate they do not have even a dead man's chance of swinging the political trends their way. They prefer to share the political ride as long as it lasts — or until they are kicked out — without presenting a determined alternative. Their sham criticisms are mere acrobatic stunts to ride two horses at the same time. Having one foot in naked capitalism, which is much more virulent than in the 1960s or seventies, and the other foot in socialism, smacks of a hypocrisy which satisfies only the party hacks and their intellectual acolytes. The new phase in capitalism has bewildered them. The lack of an alternative ideology has forced them to hang on desperately to nominal Marxism without any serious or sincere commitment to its basic tenets. Caught between rampant Thatcherism where the state is withdrawing from its traditional interventionist role in the economy and the decline of trade unions, the Left is now reduced to the position of clutching at straws. The lure of the open market economy has converted President Kumaratunga into the latest avatar of Thatcher. Can socialism and

local Thatcherism coexist as if they are inseparable ideological twins? They are irreconcilable contradictions unless, of course, one has the self-deceiving, mendacious mentality to suck up to Thatcherism without any compunction. Is this a sign of the senile Left going batty?

This is the last phase of the old Marxists struggling not to make an impact but to survive. Their history is a dismal record of betrayal of their own principles. They leave behind neither a monumental record of their past nor a promising legacy to the future. The failure of the left is also the history of the failure of the intellectuals who embraced Marxism and its variants as the way out of the past. Once again, in the long struggle between the intellectuals who tried to force History to obey their concocted theories and the self-willed History running its own determined course it is clear that the latter has won. The intellectuals had always wanted to make History behave according to their doctrines but History has a mind of its own and disappointed the intellectuals time and again. The best of Sri Lankan talent took to the LSSP hoping that they would cut a different path to serve the nation. The ideology was enticing. But like most other ideologies the disciples polluted it and went astray with their own interpretations. It is not that Marxism would have worked, in any case. They were doomed to fail. Neither the global nor the local trends could have saved them. However, what proved to be a grave loss to the Marxist turned out to be a gain to Sri Lanka. Had they come into power they would have definitely planted their party apparatchiks to run the economy and, consequently, it would have resulted in a state far worse than the miserable conditions they left behind in the 1970-77 regime.

This essay focused basically on the Trotskyites not only because it was the dominant Leftist movement in Sri Lanka but also because the Communist parties allied to Moscow or Peking lost their independence. The political behaviour of the latter was predictable. The LSSP, on the hand, was the vehicle of the intellectuals who hoped to arrive at a new destination which never came to pass. Their brief journey, unfortunately,

was an exercise in futility because all what they could have delivered were provided by the Right-wing. Even if they came into power they could not have done anything more than what was already provided by the Right-wing. This ends the tragic story of the LSSP.

The Leftism of Sri Lanka, like the rest of the world, had done the full circle and come to rest in local Thatcherism. The Sri Lankan Left never escaped the global trends. The ripples of world movements came across the Indian Ocean and swept the nation. What happened to the Left in Sri Lanka is also what happened to the Left of the rest of the world and vice versa. It is safe to predict that the Sri Lankan Left must wait for the revival of the Left movement elsewhere in the world to raise its head again. But the new Left may not emerge in the same format with the same ideology. Finding a *via media* between the community needs and the individual is the main task. The current battle is between these two forces. The rise of individualism to unparalleled heights in history is posing serious threats to community security and welfare, particularly with the state retreating into the role of a non-player. The global society has shifted into a period of transition that can spin out of control at the touch of button. It is poised delicately on the market forces. This is only a temporary phase. How can the market which cannot regulate itself regulate society? If the market forces collapse — there is no guarantee that the dominant market forces can stabilise itself or society — it will take the international community down with it.

Under these circumstances the state will be forced to re-enter the political arena as a regulator. It will be too late then. The resultant disintegration of society may even end up in a new form fascism, either of the Right or the Left. The next social experiment will be left in the hands of the next millennium. How they would the balance the competing forces of individualism and the community would be the next stage in socialism.

PEACE :

OBSTACLES AND POSSIBILITIES

Jehan Perera

(Media Director of the National Peace Council of Sri Lanka. This paper was presented at the US Institute of Peace, Washington DC on May 28, 1997)

Sri Lanka's ongoing ethnic conflict and the separatist war it has given rise to can be described as the country's most intractable and destructive problem. Ironically Sri Lanka has had a relatively long tradition of modern democracy, stretching back to the British colonial period. The country was one of the first countries in the world to enjoy universal suffrage in 1931. But the inability of the political elites belonging to the different ethnic communities to share power equitably among themselves led to a series of broken agreements and to acute mistrust between the communities.

Democracy as a system of many components, and one which includes an independent judiciary, a free press and an educated electorate, has not always been given pride of place in reality as against rhetoric. In Sri Lanka, democracy has had a much narrower definition and has been evaluated almost exclusively by the majoritarian conception. The difficulty of protecting minority interests in a parliamentary system in which majority-minority relations are strained is exemplified by Sri Lanka's modern political history.

Free and fair elections may be conducted, as they have been in Sri Lanka for several decades with some blemishes, but if a country is polarised on ethnic lines, the minority communities will never be able to stop the majority from imposing its will upon the minorities unless other checks and balances of a non-majoritarian nature are in place. For instance, when the issue of the official language came up for a vote in parliament in 1956, the much larger number of Sinhalese Members of Parliament ensured that Sinhala only, as opposed to Tamil also, would be the official language of the country. Neither the Supreme Court nor the Senate was able or prepared to prevent this unilateral and majoritarian imposition of the language of one people on another people.

The validity of the Tamil demand for federalism, and more recently for separation, is based on this reality. The virtue of federalism is that it permits a considerable degree of self rule for regional majorities who may be national minorities. The opposition to federalism came from the fact that it was made into an abomination by the extremists on

both sides of the ethnic divide. For instance, as there was no word for federalism in the Tamil language, the proponents of federalism translated it into "kingdom" which appealed to the sentiments of people in different ways. In particular they were induced to view it as a stepping stone to separation, the breakup of Sri Lanka and total independence.

POLITICAL FAILURES

Several visionary efforts made by government leaders to work out a solution with the Tamil political leaderships failed due to the inability of the government leadership to obtain the backing of their own party let alone the opposition. The most outstanding instance was the agreement reached in 1957 between the Prime Minister at that time, S.W.R.D. Bandaranaike (father of the present President) and the leader to the largest Tamil party. The Prime Minister unilaterally abrogated the agreement when Buddhist monks demonstrated against the agreement which gave autonomy to the Tamil areas. A similar agreement arrived at in 1965 by Prime Minister Dudley Senanayake

suffered the same fate, but this time due an internal revolt within the ruling party itself.

The cumulative tensions led in the 1970s to demands for a separate Tamil state, armed resistance and ultimately civil war. The hardline Liberation Tigers of Tamil Eelam (LTTE) emerged as the main armed movement among the Tamils, gradually establishing its control over most of the Jaffna peninsula. Not even the signing of a peace accord between the governments of India and Sri Lanka in 1987 and the induction of Indian peacekeepers into the country could stem the tide of violence that finally led to an Indian withdrawal following fighting with the Tamil militants. From 1990 until 1995 when the government launched a counter offensive with the Sri Lankan army, the LTTE governed Jaffna as a de facto Tamil state.

After a decade of warfare a new pattern of politics took the upperhand with the election of a new President in 1994. President Chandrika Kumaratunga took a public stand which defied the prevailing establishment. She admitted that the Tamils had legitimate grievances and called for a political, not a military, solution to the ethnic conflict.

1994 ELECTIONS

In analysing the obstacles and opportunities for a negotiated settlement to the conflict in Sri Lanka at this time an appropriate point of departure would be the general election of August 1994. This election is significant because it saw for the first time in Sri Lanka's recent political history the failure of the so-called "communal card" in obtaining popular support.

The UNP government in power at that time denied that there was an ethnic conflict in Sri Lanka. President D.B. Wijetunga said that there was only a terrorist problem. In saying this he was articulating

a hardline Sinhalese position that Tamil grievances were exaggerated and that Tamil militancy was really terrorism.

To justify his position that there was no ethnic conflict in the country but only a problem of terrorism President Wijetunga asked the question if there was really an ethnic conflict how were the Sinhalese and Tamil people living together peacefully in areas that the LTTE was not present. This brings us to one of the main obstacles to a negotiated political settlement. That is the very deep polarisation between the Sinhalese and Tamil that is kept beneath the surface.

The bombing of the Central Bank at the beginning of last year which led to the loss of nearly a hundred lives and enormous damage helped to bring this polarisation to the fore. The Sinhalese in general saw the bombing as an event in itself and condemned it as an unprecedented act of terrorism. But the Tamil attitude was different. The Tamils in general seemed to see the bombing not so much as an event complete in itself but as a single part of a larger pattern in which the city of Jaffna had itself been depopulated by bombings and attacks.

On the other hand, such a polarisation notwithstanding, the aspirations of the people in general for an end to the war should not be underestimated. At three successive elections, beginning with the provincial council elections in the Southern Province, they voted against parties that took a hardline pro-war stance. In fact those parties did not win a single seat at the parliamentary elections.

In her election campaigns in mid-1994 Chandrika Kumaratunga rose above these communal divisions to assert that the Tamils had legitimate grievances which had led them to revolt. She condoled with the widows and others among the Tamil community who had lost their loved

ones over the years of the conflict. She said that there was an ethnic problem in the country that needed a political and not a military solution. She even frontally accused sections of the armed forces of being a vested interest against peace.

At the general election the People's Alliance coalition led by Ms Kumaratunge won a small majority. Three months later came the presidential election. Chandrika Kumaratunga became stronger in presenting herself as the peace candidate. She promised to end the war and to restore peace. Her victory at the presidential elections with a 62 percent majority showed that the Sinhalese electorate had matured to a point that they were prepared to accept a leader who believed that the Tamils had legitimate grievances.

The election result also demonstrated how much the people desired an end to the war. It should be noted that proportionately Ms Kumaratunge won more votes among the Tamils than the Sinhalese. In the eastern Tamil majority electorates where the LTTE did not obstruct the election she won over 80 percent of the vote. The LTTE accommodated the popular enthusiasm for an end to the war. They declared an end to hostilities and an openness to dialogue with the new government.

PEACE TALKS

But there was another side to the picture as well. Despite declaring a unilateral ceasefire, the LTTE sank the navy's biggest gunboat while it was sitting out in deep sea. They followed this up by assassinating the UNP's presidential candidate Gamini Dissanayake on the very day before the first peace talks were to take place. These LTTE actions placed the government in a very embarrassing situation. But the government had too much at stake

in the peace process to back down.

When the first round of negotiations between the government and LTTE took place in Jaffna there was great enthusiasm especially among the people in Jaffna. The people pushed through the LTTE security barricades and rushed towards the air force helicopter that was bringing the government's negotiating team. But soon problems began to emerge with the peace process, which had been there right from the beginning.

Policies of the state, such as the settlement of Sinhalese in the contested areas of the east, claimed by Tamils as their homeland, continued without a break. The armed forces were not cooperative in the government's decision to trust the LTTE. The positive actions promised by the government, such as the lifting of the economic embargo, were slow in being implemented partly because of army footdragging. In addition government spokespersons claimed publicly that the peace talks would help to separate the Tamil people from the LTTE.

After the first round of negotiations the LTTE also began to voice complaints about the composition of the government's negotiating team. With the exception of its supreme leader Mr Velupillai Prabhakaran, the LTTE itself was sending its highest level leaders for the talks. But the government delegation in turn consisted mostly of President Kumaratunga's personal friends. They were not experienced political negotiators nor persons with a track record of involvement in the peace process. While sending them for the first round of talks may have been justified as part of a trust building exercise, the continued reliance on them was not helpful.

LTTE'S SELF IMAGE

The composition of the government's negotiating team

illustrates two critical shortcomings in the way the government structured the peace talks. First, the government was not prepared to concede to the LTTE the parity that they wished to have. There is a sense in which negotiations are only possible between parties who consider each other to be equals, if not in terms of power then in terms of legitimacy. Or else it is likely that the negotiations would degenerate into each side trying to impose its will on the other instead of approaching the dialogue in a spirit of mutual respect.

It is important to note that the LTTE's self-image of itself is that of the leadership of a nation. About a month before they ended the cessation of hostilities agreement in April 1995, a "day of protest" was held in Jaffna. The "people of Jaffna" held a public rally in which they submitted a memorandum to the government. Since Jaffna at that time was under the tight control of the LTTE it is very likely that this memorandum provides an insight into the LTTE's thinking shorn of diplomatic niceties.

The memorandum which was addressed specifically to President Chandrika Kumaratunga stated as its first point that "Yours is a government that came from the mandate of the Sinhala people to resolve the ethnic conflict." This sentence appears to limit President Kumaratunga to being only the leader of the Sinhala people and not that of the Tamils. A subsequent point in the memorandum makes this more clear. It stated that "The Tamil leader has extended his hand of friendship in order to find a workable settlement to the ongoing conflict in his desire to see that the Tamil people benefit by a permanent peace." The image in this memorandum of the leader of one people negotiating on equal moral terms with the leader of another people is quite evident.

On the other hand, President Kumaratunga's self-image, and that

of the rest of her government, was quite likely to have been as the elected representatives of the people of Sri Lanka. This would have been more so in Chandrika Kumaratunga's case as she had won an unprecedentedly large electoral mandate, especially from the Tamil voters outside of the LTTE-controlled areas.

Therefore in sending her personal friends to negotiate with the LTTE, President Kumaratunga was not only denying the LTTE the parity of status with her government that they were seeking. She seemed to be also identifying the peace process very much with herself. She seemed to believe that with her mandate she was entitled to decide on the course of the peace process by herself. Perhaps she felt that with her charisma she could achieve what others had failed to do and could personally get through all obstacles.

But as a result there was little or no structure to the negotiations. None of the four rounds of negotiations appear to have been well planned out in advance. With the exception of one or two Cabinet ministers the rest of the government did not seem to know what was really going on. Even members of the negotiating team used to convey an attitude of confusion. On the very eve of setting off for Jaffna they used to claim that they did not know what they would be going to talk about the next day.

As a result the government did not seem to be setting the agenda. Its spokesman kept saying that they wished to negotiate with the LTTE on the larger political issues, but the government failed to present the LTTE with the political principles on which it hoped to negotiate. Instead the talks got tied down in addressing the logistical and military issues that the LTTE raised such as removal of the economic embargo and of military camps.

Soon the government's perception was that the LTTE was demanding more and more concessions and making unreasonable demands. For its part the LTTE seemed to feel that the government was pushing it into a corner through the negotiations and gaining the upper hand in a propaganda sense.

TWO PRONGED STRATEGY

The LTTE's decision to end the cessation of hostilities agreement in April 1995 cost it tremendously in moral and propaganda terms. It was clear that the negotiations were flawed, but hardly anyone, either the local populations or the international community wanted them to end. It enabled the government to recapture Jaffna even at the cost of displacing some 400,000 people without international pressure being applied on it to end the military offensive. In capturing Jaffna from the LTTE, which the LTTE had sworn never to give up, the government gave notice that winning Tamil Eelam by military means is likely to be beyond the capacity of the LTTE.

The government at present is following a two prong strategy against the LTTE. The first is to try to militarily weaken the LTTE. The second is to offer the Tamil people a political solution. This strategy draws on what might be termed as the "Indian Model" of conflict resolution. The Indian formula in cases of ethnic conflict is to develop a reasonable political package with or without the participation of those in the opposing camp. This political package would address the main issues of discontent to the people on whose behalf a militancy has been raised. But the package of reforms would be within the existing constitutional framework.

Thus, neither the Sikh nor Naga people have been provided with the independence or radical autonomy autonomy for which the militant

groups took to arms. None of the peace accords there have led to a fundamental alteration of the Indian state.

The next step in this peace process has been to hold elections under the new arrangements. The elections may be flawed with ballot stuffing and voter intimidation. The voter turnout may also be low. But the very fact of even some people's participation in the election tends to confer legitimacy on the new arrangements and on those elected to power under them. An aura of normalcy and a return to democracy is obtained. Subsequent negotiations to improve on the political package are conducted with the newly elected representatives of the people. This Indian strategy to marginalise the more extreme rebel groups and thereafter to eliminate them militarily has had a mixed success rate. It appears to have succeeded in the Punjab but not yet in Kashmir. The question is whether it will work in Sri Lanka. The most relevant example for Sri Lanka of the working of the Indian model would be the North East Provincial Council of 1988-89. This semi-autonomous governmental structure was set up under the Indo-Lanka Peace Accord of 1987 which summed up India's aspiration for Sri Lanka. The Indo-Lanka Accord which was more or less forced on the Sri Lankan government at that time contained provision pertaining to Sri Lanka's foreign relations as well as its internal relations between the ethnic communities.

In the Thirteenth Amendment, the Sri Lankan government met certain longstanding Tamil demands. One was the merger of the Northern and Eastern provinces into one Tamil-dominated unit. Another was equal language rights and enhanced devolution of powers. On the other hand, in accordance with Indian practice, the basic nature of the state remained unchanged. Thus, the Thirteenth Amendment

did not require a referendum which is necessary when any basic feature of the constitution is changed.

The elections held to the North East Provincial Council were flawed with ballot stuffing and intimidation. They failed to lead to a return of democratic governance. On the one hand, unlike the Indian state, the Sri Lankan state proved unable to demonstrate the flexibility to implement the political package. There was strong opposition to the implementation of the Thirteenth Amendment both within the government and in the opposition. Therefore, the state undermined the North East Provincial Council by starving it of funds and by not transferring many of the devolved powers.

The second factor that made for the failure of the Thirteenth Amendment was an equally decisive one. The LTTE proved to be far too powerful and well entrenched in the North East to be marginalised either politically or militarily. Unlike in India, where rebel movements are quite small in relation to the size of the Indian state, in Sri Lanka, the LTTE is quite large in comparison to the Sri Lankan state. It is in this context that serious consideration needs to be given to negotiating with the LTTE instead of trying to defeat them on the military battlefield, as the government is giving priority to. The political proposals put forward by the government, and commonly known as the "devolution package", could form a basis on which such talks could take place.



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the end of the union
I represent?
How will the interests
of my members be
protected?**

- Trade Unionist

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