

GROWTH WITHOUT CAPITALISM:  
AGRARIAN CHANGE IN THE PEASANT ECONOMY OF SRI LANKA

By

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## ABSTRACT

This study examines the impact of capital on the small peasant economy of Sri Lanka which has been dominated by paddy cultivation, the consequent processes of agrarian change in the peasant society and the impact of these changes on the lives of the peasantry. The persistence of peasant agriculture throughout the developing world has posed a challenge to classical theories of the development of capitalism in agriculture which considered peasant production or Simple Commodity Production as a transitional phenomenon doomed to disappear. Recent interpretations of theories on Simple Commodity Production however, argue that peasant forms of production can and likely will survive within capitalist social formations, and therefore the analysis of the dynamics of agrarian change has to focus on historically specific situations. Pursuing the latter view, this study identifies the role of the State, class structure, and the role of agro-ecological imperatives as key factors influencing agrarian change in Sri Lanka. While existing agrarian relations in the peasant sector have not become a barrier to the growth of productive forces in the peasant economy, this growth has not necessarily led to the disintegration of the peasantry, despite a certain amount of differentiation among them. While the dynamism manifested in the emergence of a small stratum of rich peasants and rural entrepreneurs may indicate the possibility of capitalist development in the peasant sector in some areas of the country, the overall situation within the peasant economy indicates the possibility of paddy agriculture reaching its advanced stages within the form of peasant production itself. In the event of such a possibility, it is the problem of underemployed labour in the peasant sector which will become the agrarian question of Sri Lanka.

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## ABBREVIATIONS

ARTI	Agrarian Training and Research Institute
CBAR	Central Bank Annual Report
DCS	Department of Census and Statistics
DA,CCAC/P	Department of Agriculture, Cost of Cultivation of Agricultural Crops/ Paddy
MPI	Ministry of Plan Implementation
NAFNS	National Agriculture, Food and Nutrition Strategy

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## CHAPTER 1

### INTRODUCTION

Agrarian change in peasant societies continues to interest social scientists due to the far reaching economic, social and political implications of such processes for the development of these societies. In societies which follow a capitalist path of development, agrarian change has to do with the manner in which capital affects peasant economies, and the nature of its impact on their transformation. The capitalist transformation of agriculture as explained by classical theories of capitalist development is believed to have the potential for the formation of capital for the development of non-agricultural sectors of the economy and the improvement of living conditions of the peasantry. It is also believed that the growth of productive forces resulting from the expansion of commodity relations in the peasant economy would bring about the disintegration of the 'natural economy'.

Similar to that of many other developing countries in the world today, the Sri Lankan economy is dominated by the agricultural sector within which peasant production is predominant. The agricultural sector of the Sri Lankan economy, comprises both plantation and peasant forms of production. The peasant sector includes - aside from paddy or wet-rice, the dominant crop in the peasant economy and other food crops - small holdings of tea, rubber and coconut. According to the familiar model of economic dualism, the plantations are regarded as the more advanced sector. However, the supposed dynamism of this sector has recently been questioned: Production technology in the plantations has almost stagnated at a low level even in the face of declining markets and rising costs (de Silva,1982).

In contrast, the peasant sector consisting mainly of food crop production for the domestic market, has displayed a perceivable degree of dynamism, though it was this sector which in the dualist model was regarded as pre-capitalist and economically backward. Contribution from the peasant sector to the GDP in recent times has been more than four times that of the plantation sector. Over the past two decades, there has been an impressive expansion in paddy output brought about partly by increased yields per hectare. Labour productivity has increased while there have also been improvements in water management. Changes have occurred in the production process through the use of modern inputs associated with high yielding varieties (Nanayakkara,1987; Throrbecke and Svejnar,1987; Gunaratne and Karunasena,1988).

These developments have taken place, however, without any significant changes in the social relations of production. Family labour remains predominant and share tenancy prevails. It has also been observed that in



spite of significant developments in the productive forces, small peasant production and poverty continue to persist within the Sri Lankan domestic agricultural sector (Shanmugaratnam,1987).

In the context of the above observations, the present study examines the ways in which capital confronts the small farming economy in Sri Lanka and the consequent processes of agrarian change in the peasant society, and the impact of these changes on the lives of the peasantry. In the process, this study attempts to analyze the factors contributing to these developments and indicates possible future directions of change in the peasant sector.

## ***1.1 THE THEORETICAL BACKGROUND***

### **Main Currents of Radical/Marxist Debate**

Focusing on the problematic of transformation/non-transformation of peasant production under capitalist development, the radical/marxist perspective has made one of the most notable contributions to theories of agrarian change. Classical marxist theories of capitalist development of agriculture considered the confrontation between peasant production and capital to result in the inevitable elimination of the former. Two main progressive outcomes were identified: on one hand, relative improvements in the living conditions of peasants through their transformation into wage labourers based on the growth of productive forces in agriculture; the other, related to the former, an advancement in the conditions necessary for social transformation through increasing polarisation of social classes. It also considers the impact of capital on peasant production as resulting in the inevitable transformation of the latter from the pre-capitalist stage to that of capitalist development. Here, peasant production is considered to be located within the general category of petty commodity production.<sup>1</sup> The penetration of peasant agriculture by commodity relations is seen as bringing about social differentiation among the producers, leading to a concentration and centralization of the means of production; the peasantry is doomed to disappear with the onslaught of capitalist development which would polarise the society into opposing camps of capitalists and proletariat. The concept of the elimination of the peasantry by capitalist development, evident in the works of both Lenin (1977) and Kautsky (quoted in Alavi,1987) in their early formulations of the problem, is a theoretical position defended in present day marxist debates (Deere and de Janvry,1981; de Janvry,1980; Rahman,1986).<sup>2</sup> The emphasis here is on the interpretation of Marx's analyses of the capitalist mode of production and transition from the pre-capitalist mode to capitalism, and his concept of petty commodity production. This unilinear proposition which posits the 'politically inconsequential' nature of the peasantry in social change, has been widely questioned on the basis of at least two major developments which point to the contrary: first, what appears to be the

stubborn persistence of the peasantry in the developing countries notwithstanding various forms of capitalist development in those societies and second, the increasingly important role played by radical political movements either lead by, based on, or with the strong participation of the peasantry, in the social transformations of the developing world (Alavi,1965; Hobsbawm,1965; Shanin,1987:1,357-364).

Thus, the persistence of small peasant production throughout the developing world, in the face of advances in productive forces, has posed a challenge to marxist theories of social change.

It is this persistence of peasant forms of production around the world not only in developing countries but even in developed capitalist societies which has been the focus of recent radical/marxist debates on agrarian change. These debates have focused on analyzing the nature of the mechanisms, dynamics and future directions of agrarian change within the general framework proposed by Marx which gives primacy to the concept of modes of production and the factors governing the transition from one mode to another in social transformation, based on the social relations of production. The objective of these debates, until recently, has been one of producing a general theory of agrarian change (Harriss,1982; Goodman and Redclift,1981; Foster-carter,1978; Brenner,1977; Shanin,1987).

These radical/marxist debates can be broadly categorised under two main alternative conceptualizations (Alavi,1987:189-191). The first conceptualization, differs from the classical position described above in that it argues that the confrontation between the pre-capitalist mode within which peasants operate, and the capitalist mode, results in 'preserving' the former. Here, the pre-capitalist mode is considered to be 'articulated' with the latter, however, in a subordinated relationship (Amin,1976; Vergopoulos,1978). A concept of such a 'non-antagonistic and functional symbiosis' between the dominant capitalist mode and a subordinate pre-capitalist mode runs contrary to the fundamental marxist concepts of 'contradiction and conflict' and the related antagonistic relationship between the rising capitalist mode and pre-capitalist modes which are assumed to be doomed under the former's advance. This theory of 'articulation' does not explain why capitalism 'preserves' and makes functional to it certain forms of pre-capitalist production, while the general tendency of capitalism has been one of destroying all pre-capitalist forms of production. It also, fails to recognize the dynamism displayed by most peasant societies in developing productive forces, while retaining what is identified in this proposition as 'pre-capitalist' forms of social relations of production. Other criticisms have been levelled against what are identified as the theoreticism, ahistoricism, economism and teleology underlying this line of argument (Mouzelis,1976,1979; Booth,1985; Brenner,1977). Mouzelis (1976:488) correctly argues that, while attempting to

'avoid the classical unilinear model of a capitalist development', these articulation theorists propose a 'similarly universalistic model, whereas generalizations such as capital's preference of small scale family production over large landed property are not substantiated'.

The second conceptualization, most succinctly formulated by Alavi (1987), is that the impact of capital on contemporary peasant societies everywhere has been 'profound', the latter being 'incorporated within the structural framework of the dominant capitalist mode of production and transformed', although the family farm continues to be the basic unit of production. This proposition, is based on Kautsky's (quoted in Alavi,1987) later analysis of the 'function' of peasant societies as one of reproducing labour power to the benefit of capital. Thus Alavi (ibid.) argues that under the 'radically' changed new conditions of production and reproduction under the impact of capital, peasants have been transformed into producers and consumers of commodities within the generalised commodity production of the capitalist mode. Under these conditions the commodity 'labour power' of migrant workers has become indispensable for the growth of capitalism. Therefore, it is concluded that the contradiction between capital and peasantry persists, not devoid of 'the disintegrating and centralising tendencies of capitalism' however, within the capitalist mode of production itself and not between two antagonistic modes of production. The peasant class shares with the industrial working class the common fate of being dominated and exploited by capital. Hence, the objective basis for a revolutionary alliance between these two classes against capital, lends importance to the peasantry in revolutionary strategies. Similar to Alavi's above formulation, others (Banaji,1977; Roseberry,1978) have argued that simple commodity production within which small family farm production is located is a 'form of purely subordinate and transitional character' in which 'relations of simple commodity production with capital have turned them into "disguised proletarians"'.<sup>3</sup>

This analysis is the most advanced of the two conceptualizations under discussion in terms of explaining the persistence of peasantry under capitalism. However, with its evident teleology, it leaves some pertinent questions unanswered which need to be discussed in detail. First, in terms of the growth levels of productive forces and their impact on social relations of production, it does not seem to take into account the fundamental differences which appear to exist between the capitalist mode of the developed, industrialized world and the dominant modes of developing countries. Thus it overlooks the distinction between the dominance of production capital and merchant capital respectively in those situations. For example, while 'the exorbitant interest extracted by usurer from the peasant by advancing raw materials or tools' may be considered a form of surplus value as Alavi (1987) argues on the basis of Marx's insights into the problem, the question remains whether such forms

of surplus extraction characteristic of merchant capital taking place in the realm of exchange, necessarily qualify the mode of production under which such extraction takes place to be capitalist. According to the marxian analysis, unlike merchant capital, production capital extracts surplus by directly intervening in the sphere of production, and it is only under these conditions that a mode of production can be said to be a fully capitalist one. Such interventions of production capital do not appear to have taken place at a significant level in many persistent peasant societies. The questions then are, on what basis can the assertion that peasant societies are fully dominated by the capitalist mode of production be made, and whether a capitalist mode of production can come into existence without the separation of the producer from the means of production.

Second, as most peasant societies have not released their excess underemployed labour to create a free wage labour market or the commodity 'labour power', one of the basic conditions of a capitalist system of generalised commodity production, it is questionable whether contemporary peasant societies can be considered as operating within a capitalist system of generalised commodity production. Third, this proposition does not explain why capital fully subsumes peasant production separating the direct producers from their means of production in certain situations, and not in others. Fourth, it is not clear in these analyses, whether the character of peasant production under 'new conditions' is capitalist or non-capitalist. Fifth, as Koc (1988:42) has argued, while Banaji (1977) and Roseberry (1978) in proposing the concept of "disguised proletarians", 'insist on perceiving exchange relations between producers and the buyers as an exploitative relation', they do 'not clarify the historical specificity of this form of exploitation' and neither do they 'explain whether and in what ways this form of exploitation differs under capitalism compared to the pre-capitalist situations'. Finally, the argument that rural societies have a special advantage for capital also falls into the same functional and teleological trap as that the articulation theorists have fallen into. Hence it is evident that this analysis also fall short of a valid theory of agrarian change which is applicable across time and space in the period of capitalist development. Since they are constrained by rigid theoretical frameworks giving rise to many theoretical and methodological misconceptions, these main currents of radical/marxist debate have failed in their attempt to develop a theory of agrarian transformation.

### **The Debate on Simple/Petty Commodity Production**

The growing dissatisfaction with the failure of prevailing radical/marxist theories to explain variations in agrarian change has seen the emergence of an alternative conceptualization which attempts to reinterpret the

marxian paradigm on agrarian change. The outcome has been 'a broad stream of thinking' representing 'a constructive departure' from the earlier debates (Hart et al,1989:2) which can be broadly categorised as the debate over simple/petty commodity production (SCP/PCP).<sup>4</sup> This line of argument specifically differs from the conceptualizations discussed earlier in that the emphasis here is on understanding the dynamics of agrarian change in historically specific situations rather than attempting to fit reality into rigid theoretical formulations.

The contributors to the debate on SCP/PCP, attempt to explain the widespread existence of simple commodity producing households throughout the world, both in capitalist and developing societies, whether in industry or in agriculture. Against the classical argument that SCP/PCP is a transitional phenomenon doomed to disappear, they argue that 'forms of SCP/PCP can and likely will survive under capitalism since necessary conditions for the reproduction of simple commodity producing families may exist within capitalist societies' and 'as long as these conditions exist the persistence of SCP/PCP will not be an anomaly' (Koc,1988:1). Thus, SCP/PCP is not only perfectly compatible with but it can be reproduced by, and even achieve its classical form under capitalism (Friedmann,1980; Gibbon and Neocosmos,1985; Mann and Dickinson,1978). Against the articulation theorists, who emphasize the functional importance of SCP for capitalism, Friedmann (1987:256) points out that 'SCP is an historically contingent phenomenon and in this sense, it need not exist at all'. The focus of the debate thus shifts to those conditions which may reproduce SCP/PCP and to examine their existence in relation to larger systems of which they are a part.

Guided by the need to understand empirical realities on the ground rather than through rigid theoretical frameworks, the contributors to this debate attempt to understand the dynamic processes at work in particular settings. Attempts to reconceptualize the nature of SCP/PCP, to contextualize it and to examine the complex interactions between the economic, political and ideological aspects of the SCP/PCP within these contexts have brought out rich analyses of the variety of circumstances under which SCP/PCP operates.

Even though many of the issues raised and problems addressed remain unresolved, some positive developments have occurred which are useful for future research: all of the contributors to the debate reject functionalist explanations of SCP/PCP and instead, points to the need to 'reconceptualize the nature of SCP/PCP and to contextualize it in the social formation and to examine the complex interaction between the economic, political and ideological aspects of SCP/PCP within these contexts' (Scott,1986:10). It is also increasingly recognized that 'empirical observations in different social formations help to enhance our knowledge of 'significant variations' SCP presents throughout the world, while at the same time making theoretical generalizations possible

and more precise' (Koc,1988:2). With the realization that there is no single factor that can explain the dynamics of agrarian change, the focus is set on the 'dialectical interaction of a complex set of relations and factors under given historical circumstances that affects agrarian change, among which the role of natural imperatives, the conditions of the market, unique features of family production and the role of the State are emphasized' (Koc,1988).

The theoretical position pursued in the present study on agrarian change in Sri Lanka emerges from this debate on SCP/PCP: namely, small peasant production can survive even under capitalism and SCP/PCP requires historically specific analysis located in processes emanating from the interaction between larger socio-economic-political forces and the peasant economy.

## ***1.2 THE STUDY***

Locating itself in the above theoretical perspective, the present study examines agrarian change in peasant agriculture Sri Lanka focusing on the contradictory unity of relations of production and forces of production: Social relations of production, the methods of surplus extraction and the directions of surplus flow, and the impact of these on the growth of productive forces in peasant production and the living conditions among the peasantry, the manifestation of these processes in the rural class structure, and the role of the State. It raises and attempts to answer the question to what extent have the relations of production fostered the growth of productive forces and to what extent have they thwarted such growth?

The social relations of production in peasant agriculture in Sri Lanka are based on land tenure, consisting primarily of relations arising out of the type of ground rent, if any, and the nature of labour process involved. The ground rent can be of three basic types, labour rent, produce rent and money rent or alternatively, owner cultivation may take its place. The labour process involved may take one of the three forms of organization: the use of family labour, exchange labour, and wage work. It is the differential combinations of types of tenure and forms of labour organization which determine the social relations of production in a given peasant community. Surplus extraction may take place both in the production process and in the circulation process. Forms of ground rent and wage work relate to extraction in the production process. Usury, and paying low prices for produce by middlemen are generally the methods of extraction in the circulation process. Surplus in varying proportions may flow in to the hands of landlords, traders, money lenders and other agents of merchant capital. To the extent that cultivators are able to avoid having their surplus extracted they are in a better position to accumulate surplus from

cultivation, depending on the scale of operation.

The impact of the relations of production, together with that of surplus extraction from the direct producers, on the growth of productive forces and production in the peasant economy and consequently on the living standards of the peasantry is manifested in the rural class structures and power relations. The State acts both as promoter of agricultural production and mediator of conflicting interests of social classes within as well outside the peasant economy. In relation to the above issues, the study charts the historical developments, continuities and discontinuities in the peasant economy and society of the country from feudal times through the colonial period to the present, developments based on the dynamism produced by the contradictory unity arising from the interactions of the key agents and institutional structures involved.

Within the above lines of inquiry, in order to contextualize the current trends in agrarian change we will also review the historical developments in the peasant economy and society during the feudal and colonial periods. With a view to probe in depth the experience of agrarian change during the post-colonial period, a case study of a paddy producing village in a major paddy producing area in the country, namely Polgahawelena in Hambantota district, is also undertaken. The case study will examine the nature of peasant production in the village and resulting social relations, in the context of changes in the virtually exclusive land-tenure system known as the *gambaraya* system, developed in response to British colonial land policy in the late 19th century.

### **Research Methods and Data**

The study combines both secondary data and primary data on one hand, and survey research method and participant observation on the other. The review of historical developments are based on secondary data from published literature as well as unpublished sources. The case study combines the use of historical and archival material such as relevant official records, published literature, survey research, in-depth interviews and participant observation. At the macro level of the country and the district, literature was reviewed and data were collected on socio-economic developments in the peasant sector, and historical developments in the land tenure system from a variety of secondary and primary sources which included national census reports, published studies, diaries and administrative reports of government officers such as government agents and directors of agriculture. Systematically collected data, published or unpublished, on agricultural development at the district level were available only from the second half of the 1960's. The sources here included periodic information gathering and reviews by related Sri Lankan government agencies, such as the Department of Census and Agriculture, the

Department of Agriculture, the Department of Agrarian Services, the Central Bank of Ceylon and other reviews of agricultural advancement in the district; laws relating to agricultural production in the country; and agrarian surveys and village studies, supplemented by unstructured in-depth interviews on both historical and contemporary issues relevant to the study, conducted by the present author with persons who were knowledgeable on the subject. The data gathered from these interviews were mainly used in reconstructing the agrarian history of the village and the area.

At the micro level, data collection involved a number of methods in combination: participant observation, unstructured in-depth interviews, questionnaire survey and an examination of unpublished secondary data collected by related government agencies in the area. The data were collected by the author on two occasions first in mid-October 1980, and next in mid-october 1986, in the latter case with the help of a research assistant.

#### Chapter Outline

In chapter II, we will review agrarian change in feudal and colonial Sri Lanka. In the first part of the chapter, agrarian relations in the medieval period are examined in relation to feudal land tenure and the social implications of this type of land tenure with emphasis on different institutions of private property such as the State, the nobility and the monastic order. Following this, we will discuss the impact of the continuity of feudal agrarian relations into the Kandy period during which time the centre of polity shifted from the dry zone to the wet zone having significant implications for agricultural production. In the final section, we will review the impact of colonial rule on the agrarian economy, paying special attention to the last of the three colonial powers, the British. The focus of this section will be on how the British colonial State, representing an industrialising capitalist country, related to the existing feudal land tenure and the peasant economy of Sri Lanka, and the outcome of this relation.

In chapter III, the post-colonial period which will be reviewed. First, the State policy towards domestic agriculture and the impact of such policy changes on growth in the peasant economy in this period will be assessed, mainly in relation to paddy, the major crop in the sector. Then in this context, factors influencing growth in the peasant economy will be analyzed focusing on the development of irrigation, peasant resettlement, technological modernization, and price incentives offered for domestic agriculture. The last section will focus on the impact of such growth on the peasantry in terms of the resulting agrarian relations and other factors contributing to these changes.



In Chapter IV, we will study the findings of the survey of the peasant economy of Polgahawelena, a paddy producing village in the Hambantota district. In the first part of this chapter, the historical development of the *gambaraya* system of land tenure will be briefly reviewed before discussing changes in the system during the post-colonial period in greater detail. The next section of the chapter will be devoted to an examination of the changes in the peasant economy and agrarian relations of Polgahawelena with emphasis on sources of income and total family incomes among the peasantry and the factors leading to changes in the rural class structure.

In the final chapter, we will present our conclusions drawing on the historical review as well as the empirical study. We will also attempt to derive some general propositions on the causes underlying the present state of agrarian relations and the future directions of agrarian change in the peasant economy of Sri Lanka based on insights gained from our historical survey of the overall peasant economy as well as the empirical analysis of a peasant economy in Hambantota district.

## END NOTES

1.Marx (1976), in the first volume of *Capital*, used the concept of petty commodity production as an historical category preceding capitalism. Marx claimed that in all branches of production, whether agriculture or industry, 'this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form only where the labourer is the private owner of his own means of labour set in by himself' (ibid:761). Furthermore, petty commodity producers such as peasants and craftsmen are doomed under capitalism and will be annihilated by it (ibid:762).

2.Both Lenin and Kautsky, in their later writings, acknowledged the more complex nature of agrarian transformation than they had envisaged in their early writings (Alavi,1987:191-192). Lenin, later recognized the 'weight and importance' of the large mass of the Russian peasantry, and in the light of the experience of the Russian revolution of 1905-7, 'soon changed his views radically and accorded a great importance to the peasantry in his revolutionary strategies' (Alavi,1987: 191). 'The weight of evidence and logic forced' Kautsky, also, away from his original simplistic view of 'the doom of the petty commodity production'. First, identifying the difficulties faced by agriculture as opposed to industry in developing capitalism, he posited that the process of centralization of units of production, which was considered necessary for the development of capitalism, was very slow in agriculture. Later, in analyzing 'the function of peasant societies in relation to capitalism, his final conclusion proved to be the reverse of his original position. Now he recognized 'the special advantage the role of peasant societies had for capital' as reproducers of labour power, in bearing the main cost of reproduction of labour power, working under wages which can be lower than those earned by the urban working class. Thus, he concluded that, as 'production sites of new labour', small farms can never be completely eliminated, under capitalism. It is this proposition which has given rise to the third alternative line of argument in the radical/marxist debate on agrarian transformation which is discussed below in this chapter. However, it appears that Kautsky's 'political prejudice against the peasantry' was to override his economic analysis, explaining his reversal to an 'anti-peasant position' (Alavi,1987:192).

3.The concept of simple commodity production, used synonymously with petty commodity production (see, end notes 1.) in these debates, is also derived from marxian terminology. For Marx, the concept 'simple commodity production' was an abstract category formulated as a logical step in his analysis of the law of value. Simple commodity producers are those who own their means of production and exchange their products to fulfil their needs. Private property, a social division of labour, and free mobility of labour are necessary conditions for the existence of SCP (Marx,1979). In the present debate, it is 'advanced as a category superior to others such as "peasant" and "informal sector" production which has no theoretically specific analytical properties' (Smith,1986:4).

4.For a recent, comprehensive bibliography and a collection of papers representing major positions within the debate on SCP/PCP see, Scott(ed.), (1986). More recently, Koc (1988) has provided an insightful critical review of literature on the subject including those in Scott(ibid.) from a marxist perspective. For another critique of the subject, see Hart et al.(1989).

**CHAPTER II**  
**AGRARIAN CHANGE IN FEUDAL AND COLONIAL SRI LANKA**  
**FROM SERVICE TENURE TO PRIVATE OWNERSHIP**

The pattern of agrarian relations in feudal Sri Lanka was based on a system of land-tenure, which facilitated the flow of surplus from peasant producers to the State and landlords through taxes and rents.<sup>1</sup> The king, the nobility, and the monastic community or the *sangha* who formed the ruling group also held land rights and ownership of reservoirs and canals over the peasants; the surplus was also used to maintain a large mass of other 'non-producers' such as professionals and domestic servants and even slaves, who provided services mainly to the ruling group. The prevailing caste hierarchy which determined the obligations of a tenant to the State or other institutions, played an important role in strengthening the status-quo (Bandaranayake,1984b: Siriweera,1972; de silva,1987).<sup>2</sup>

**2.1 AGRARIAN RELATIONS IN THE MEDIEVAL PERIOD**

It was during the Anuradhapura period (1-10 century A.D.), which accounted for the greater part of the medieval period in Sri Lanka, that the country's agricultural development reached its zenith under feudalism. This period witnessed the extensive proliferation of a highly advanced and productive agrarian civilization based on wet-rice cultivation facilitated by a complex system of tank irrigation networks throughout the island with its centre in the dry zone (Bandaranayake,u.d.b).

Through the distribution of land during the medieval period, a small elite with various rights to land and a large mass of peasants who cultivated land for the elite could be identified. The elite consisted of the king, the nobility and the monastic community. At the height of the development of agrarian civilization under feudalism, the monastic community emerged as the largest single institution with the most complete rights to agricultural land within the tenorial system; next came the nobility, predominantly consisting of state officials with lesser degrees of rights. In terms of direct rights to cultivated land the State was the least important of the landlords, yet the claims of the State over most of the land had a far greater impact in shaping the agrarian relations of the period (Siriweera,1972; de Silva,1987).

## Land Tenure

Land tenure in medieval Sri Lanka was characterised by complex and varied arrangements both in terms of rights and obligations connected with land as well as of revenues and services derived from it. There was no land ownership in the modern sense of the word. Instead of exclusive rights over land, what existed was limited rights over certain land and a network of obligations based on land rights.

The claims the State had over most of the land indicate the State originated rights to land. As ruler, the king levied a tax on all land - both paddy and *hena* (swidden) consisting of his entitled share of produce from all cultivated and occupied land, in return for maintaining order in the kingdom, (Siriweera, ibid:12), and a water tax from peasants for their share of water drawn from his irrigation tanks (ibid:40). The land tax was usually one sixth of the produce, but there is evidence of supplementary taxes over and above this rate. The taxes were also commutable to cash. These two taxes, which formed the bulk of the state finances, were paid mostly in produce combined with cash payments. The State also held the largest extent of the land in the kingdom, which was made up of jungles, waste land - both fallow and cultivable - unoccupied or abandoned land, land confiscated from offenders, especially those guilty of treason, and land without heirs or claimants etc. However, the State was not the sole land owner. Individuals could clear forest land for cultivation as long as they paid dues to the State. Individuals could also sell, buy and donate certain types of land without prior consent of the State. There were also occasions when kings purchased land from civilians.

From about the 9th century onwards land grants or grants of revenue from land were issued from the State to state officials and professionals for their services to the State, and to monasteries for their role as religious leaders. Charitable institutions provided the basis for different types of landlordship, in addition to that of the State. These grants were basically of two types: one, revenue from land known as *divel* or tax derived from land granted for the period of service to the State only, and the other, land known as *pamunu* or *paraveni* granted with heritable rights of perpetuity, the most complete rights possible within the land tenure system. Most of the service grants to state officials and professionals for their services to the State belonged to the category of *divel* land. Under the category of land grants with rights to hereditary succession came the most of the land belonging to the monasteries and charitable institutions. Some of the land thus accrued to monasteries was in turn granted to professionals and monastic officials for their services to the temple. Individuals were also granted land under this category generally as rewards, for example in return for exemplary behaviour in defending the State. These land grants included those forest lands which the State had cleared and cultivated. Land grants given to

individuals under this category were exempted from services to the State except in cases where a nominal fee was required to pay to a monastery or a charitable institution. In the case of such land grants to monasteries and charitable institutions, the cultivator had to perform services to the relevant institute, not to the Crown.

Land distribution among the cultivators was based mainly on service obligations determined by the caste system. Royal grants of land were made to those who 'performed various functional duties to the king'; service duties that were based on caste such as supplying various provisions to the palace, carrying palanquins etc. The recipients were granted the cultivating rights over such land for their subsistence in return for their services to the king (ibid:25). The king also had certain plots of land for his private use which were most probably cultivated by service tenants in exchange for a share of the produce.

The royal grants of land or income from land to state officials, monasteries and charitable institutions were also mainly distributed on the same basis of service obligations according to the caste system. The land thus assigned to professionals and monastic officials seems to have been cultivated by tenants for a share of the crop. Some of the land grants given to state officials would also have been cultivated on a share cropping basis.

In addition to the State taxes and service obligations to the landlord, the king imposed a compulsory, gratuitous state service or *rajakariya*, which most laymen, if not every layman in the kingdom, were bound to perform in public works such as the construction of roads, bridges, tanks etc, and in the army in war time (ibid:27). There was a fishing tax too, levied from those who fished the king's reservoirs.

### ***The Social Implications of Land Tenure***

Royal grants of land or revenue from land to state officials for their services to the king, and to the *sangha* for their role as religious leaders, created a 'politically powerful class of local landlords' (ibid). The ownership of reservoirs and canals and the collection of taxes from recipients of water from these sources formed an important factor in the economic dominance of the land owning class of this period (de Silva,1987).

On the basis of land grants the officials acquired 'certain rights over land and some power over people living on such land'. These grants mostly meant commuting the income of a particular plot or area of a land to the grantees; sometimes they included the commutation of the State tax from certain areas of land, and the services of the people living on such land as well. The size of the area of land under the grant varied from a plot of land to a large area or a village depending on the status of the officer involved (Siriweera,ibid:12,15,40,49).

Buddhist monasteries, and Hindu monasteries to a lesser extent, with grants from both the royalty and the nobility held land under various forms of tenure (ibid:3). Monasteries were entitled to purchase land and receive them as donations but could not gift, mortgage or sell land. Having accumulated great extents of land through this process (de Silva,1987:53), by the 10th century, Buddhist monasteries evolved to be 'great landowning institutions, embodying a form of private ownership of land'; they 'were directly involved in production, and in the appropriation of surplus and had, therefore, an independent economic existence (Bandaranayake,1986:6).

With the munificent patronage provided by the State and wealthy elite, 'from as early as the second century B.C., monasteries on the island had benefited from grants of land, irrigation works and other sources of income' (Gunawardena, 1979:3). With the immunities provided by the State, which included the commutation of the State tax, the monastic community emerged over time as the largest single institution holding private property in the island. Ranking among the largest monastic communities in the medieval world, the Buddhist monastic community was a 'corporation of "non-producers" who maintained themselves' upon surplus produced in an economic system which was made up of large land holdings the tillers of which were peasant share-croppers, and craftsmen agriculturalists belonging to several professional caste groups (ibid, 339-340). Some monasteries leased its land to middlemen (de Silva,1987:52). This process of surplus extraction was augmented further by the reinvestment of surplus.<sup>3</sup>

The growth of agricultural production during the medieval period was mainly due to steady technological improvements in irrigation facilities such as the technique of building broad-based tank bunds to retain the water, and the discovery of the valve pit (or the equivalent of the sluice gate) (de Silva, 1987:47). These improvements enabled the expansion of the cultivated area of paddy under irrigation and increases in cropping intensity, with two or more crops being cultivated per year. Since the introduction of draught animals from the earliest times with the growth of monastic property (Gunawardena,1979:77), no significant changes in either the labour or land productivity in agriculture were achieved (Siriweera,1972:37).

The civilization which emerged on the basis of this agricultural expansion was self sufficient in basic needs, and had the capacity to produce a significant surplus, as is evident in the large number of colossal irrigation structures and monumental royal and religious edifices of this period. The generous patronage the monastic order received from both the royalty and the nobility also bear witness to the economic prosperity attained. Thus agrarian civilization in pre-modern Sri Lanka reached its zenith in the late Anuradhapura period

with the evolution of a highly centralised State and the enormous expansion of wealth, social and political influence, ritual and organizational complexity, the development and elaboration of Buddhist monastic architecture and the growth of cities and other urban, port and religious centres (Bandaranayke,1986:10).

The distribution of the benefits accrued from the surplus produced from the improved agricultural system profited the upper classes at the expense of the peasantry leading to a sharp social cleavage in the class structure which extended to all aspects of life and consumption. The cultural artifacts of the period testify to the fact that the peasants continuously lived at roughly the same economic conditions with perhaps only a marginal increase in their standard of living (Gunatileka,1984:x). However, there is no substantial to indicate peasants challenging the status quo at a significant level.

Although limited, the historical evidence does indicates that at least the relationship between the State and the landlords on the one hand and the peasant cultivators on the other was not always been amicable. There were occasions when kings oppressed people with heavy taxes, 'squeezing out the people as sugar cane in a sugar mill' according to the chronicler, while there were other kings who eased the tax burdens on peasantry (Siriweera,ibid:35). It has been argued that the levying of grain taxes which was the responsibility of state officials, in general did not become a machine of extortion, mainly due to the fact that agricultural produce for which there was no market and which being more or less perishable could not be hoarded indefinitely (ibid:47). The interventions by kings to protect peasants from violations of their tenure rights, although harsh treatment and undue exactions by monastic officials testify to the abuse of authority by monastic landlords against peasants which prevailed in the medieval period. These abuses took the form of seizure of land from peasants, levying taxes higher than the customary rate, and demands for extra services during religious festivals (Gunawardena,1979:199-200). There is no evidence to suggest that the relationship between the nobility and professionals and the tenants who cultivated their land has been hostile. It has been argued that the relationship between the landlord and the tenant was usually of amicable character 'since the office by virtue of which a village lord held his *divel* might be hereditary'; when hereditary succession in office resulted in an unbroken connection between the two parties 'it gave rise to a strong feeling of attachment and loyalty on the part of villagers' (Siriweera,1972:26).

The end of the dry zone civilization was signified by the beginning of the Polonnaruva period (11th to 13th century), which also brought about the dissolution of the centralized island wide polity that had been the dominant tendency throughout the Anuradhapura period. The decline of the Anuradhapura kingdom was due to

the political instability arising from a combination of several factors, the major ones being the lawless violence due to invasions from various kingdoms in India, the decline of the irrigation system both due to the effect of wars and lack of maintenance, increasingly high dues demanded of the peasantry which forced the peasantry out of the dry zone, the existence of an attractive area of settlement in the wet zone with its milder climate in which a greater variety of food crops could be grown, and finally the advancement of malaria with the abandonment of tanks and reservoirs (de Silva,1987).

In the Polonnaruwa period, a marked shift in the structure of landownership occurred due to the replacement of the monastic community by the nobility as the dominant land owning group and the rise of a powerful landholding group known as *kulina*. The monastic community experienced a severe decline in this period due to the political disorder of the late Anuradhapura period marked by frequent foreign invasions, and the lack of royal patronage during Cola rule. At the same time, a hereditary class of nobles grew in strength, on the basis of heritable lands granted in perpetuity for distinguished service to the State,. Land grants in return for services also became more common during this period (de Silva,1987:82-83).

Multiple polities followed, with a period of shifting capitals in the post-Polonnaruwa period. The centres of political, economic and cultural activity were shifted from the dry zone to the south-west region, and the Jaffna northern peninsula, which are agro-ecologically less suitable for wet-rice cultivation. Consequently, the dissolution of the macro irrigation system and monumental style identified with the Anuradhapura period took place. The disintegration of centralised polity brought about a primary economic change, 'in that the surplus which had been very substantially derived from irrigated agriculture during the earlier epoch, was now one in which external trade seems to have played an increasingly important role in relation to that which it had in earlier epochs, while rainfed agriculture formed the mainstay of the subsistence economy (Bandaranayake,u.d.a:19). Other related significant developments which took place during the same period were the increasing importance of urban ports and centres, the higher position acquired by the mercantile classes within the elite of that period, and possibly, the growth of a peasantry freed of the obligation to pay dues to feudal overlords.

In the period following the shift in the centre of human activity from the dry zone to the wet zone, parallel to the Kandyan kingdom which evolved out of the Polonnaruwa kingdom, three other kingdoms emerged in Sri Lanka in other parts of the country, namely the kingdoms of Kotte (1469-1527), Sitawaka (1521-1594) both in the western province, and Jaffna (before 1478-1620) in the northern province. The available evidence show that wet-rice cultivation combined with *hena* (swidden) cultivation provided the mainstay of the subsistence



economy in these kingdoms, fisheries being an additional key component both in Kotte and Jaffna. In Kotte and Sitawaka a non-service tenure for which a share of the produce had to be paid to the State as tax had come into prominence in agriculture, parallel to the service tenure. In the Tamil tenure system in Jaffna all the lands were free-holds subjected only to a produce tax for those lands sown with grains, with a form of commutation of the tax. In addition, there was the house and tree tax or the garden tax. In the Tamil districts of Batticaloa, Vanni and Trincomalee the land was clearly under non-service tenure, the latter two districts having land held by conditional grants from the government (de Silva,1987:321-330). Lack of sufficient historical information on the economic activities in the areas under these kingdoms preempts any attempt at a comprehensive understanding of the nature of the respective agrarian economies. The Kandyan period, being the last and the best documented of all the Sri Lankan kingdoms provides us with a clearer picture of agrarian relations in the post-Pollonnaruwa period.

## 2.2 KANDY PERIOD

Agrarian relations in the Kandy period continuing from and evolving out of the pre-Kandyan period were marked by increasing consolidation and formalisation of feudal landlordism: rentier income from landholding were the main source of wealth for the Kandyan upper classes. In addition to the produce rent which had been the main basis of surplus extraction during the Anuradhapura period, a labour rent had been consolidated by the Kandy period. Labour rent came from estates, which were divided into a demesne (*muttetuwa*) and tenant's plot (*pangu*) where the tenant worked *muttetuwa* in return for the cultivation right to his/her *pangu*. Produce rent came from the estates which were divided into a multitude of tenant's plots (*ande pangu*), a share of the harvest from which was paid by the peasant to the landlord in return for cultivation rights. The peasants paid taxes and rents to the State and the landlords, the king, the *sangha*, the nobility, and the custodians of the temples which were dedicated for the deities, a new addition to the array of landlords. The nobility included both nobles *qua* nobles, and nobles and officials associated with state offices. The nobility was the largest land owning group, with the *sangha* coming next (Gunasinghe,1979:9).

Each of these groupings of landlords had their own categories of landownership with a distinct name and associated rights (ibid). They enjoyed property rights of land grants from the king, exacted fees and fines and were provided services from the peasants and a revenue from *muttetuwa*. Both the king and the Kandyan chiefs received from the subordinate officials what was largely a tributary income originating from the peasantry, in

consideration of their appointments or reappointments made annually soon after the Sinhalese new year (de Silva,1982:220-221). Unpaid services to the State, and caste hierarchy prevailed. A new form of surplus extraction, usury appeared on the scene (Gunasinghe,1979:9). In the absence of wage labour, a system of reciprocal labour exchange known as *attam* evolved to meet the seasonally fluctuating labour needs both in paddy and *hena* cultivation (Bandarage,1983:20).

One major contributory factor towards the strengthening of landlordism during this period was the increase in remuneration of state officials in the form of land grants from the king due to the shortage of cash. Short supply of cash was the result of 'isolation and involution' forced upon the kingdom by the Dutch mercantile companies which occupied the maritime provinces of Sri Lanka between 1640 and 1796. Expansion of landed property in the hands of the State officials strengthened the authority, local autonomy and power of the feudal lords over the peasant tenants as well as the king (Bandarage,1983:32).

The feudal basis of monastic landlordism was also strengthened: land grants to temples became highly excessive and led to a process of differentiation within the monastic community which appointed heads of temples on the basis of pupillary succession (ibid:35). The differentiation within the monastic institution culminated in 'a loosely centralised, hierarchical' order with a monk king (*sangharaja*) at the head of the institution; the 'upper echelons of the monkhood was manned by nobles of birth' (Gunasinghe,1979:9-10). A system of matrilineal transfer of monastic property which had developed by this time enabled the concentration of property in the hands of the families of nobility (Bandarage,1983:35). State officials could transfer land they enjoyed as royal grants, to the temples which were administrated by their matrilineal relations thus adding to the family wealth. The monastic community itself had succumbed to caste distinctions which had grown so rigid by this time that the ordination was restricted to the monks of the *goyigama* caste, the highest in the hierarchy (de Silva,1987:136).

Caste played an important role in strengthening the status quo. The *goyigama* caste consolidated their dominance at the top of the ladder. Among the *goyigamas*, the *radala* group formed an elite which monopolised the main positions in the administration and functioned as an endogamous unit (de Silva, 1987:136). The strengthening of the power and authority of feudal lords led to the intensified exaction of personal labour services from the peasant tenants and to a general trend towards the strengthening of the caste system alongside which forced labour exaction was organized. If serfdom is accepted as 'the obligation of the producer to perform stipulated services independent of his volition subjected to force' Kandyan tenants were *de facto* serfs as their *de jure* freedom to leave the plot was not realised in the absence of any viable alternatives such as politically

autonomous towns or virgin land outside feudal control (Gunasinghe,1979:11). The lord-serf relationship involved extra economic coercion. The peasantry was subjected to greater oppression and desertions by tenants were not infrequent (Bandarage, 1983:25). However, there is little evidence of either peasant revolts over rent, or rent negotiations between overlords and tenants.

The Kandy period was marked by the increasing commercialisation and monetization of the economy and mercantile profits became a significant part of the income accruing to the elite (de Silva,1982:210-211). However, agriculture remained by far the most important source of revenue to the State (de Silva,1987:10). Apart from a few items such as salt which now had to be obtained outside the Kandyan region, the peasantry in Kandyan areas were relatively self-sufficient.

Changes also took place in agricultural production as a result of the shifting of population centres away from the dry zone. The Kandyan agrarian economy did not have the benefit of an extensive irrigation system and therefore, the production of wet rice, which continued to be the primary crop, depended on seasonal rains with minor village tanks supplementing the water supply in some regions. Rice was grown on the terraced slopes and sometimes harder varieties were planted in jungle clearings (de Silva,1987:136). Methods of agricultural production remained the same as in the pre-Kandyan era or even experienced retrogression, partly due to the agro-ecological constraints, therefore, paddy yields were low. Greater reliance on the cultivation of dry grains under *hena* cultivation became a feature of agriculture of this period. *Hena* cultivation guaranteed a minimum security of subsistence when paddy crops failed and required property relations which were more communal. By this time, as neither the State nor the landlords held any effective control over *hena* land, in the absence of mechanisms of surplus appropriation, *hena* cultivation represented a realm of political autonomy for the peasants (Bandarage,1983:32).

A mode of production as distinct from the dominant feudal mode in the Kandyan kingdom existed in the remote areas of Nuwara Kalawiya, Vallassa, Bintenna and Tamankaduwa. It was characterised by privately owned peasant plots in sparsely populated, nucleated village communities existing in isolation, and by the communal mobilisation of labour. The peasants here were the political subjects of quasi-autonomous petty-rulers (vanniyars). This peasant mode of production, however had no impact on the changes taking place in the agrarian economy of rest of the country (Gunasinghe,1979; Bandarage,1983).

The lack of widespread resistance on the part of the peasants to the oppression of the State and the landlords during the Kandy period is explained in terms of the strong influence of ideological domination of the

peasantry, and the influence of colonial powers (Gunasinghe,1979:12).

Throughout the feudal period, despite increasing internal and external trade, the agrarian economy of the country remained relatively self-sufficient. Limited population, *hena* cultivation which provided food supplies to supplement the staple diet as well as to tide over during failures of paddy crops, sufficient room for village expansion and limited consumer needs were the major contributory factors. The arrival of the colonial powers on the scene marked the beginning of a process through which the peasantry were increasingly subjected to the pressure of market forces, while at the same time promoting export oriented plantation agriculture resulting in the stagnation of the peasant sector for most part of the colonial period.

### **2.3 THE IMPACT OF COLONIAL POLICY**

The colonial period in Sri Lanka began with the conquest of the maritime provinces by the Portuguese whose rule was later to be replaced by that of the Dutch and then British rule. The colonial economy undermined the relatively self-sufficient natural economy of pre-colonial Sri Lanka and promoted further expansion of commercial activity resulting in the increasing monetisation of the economy, the replacement of land rents by mercantile profits as the basis of state revenue and neglect of the domestic agriculture. While the Dutch introduced the idea of export oriented plantation agriculture, it was under the British that the plantations came to dominate the Sri Lankan economy by the mid-nineteenth century resulting in the stagnation of the peasant sector. The colonial State also modified the pre-capitalist economic structure as well as the traditional administrative, and tenurial structures and shaped them to serve their mercantilist needs (Shanmugaratnam,1985a:4)

#### **The British Rule**

The British who captured the maritime provinces of Sri Lanka which previously had been under Dutch rule, united the country for the first time in the colonial period. They developed export oriented plantations as the mainstay of the national economy at the expense of domestic agriculture, and subjected the peasantry to heavy tax burdens in order to develop the necessary infrastructure for the plantations. The country was substantially linked with the international market and the British derived considerable economic benefits from the colony through the control of commerce and trade. They also derived large profits from plantations while the plantation workers brought from India lived in abysmal conditions. While the pace of change within the Sri Lankan economy accelerated, peasant agriculture deteriorated creating an imbalance in the economy. At the end of the period of

British rule, Sri Lanka was left dependent on foreign sources for a very large portion of its food requirements (de Silva,1987:12).

The British, following the Dutch, continued with the state monopoly in the cinnamon trade and the use of compulsory labour services from the peasantry for producing cinnamon. The compulsory labour services was also used for building and maintaining roads, paths and bridges. Early attempts by the British to bring about tax reforms which would have effectively increased the tax burden on the masses, resulted in the rebellion of 1797-98. This widespread rebellion was crushed with full force, but nevertheless resulted in the revoking of the tax reforms (de Silva,1983:213). The system of compulsory labour was abolished along with the tax reforms only to be revived later. The village headmen system was also restored by the British on the basis of caste. The posts of headmen who were the village level representatives of the State as well as other high posts of administration were restricted to men from the highest castes, *goyigama* among the Sinhalese in the South and *vellala* among the Tamils in the North.

Following a long drawn out war against the Kandyan kingdom begun in 1803, the British captured the kingdom in 1815 bringing the entire island under their rule. The consolidation of British rule in Sri Lanka was 'associated with all the brutality and savagery of colonialism' exhibited in 'the ruthless crushing of two great uprisings' of 1818 and 1848 in which peasant masses played an active role (Shanmugaratnam,1981:70). The native economy in the highlands was seriously disrupted by the devastations caused by the British troops through attacks against both the people and property, and the infrastructure of the agrarian economy.

The mercantilist policies of the British State in the 1820's and 1830's reinforced feudal institutions and inhibited economic activities in areas other than renting and trade. The State held a monopoly over cinnamon, coffee and pepper plantations on which forced labour under or the compulsory services of labour to the State was used (Bandarage,1983:55).

Continuing with the system of land grants to state officials, the British State recreated the aristocratic authority and the landowning class. By 1833 over 50,000 acres had been granted to members of the Sri Lankan elite, both the low country *mudaliyars* and the Kandyan *radala* aristocracy, by the British in return for their services to the State. Land grants tended to concentrate in relatively few hands creating a category of landed proprietors with land holdings of unprecedented size, and more tended to pass to the hands of Sri Lankans than Europeans (Peebles, quoted in Shanmugaratnam,1981:70-71). During the early years of the century subsistence agriculture was still the mainstay of the economy. Even though, the exports were dominated by cinnamon, the

cinnamon cultivation was confined to a few small estates and only a small section of the population was affected by its collection and export (de Silva,1987:157).

The Colebrook-Cameron reforms of 1833, which reflected the views of rising *laissez-faire* capitalism and bourgeois liberalism among capitalists in Britain, introduced a series of measures promoting large-scale, export oriented, plantation agriculture to such an extent that it had a disastrous effect on peasant agriculture. These reforms introduced a legal superstructure that sanctified private property and freehold, lifting the restrictions on land alienation and encouraging the sale of crown land to private investors thus setting the basis for private property rights to land and the plantations (Shanmugaratnam, 1985a:4). The State used land legislation as a means of acquiring monopolistic ownership rights over vast tracts of fertile and mostly underdeveloped land all over the island which thereafter came to be conveniently called 'crown land'. The objective of taking over the land was to alienate it through sales and grants in order to create large, privately owned estates producing primary commodities for export markets in Europe. Land became a commodity and a highly competitive land market was developed within which foreign and native buyers and speculators scrambled for large shares. Between 1833 and 1869 more than 1.3 million of 'Crown lands' were sold (Shanmugaratnam,1981:70). In the unequally distributed 'Crown land' sales a few prominent Sri Lankan families accumulated enormous estates resulting in the growth of a class of native estate owners which included sections of the former aristocracy (Peebles, quoted in Shanmugaratnam,ibid).

State monopoly over the trade of cinnamon and other exports, and in cash crop cultivation which they inherited from the Dutch ended by the British through the selling of the state plantations and the encouragement of private investments. Private enterprise in commerce and trade was also promoted. The *rajakariya* was abolished with the hope of creating a wage labour force needed for capitalist economic development, only to be revived again in the absence of such a wage a labour force (Bandarage,1983:62-64).

Colonial laws did not change the institutions of hereditary land ownership or the issue of land grants by the State to the nobility and state officials nor monastic landlordism. The monastic community or the *sangha* were among the richest landlords of the day, closely tied in with aristocratic families. Perceiving the revolt of 1818 led by the aristocracy to be the result of the erosion of aristocratic authority following the capture of the Kandyan kingdom, the colonial regime took steps to restore it by re-creating a native landowning class.<sup>4</sup> Arising from the second echelon of the nobility and sometimes from the ranks of the petty chieftains, the new aristocracy held intermediary administrative positions as county administrators (*rate mahatvaru*) and also controlled temple land

as lay trustees and chief monks. 'The power of the new aristocracy arose from the same sources as that of the old aristocracy: control of land - primarily land devoted to peasant agriculture - either directly or indirectly (i.e temple land) and control of the bureaucratic positions' (Gunasinghe,1979:19-20). The British found an ally in the new aristocracy that would keep the peasantry within the confines of traditional relations emanating from traditional land tenure (Shanmugaratnam,1985a:4).

The British colonial regime actively intervened in the reproduction of pre-capitalist relations such as *rajakariya*, and temple services (Gunasinghe,1979:18). The colonial State revived the practice of traditional services to the temple lords and certain other forms of labour rents by tenants which had fallen into decay since the mid-nineteenth century, by making the performance of traditional duties or the payment of a commutation fee obligatory (ibid:19). *Rajakariya*, abolished for the second time in 1833 under Colebrook reforms, was reintroduced in a modified form in 1848 to build roads to serve the coffee plantations.<sup>4</sup> By authorising the commutation of the obligation under *rajakariya* into a money tax, the taking up of wage employment was encouraged among the peasants.

### *The Plantations and the Peasant Sector*

In the ways outlined above, the native economy based on peasant production was disrupted and peasant production was subjected to various levels of market and state intervention. With the Colebrook-Cameron reforms on land ownership and trade, large plantations were opened up in the Kandyan province to cultivate cash crops, first coffee and later tea, for the foreign market with indentured South Indian labour. British rule brought the country's economy within a centralised bureaucratic administration, and an international system of commerce and trade, and commercialised and diversified the country's economic activity (Shanmugaratnam,1985a). The exchange of commodities and the use of money became widespread, and there was an expanded supply of imported goods in the local market and a significant growth in both the internal and external trade. By the 1840's the regional economy had already become very much entangled with the global capitalist structure. The peasantry was increasingly subjected to the pressures of forces emanating from the market in the double capacity of both commodity producers and consumers (Gunasinghe,1979:21-22). In the early 19th century the area under commercial crops - cinnamon, coconut and arecanut - were very small compared to the area under subsistence farming. By independence, commercial crops, mainly tea, rubber and coconut, accounted for two thirds of the area under permanent cultivation (de Silva,1987:13).

The development of plantations had disastrous effects upon the peasantry. The land legislation introduced by Colebrook-Cameron reforms in the setting up of the system of private property, set in motion an officially sponsored process of land expropriation, through which all land for which there was no proof of ownership were acquired by the State. Thus the peasantry of the central highlands were dispossessed of their lands, both pasture and *hena*, which were suitable for coffee and later, tea cultivation (Vanden Driesen,1967). This marked the beginning of many disintegrative tendencies within the peasant economy. Later, traditional *hena* lands in the mid and low country were affected to a considerable extent when they were cultivated with plantation crops by the native landowners (Roberts,1963). Decreases in the area of pasture land led to a drastic reduction in the buffalo population, which was compounded by the slaughter of large numbers of buffaloes and cattle by the British during the uprisings of 1818 and 1848, and later the spread of diseases like rinderpest. The decline in animal draught power led to a technological retrogression in peasant agriculture causing a decline in labour productivity (Snodgrass,1966). The spread of plantations which were located in the high elevations of the central highlands also had environmental and ecological consequences. There was widespread deforestation in the rain forest areas to make way for advancing coffee and tea cultivation. The agricultural practices related to the cultivation of tea, and to a lesser extent coffee, resulted in high levels of soil erosion resulting in the silting up of paddy fields, and of river beds in particular. In time, the eventual outcome of soil erosion was the latter with time being frequent flooding which damaged peasant agriculture, in addition to other disastrous effects on human life.

The expansion of the plantations, 'not merely failed to benefit village interests but involved a repudiation of these interests' (de Silva,1982:26-27). Vast resources which are not easily quantifiable were extracted from the peasant economy through direct taxes, trade and other means and were diverted to support export oriented plantation agriculture. The development of infrastructure facilities such as roads was geared overwhelmingly to the needs of the export sector.<sup>6</sup> Road policy, dictated by the interests of the planters, was quite opposite to the interests of the villagers. The cutting of plantation roads caused considerable damage to irrigation channels and paddy fields. 'As in tariff policy, railway freights, and transportation facilities, in irrigation matters, too, there was a general repudiation of indigenous interests by the planters and the colonial bureaucracy. The upkeep of the existing irrigation facilities which the paddy economy required, at the very least, was neglected' (ibid:26-30). The planters who sought state assistance for their operations, campaigned strongly against what they considered was a wasteful expenditure of funds on irrigation. Grain taxes, which had been a source of revenue for successive colonial governments since the Portuguese, were another source of misery for the peasantry under the British



(Shanmugaratnam,1985a:13). Although in the heyday of the cinnamon monopoly the grain taxes were of secondary importance, at times of economic crisis the colonial State always found a convenient source of revenue in grain taxes. Between 1846-48, period as Sri Lanka's coffee faced its first depression, the government imposed a series of new taxes on the peasantry which contributed in large measure to the 1848 peasant revolt. When coffee suffered its demise in the 1870's due to a fungal disease, the government hard pressed for funds, resorted to taxation, under which the defaulters of the paddy tax were liable to lose their paddy land. At this time the paddy alone accounted for about a fifth of the state revenue. In the low country, a tax was levied on those lands sown with dry grains as well. There was large scale eviction of defaulters, particularly in the Kandyan areas where paddy tax arrears were high.<sup>7</sup> This compulsory commutation coincided with the collapse of coffee on the international market depriving many peasants of a source of supplementary income. In addition, during the 1880's paddy crops also failed in a number of areas. This situation led to starvation and death in many instances and grain taxes were finally abolished in 1898 after strong protestations were launched against it both in Sri Lanka and England. A considerable number of Sinhala peasantry joined the labour force in the plantations during this period (Shanmugaratnam,1981:77). Revenues from the grain tax were spent on public works to improve the infrastructure that served the plantation sector, and later on minor irrigation works.

### *The Class Structure*

The class structure that ultimately evolved under British colonial policy was one in which merchant capital enjoyed an unchallenged hegemony over productive capital and hence had a negative impact on the peasant economy. At the top of the class structure was a commercial or compradore bourgeoisie who based themselves on the export oriented plantation agriculture, and their strong ally in the local land owning class which owned more coconut and rubber than tea which was monopolised by the British, and as noted earlier was a deliberate creation of colonialism (Shanmugaratnam,1985a:9-10).

On the ancillaries of the plantation sector including the export trade a petty bourgeoisie - an indigenous entrepreneurial class - also made its appearance on the basis of serving the plantations, communications and trade. They entered the land market within the villages buying up paddy plots and gardens from the peasantry (Gunasinghe,1979:21). The increasing circulation of commodities and the spread of monetization throughout the island also served a class of people also at the village level whose activities were centred on trade and usury such as the village shop keeper and the money lender, and who exploited the peasants' increased need for consumer

items and cash (Shanmugaratnam,1985a:12). With surplus accumulated through trade and usury, the new classes acquired paddy and highland belonging to the peasants, through speculation, money lending or selling consumer items on credit. This process of the acquisition of paddy land and highland by the speculators and usurious land proprietors leading to dispossession of the peasantry, became a major feature of the colonial economy. Accumulation of paddy land in the hands of the monied natives sometimes took extreme proportions (Shanmugaratnam,1981:76-77).

The cumulative and combined effect of the spread of plantations and related changes in the land tenure system together with other influencing factors, led to increased share cropping among the peasantry under much more exploitative conditions which became evident through the emergence of hunger renting. Crop failures and the need for cash to buy essentials drove the peasants to indebtedness leading to the foreclosure of their land by money lenders and traders. The growth of landlessness due to serious land grabbing and grain tax defaulting provided absentee landlords with a reserve of potential hunger rent tenants. In such a situation the sub-division of land to increase the number of share croppers as a means of maximising the absolute surplus product created a situation very conducive for rentier interests. Those peasants who did not have sufficient income for subsistence due to the non-availability of *hena*, the loss of land to the State or private buyers, or to the general impoverishment resulting from the decline or loss of income from paddy production, joined the ranks of casual agrarian workers most of whom had some access to land making them part time cultivators. Thus a class of semi-proletariat was created from among the impoverished peasantry (ibid:12-13).

The onset of the rubber and coconut booms after the first World War, encouraged the spread of petty commodity production aimed at an external market. A considerable number of non-peasants and peasants in the mid and low country cultivated cash crops, mainly rubber and coconut in small holdings on their *hena* land. This process even swallowed up some of the peasant garden and paddy land (de silva,1987:208). Of coconut land in the island, about 80 percent of the acreage was in small holdings owned by the Sri Lankans (de Silva,1987:200). While peasants used family labour for the cultivation of cash crops the non-peasants mostly being engaged in other pursuits such as teaching, trading, the legal profession and other white collar jobs used hired casual labour on their land. The demand thus created for casual village labour was met by the now semi-proletarianized peasants most of whom were part time cultivators (Shanmugaratnam,1985a:7-8). The development of coconut as a major crop led to the growth of several rural industries including the manufacture of coir, copra and coconut oil which also employed some rural wage workers.

The interest of the British colonial State in domestic agriculture in Sri Lanka was linked on one hand to the collection of state revenue through taxation, and on the other to its need to secure regular supplies of the principal wage good rice to feed first its troops, and then later the resident plantation workers (Sathananthan,1988:17-18). When the depression of the coffee industry in the 1840's resulted in a decline in export revenues directly affecting the capacity to import rice, the colonial State showed an interest in expanding paddy cultivation in the peasant sector for the first time and attempts were made to rehabilitate irrigation infrastructure and develop land alienation schemes (Bandarage 1983:213). In 1856, there were attempts to revive the traditional machinery for the settlement of disputes and the maintenance of public works under the Irrigation Ordinance No. 09 of 1856 (de Silva,1987:168). However, the speedy recovery of the plantation economy in the late 1850's saw a reversal into rice imports and the subsequent neglect of domestic agriculture. In the 1870's a revived interest in dry zone agriculture was demonstrated through repairs made to many small reservoirs and canals, and some major tanks and a separate Irrigation fund was set up in 1887. The world economic crisis of the 1890's and the resultant threat to rice imports saw the interest of the colonial State in domestic agriculture leading to further attempts to develop paddy land settlements under rehabilitated irrigated works. The 10 percent tax on rice was abolished in 1893 in order to increase production. In 1890 a separate Irrigation Dept was set up. Again, with the recovery of the world economy during the first decade of the 20th century imports of cheap rice increased, affecting the domestic production of rice. Faced with higher prices for rice imports in the 1920's due to inflation during the first world war, the British State intervened in order to increase rice production through the alienation of large tracts of uncultivated crown land to 'capitalists' for paddy cultivation in the Hambantota district in the southern dry zone and the Batticaloa district in the eastern province. The experiment in the Hambantota district proved unsuccessful in terms of creating a class of owner cultivators (Brohier, quoted in Sathananthan,1988:18). As we will discuss in detail Chapter IV, instead of a class of large-scale owner cultivators of paddy, it created a multitude of share tenants. Later, on smaller scale peasants were granted 'Crown land' on leasehold in Batticaloa, Matara and Hambantota districts (de Silva,1987:209).

Apart from the economic concerns underlying these and other land issues to the peasantry, and dry zone settlements there was the political concern for the stability of the country. The granting of universal suffrage in Sri Lanka in 1931 had the Sri Lankan elite, who by then had established themselves within the government, to pay attention to the state of peasantry which formed the largest majority of the country's electorate. This was a major reason for the continued interest of the Sri Lankan ruling classes in peasant agriculture, in the post colonial

period. Lack of success in attempts to promote large scale capitalist agriculture in paddy, combined with rising unemployment and the rise in price of rice on the international market following the depression of 1929, necessitated the maximisation of local output of rice. In response to this situation, under the 1935 Land Development Ordinance policies were adopted to promote 'peasant proprietorship' or small peasant production extending the area cultivated to paddy by establishing land colonisation schemes; improving land productivity was another major objective which was achieved through the introduction of an extension programme for paddy. Under the Irrigation Ordinance of 1946, meetings of proprietors of paddy land were established with the authority to regulate cultivation, to make rules for paddy cultivation, to enforce established customs relating to cultivation such as issuing of water and fixing dates for ploughing, sowing and fencing, to levy an irrigation tax and to ratify irrigation arrangements (Sathananthan,ibid). All in all, there was considerable development of irrigation in the Eastern and Northern provinces, partly due to local enterprise, during the latter part of the British rule. Paddy acreage in the wet zone expanded in the second half of the 19th century due to more indigenous initiative rather than to British government policy. Despite these fitful attempts, government investments on irrigation was only a minute fraction of total government expenditure (de Silva,1987).

Despite efforts taken towards developing paddy agriculture in the country in the last phase of their rule in Sri Lanka, by the time the British had transferred political power to Sri Lankans in 1948, domestic agriculture was underdeveloped with low levels of output, productivity and living standards for the peasants; the cultivated area of highlands was drastically reduced due to loss of access of the peasants to *hena* land; and share cropping was dominant with the sub-division of land due to hunger renting, and fragmentation of land due to population pressure on land available for cultivation. Cheapened tenancy which developed as a result of hunger renting thriving on the parcelization of land, worked against improving the technology of agricultural production. The productive forces in paddy agriculture degenerated due to the spread of, and emphasis given to the plantation sector (Shanmugaratnam,1985a:4). The decline in draught power use, deforestation of rain forests, soil erosion and floods, damage to irrigation channels and paddy fields and the decay of irrigation works caused by the spread of the plantations have been already referred to earlier in this chapter. Farm implements and technology remained at the same level as that of the pre-colonial period, and there was disinvestment caused by the sale of cattle and implements in agriculture due to growing cash needs among the peasantry. Surplus extraction was through the intensification of labour not through increasing productivity (Shanmugaratnam,1985a:14). The outcome was that 'the peasant economy settled at a lower equilibrium with a more impoverished peasantry' (de Silva,1982:233).

As De Silva (ibid:415-442) has pointed out analysis of the underdevelopment of the peasant sector in Sri Lanka during the colonial period should be centred on the character and interests of the dominant classes and the wider framework of imperialist relations, within which investments and entrepreneurial decisions were made. Economic backwardness and impoverishment within the peasant sector is explained by the domination of merchant capital over the class structure within the local economy and the impact of external influences. The production and sale of plantation crops were dominated by merchant capital represented by agency houses, and this control was linked to the growth of absentee foreign ownership. Merchant capital was substantially interested in trade and not in production. It is the heightened role of merchant capital in the plantation economy that gave a distinguishing character to the plantations and to the economy as a whole, leading to the underdevelopment of peasant agriculture (de Silva, ibid:415-442).<sup>8</sup> While 'peasant production, exchange and consumption were made subservient to 'the interests of mercantile capital, the major part of the surplus extracted from the peasantry - both agriculturalists and craftsmen, was either invested outside the peasant sector or used to sustain the conspicuous consumption of the local aristocracy or the emerging mercantile bourgeoisie' (Gunasinghe,1979:14). Transfer of surplus to metropolis via market and by the foreign plantation owners was only a manifestation of the dominant class structure within the country but not a fundamental cause of economic backwardness and impoverishment in the peasant sector. The non-existence of conditions for the profitable re-investment of production capital within the peasant sector during this period can be explained only in terms of dominant class relations and the dominance of merchant capital both in the peasant sector and the national economy (Shanmugaratnam,1985a:14).

### *Summary*

In summary, the feudal period in Sri Lanka saw the rise and fall of a highly prosperous agrarian civilization based on wet-rice cultivation facilitated by a complex network of colossal irrigation structures centred in the dry zone, and a system of caste obligated service tenure. Land being the primary means of surplus extraction for the State, and therefore all claims to land originating from the State, social relations in feudal Sri Lanka arose out of the distribution of rights to land and irrigation facilities mainly among state officials, the monastic community and professionals by the State. The ruling group consisting of the State, the nobility and the monastic community maintained itself on the basis of taxes and rents from the peasantry who were the ruled and the direct producers. The system of land tenure created a politically powerful class of landlords who derived surplus from land in the form of labour rent or produce rent paid by peasant cultivators or craftsmen agriculturists

in return for access to land for subsistence cultivation. Steady improvements in irrigation facilities for paddy cultivation through technological achievements enabled a higher output of paddy, producing a significant surplus. It is this agricultural surplus that the impetus for the attainment of economic prosperity and the emergence of a highly centralized feudal State in medieval Sri Lanka with its enormous expansion of wealth, social and political influence, and rich cultural heritage are based. However, the division of benefits accrued from the agricultural surplus benefitted the upper classes at the expense of the peasants leading to a sharp social cleavage in the class structure.

The dissolution of the centralized State in the dry zone due to political instability, followed by multiple policies and the shift in the centre of rule to the western and northern parts of the country led to the decline of paddy agriculture. The collapse of dry zone agriculture and the adverse agro-ecological constraints in the wet zone where agriculture is dependent on rainfall brought about a technological retrogression in paddy cultivation. Both the extent of land cultivated and the productivity of paddy declined, and the peasantry came to place a greater reliance on dry grain cultivation on *hena* or swidden land. It was during the same period that external trade came to play an increasingly important role as a source of revenue for the State and the elite, marking the beginning of the commercialization and monetization of the economy of the country. During the last phase of the feudal era with colonial powers occupying the maritime provinces and the increasing importance of external and internal trade as a source of revenue to the State and the nobility, feudal landlordism was consolidated and formalized, and the economic and political status of the nobility and the monastic community was strengthened vis a vis both the State and the peasantry.

The colonial period marked a clear shift of focus in state policy with regard to state finance through the replacement of taxes and rents from land by revenue from export trade as the main source of income to the State, thus initiating a period in Sri Lankan history which was to be dominated by mercantile interests over production adversely affecting peasant agriculture. The colonial powers, originally as a means of promoting export agriculture and later seeking an ally in the local elite in controlling a rebellious peasantry, revived, broadened and strengthened the feudal land tenure system and the administrative system based on caste organization, and utilized the existing forms of feudal taxation by refashioning them to suit their needs thus reinforcing feudal institutions over the peasantry. The establishment of export crop plantations on a large scale by the British led not only to the neglect of the peasant economy but even to the repudiation of the interests of the peasantry. In order to acquire land for the establishment of the plantations, the British colonial State legalised private property and

expropriated all lands which were conveniently perceived to be without 'valid claims'. Thus a large number of peasants were dispossessed of their *hena* and pasture land resulting in a loss of incomes from *hena* cultivation and the decline of the cattle population causing a further technological regression in peasant agriculture. Until the latter part of the colonial period peasants continued to be subjected to state taxes, in addition to the compulsory labour services to the State and the monastic community. Land or grain taxes were strictly enforced at times of economic crisis, with eviction from land being the penalty for default. In the late 19th century in the upcountry areas in particular, grain taxes led to the large-scale eviction of peasants from their paddy lands driving them into starvation and death in many instances. While vast resources extracted from the peasantry through taxes were diverted to the plantation sector infrastructural facilities for peasant agriculture deteriorated as a result of the neglect of the State as well as through damages caused in developing the infrastructure for the plantations.

The increasing pressure of market forces brought to bear upon an impoverished peasantry through commercialization and monetization of the rural economy also resulted in the sale of many a paddy and highland belonging to peasants, which were accumulated in the hands of the petty bourgeoisie newly emerging on the ancillaries of the plantations or on trade and usury at the village level. Continuing impoverishment and dispossession of the peasantry through the combined effect of the colonial policy and the emerging class structure on peasant agriculture, generated widespread hunger renting and an expansion of share tenancy; a class of semi-proletariat or casual rural wage workers who were also part time cultivators was created from among the peasantry, who served on commercial crop cultivations owned by local landowners.

Colonial interest in domestic agriculture was limited to the promotion of paddy production as a secondary source of state revenue, and at times of economic crisis, as a means of procuring the principle wage good - rice, to feed its soldiers and plantation workers, and therefore did not generate a systematic policy of developing domestic agriculture, except in the case a few sporadic attempts which had a minimum impact. Thus, at the end of the colonial period no fundamental change had taken place in the feudal agrarian relations which the colonial State had in fact recreated to their benefit. At the end of a long colonial rule, Sri Lankan peasant agriculture, dominated by a class structure within which mercantile interests exercised hegemony over productive interests, and continued to extract surplus from the peasantry through rents, interests and profits, settled at a lower equilibrium with an impoverished peasantry.

## END NOTES

1. Bandaranayake (1984a, 1984b, 1986, undated a, and b) who provides us with the most comprehensive and cogent formulation and theoretical analysis of periodization of the historical period of Sri Lanka, has convincingly argued that the concept of the Feudal Mode of Production (FMP) compares best with the empirical data found on various aspects of the Sri Lankan society during its long historical existence in the pre-modern era (1984b); comparing the 'classical' FMP and the Sri Lankan feudal mode for their similarities and differences, Bandaranayake (ibid) questions the validity of taking Europe as the forma typica of feudalism.

2. Caste in Sri Lanka, a highly rigidified division of labour and class has been based on custom and tradition. Basically distinguished by their vocational and service aspects decided by birth status, caste distinctions were brought into a service system in feudal Sri Lanka. Caste obligations or services were due from members of a lower caste towards a higher, and by all castes to the State or the surrogates and the monastery (Siriweera, 1972). Historical sources refer to castes of carpenters, gold smiths, weavers, potters, smiths, traders, warehousemen, barbers and the like (de Silva, 1987:50)

3. 'It is quite clear that in Sri Lanka the Buddhist ethic was not a hindrance to the accumulation of property or to the exercise of rational economic judgement' (Gunawardena, 1979:343). The monasteries also played a "redistributive" role to the extent that 'a fair amount of grain collected by the monastery was redistributed in the form of daily allowances in exchange for a variety of services' (ibid:342)

4. 'The first echelon of the Kandyan aristocracy came to grief with the defeat of the 1818 rebellion'. Many families became virtually extinct due to banishment or lack of income. Some whose land had been confiscated just faded away. The period 1818-1848 was a period of the erosion of aristocratic authority, and this erosion is integrally linked with the plebian revolt of 1848 (Gunasinghe, 1979).

5. *Rajakariya* under the British was first abolished in 1801 in the maritime provinces. It was revived after the 1797-98 rebellion, and later was extended to Kandyan areas after 1818, under which every adult male was compelled to provide a fortnights' free services to the State. In 1833 it was again abolished under the Colebrook-Cameron reforms, except in the villages of native headman and temple land and the State kept the right to recall compulsory labour services in emergencies. When it was revived again in 1848, every adult male had to perform six days of unpaid labour each year on roads or commute the obligation by the payment of three shillings. It was finally abolished in 1898.

6. For example, while rice was imported to plantation districts all the way from Burma through an elaborate enterprise involving many foreign and local agencies and transport procedures, 'in the vicinity of the plantations there were no cart roads to provide an outlet for any surplus of locally grown paddy' (de Silva, 1982:26).

7. The grain tax collected steadily increased between 1840 and 1876 by more than 150 percent. Between 1880 and 1888 there were 29899 sales of defaulters' lands in the country and almost half of it was in the upcountry areas (Shanmugaratnam, 1981:75).

8. de Silva, S.B.D (1981:27-354) observed that contrary to the popularly held view that the plantations were a modern, developed, capitalist sector as opposed to the traditional domestic peasant agriculture, the plantations themselves were merely another backward sector with no growth impulses to spread to the peasant sector as expected by some scholars. The traditionally accepted contrasts of the plantations with the peasant sector were superficial. Not only the peasant sector but the plantations themselves were backward both in terms of their technology and of their relations in production. Therefore, the plantations did not have an inherent superiority over small holdings. The social relations of production in the plantations, including the methods of labour recruitment, control and retention are based on resident labour, recruited and employed in family units: the labour in plantations lacked any occupational or geographical mobility and were subjected to varying degrees of duress. The plantation system did not involve a transformation of existing methods of production but merely a restructuring



of those methods. The plantation based export sector did not differ very much from the peasant sector, in degree of capital intensity, and therefore, the level of technology and of labour productivity, although commodity production was promoted through a 'widening of markets and a territorial division of labour': the technology of the plantation sector was static, expansion being through an enlarged commitment of resources - essentially land and labour; there was only a minimal division of labour and advance in skills; furthermore plantations specialized in monoculture.

### CHAPTER III

#### POST-COLONIAL PERIOD: AGRICULTURAL GROWTH AND DIFFERENTIATION OF PEASANTRY WITHOUT DISINTEGRATION

The post colonial period in Sri Lanka following political independence in 1948 has seen significant changes occurring in the peasant sector which has displayed a perceivable degree of dynamism. There has been a remarkable growth in paddy production bringing the country to the verge of self-sufficiency in rice, while there have also been advances in other areas of agricultural production. These changes are clearly and primarily the outcome of the shift in focus of state policy from the plantation economy to domestic agriculture. While the revenue derived from, the export crop trade remained the main form of state finance, for political and economic reasons the State took an active role in promoting domestic agricultural production through increasing investments in irrigation and other infrastructural facilities, the resettlement of landless peasants on agricultural land, and technological modernization. However, the most influential factor in the growth of the paddy economy appears have been the state policies providing price incentives to cultivators through a guaranteed price scheme, and the liberalization of the rice trade. The social impact of this growth on the peasantry has been differentiation among them, although without any significant levels of disintegration either in the peasant economy or among the peasantry. The discussion in the present chapter focuses on the state policies that have led to agricultural growth in the peasant sector in the post-colonial period, and the impact of this growth on the peasantry.

#### **3.1 THE STATE POLICIES**

It was in the 1920's, with the increasing influence of the emerging Sri Lankan political leadership within the colonial State, and the process of transition to an independent Sri Lanka in its formative stages, that the thinking within the government on domestic agriculture took a decisive turn by accepting resettlement of landless peasants to lands under major irrigation in the dry zone. The policy was put into effect more vigorously in the 1930's, under a Sri Lankan minister of agriculture within the colonial State. The shift of focus of state policy from the plantation economy to peasant agriculture was due to political and economic imperatives related to the need for capital accumulation of the early ruling groups within an emerging independent Sri Lanka, which consisted of both the land-based traditional aristocracy as well as the emerging bourgeoisie on the basis of the plantations, its ancillaries and trade and commerce. Politically, there was the realization of implications of an

impoverished peasantry which formed the large majority of the electorate newly empowered with the franchise; economically, there was the need to increase domestic food production in the face of the worsening balance of trade problems, in order to provide cheap rice, the principle wage good for the urban working class.

Resettlement of landless peasants from the wet zone areas, in the dry zone under irrigation schemes which has been the centre piece of post-colonial agrarian policy also served several purposes, political, social and economic: it had the political appeal of 're-conquering' the dry zone which was the centre of Sri Lankan kingdoms at the peak of its pre-colonial socio-economic and political development; it was expected to ease the social problem of landlessness in the wet zone while contributing to the economic growth of the domestic agriculture.

### **Development of Irrigation, and Resettlement**

The development of irrigation infrastructure facilities for domestic agriculture through the rehabilitation and construction of major irrigation works in the dry zone, bringing vast tracts of land under cultivation and the resettlement of peasant families on such land, has continued throughout the post colonial period contributing to the growth of paddy production through increases in the harvested area of paddy.

Given the crucial importance of irrigation for paddy cultivation, and the cultivation of high yielding modern varieties of paddy in particular, the resettlement of peasants through colonization schemes to major paddy producing areas under large-scale irrigation assumes significance (Shanmugaratnam, 1987:186-87). The realization of this fact by successive Sri Lankan governments since independence is illustrated by their focus on the development of major irrigation facilities in the dry zone. The post-colonial State in Sri Lanka, despite the changes in policy regimes, had the common objective of expanding irrigation and achieving self-sufficiency in rice (World Bank, 1987:68). During this period, within the framework of different policy approaches followed by different regimes, there has been uninterrupted continuity in the expansion of irrigation for agriculture, however at different levels of investment (Gunasinghe, 1986:38; Economic Review, March 1977, 3-18).<sup>1</sup>

The expansion of land under food crop production was achieved mainly through the sale or 'alienation' of state owned land or land bought or acquired by the State from private owners, to peasants under village expansion schemes, and the opening up of colonization schemes through which peasants were settled under newly built or renovated major irrigation schemes (Farmer, 1957:174-75; Snodgrass, 1966:106-108). The latter process was facilitated by the eradication of Malaria in the 1940's. Land was also alienated to middle class Sri Lankans for

the cultivation of food crops, though on a smaller scale than the allocation of land to peasants (Farmer,ibid; Snodgrass,ibid; Shanmugaratnam,1985b). Land alienation for the cultivation of food crops which began on a significant scale towards the end of the colonial period was accelerated during the post-colonial period. Over the 50 year period since 1930, over 408,000 families have been settled under various schemes of land alienation on an extent of 1,047,800 acres (Shanmugaratnam,1985b,Table 1). In the post-colonial period, the asweddumized area of paddy progressively increased continuously with only slight variations (Nanayakkara,1987,Table 1), from 899,000 acres (Snodgrass,ibid) in 1948 to 1,744,000 acres in 1985, the total increase being 845,000 acres (Nanayakkara,1987). Of all the land alienated under various schemes for the cultivation of domestic food crops between 1930 and 1950, 580,000 acres or more than 55 percent was alienated under major colonization schemes (Shanmugaratnam,1985b:Table 1). Between 1960 and 1986, the area under irrigation increased at 2.3 percent annually, while the share of irrigated land increased from 58 percent to 67 percent (Gunaratne and Karunasena,1988:3).

### **Modernization of agriculture**

The state agencies involved in agricultural development have been actively promoting the adoption of improved cultural practices among the Sri Lankan peasantry since the 1950's (Snodgrass,1966:158). In the post-colonial era, significant improvements have been achieved in certain cultural practices such as the widespread use of new biological and chemical inputs - improved seed varieties, fertilizer and other farm chemicals - and the advent of farm mechanization.

Sri Lanka has been in the forefront of research on rice technology and high yielding varieties (HYVs) since the 1950's, a decade before the International Rice Research Institute was set up (Thorbecke and Svejnar,1987:56). Two generations of improved seed varieties have been introduced in Sri Lanka, the first in the 1950's, and the second in the 1960's. The Sri Lankan government took an active role in promoting rice research, by arranging for the supply and promotion of the use of the technological elements necessary for the use of improved seed varieties (Hameed,1977:47; Bastian,1985:142). Between the period 1960-1980, the area under HYVs increased from 78,000 hectares to 923,000 hectares at 10.8 percent annually, while the share of the area under HYVs in total sown area for the same period increased from 13 percent to about 90. Recent estimates indicate that the new HYVs, as opposed to the old HYVs, already cover about 60 percent of the total paddy extent sown. The government has also expanded facilities such as regional seed production, and processing and

storage units to ensure the availability and distribution of high quality seed for cultivation (Bastian,1985:142,148).

The government through the provision of subsidies has promoted fertilizer use in paddy cultivation which has been identified as a major factor contributing to the yield growth in the paddy sector under modern cultural practices and which has become a necessity with the introduction of fertilizer responsive HYVs (Thorbecke and Svejnar,1987:59). During the greater part of the post-colonial era, fertilizer production, imports and distribution were under state monopoly with attached controls on the price and the quantities issued. A fertilizer subsidy scheme for paddy (as well as other crops), with fluctuations in the subsidy between 30 to 50 percent was also in operation since 1951 until 1990, when it was completely removed. The fertilizer use in paddy, in terms of both the total use as well as the amount applied per acre, has tremendously increased in the post-colonial period. Fertilizer use in paddy production expressed in NPK-nutrient equivalent terms, increased from 77,000 tons in 1961 to 84,900 tons in 1980 to come down to 70,500 tons in 1981. Fertilizer application (Kg.) per acre sown increased from 5.23 in 1961 to 40.41 in 1980, then to come down to 32.55 in 1981. The Percentage of national fertilizer used in paddy production increased from 10 in 1961 to 49 in 1981. It also appears that the percentage share of national fertilizer used in paddy increased particularly during the 1965-70 (up to 30.4 percent) and post-1977 (up to 49 percent) policy periods (Thorbecke and Svejnar,1987:54-55,Table 30).

Of the other important cultural practices, transplanting has increased over time, however at a slow rate. Transplanting, a high labour intensive activity when done manually, cannot be afforded by most small farmers due to labour costs. A mechanical transplanter which costs less than manual transplanting with wage labour, is being used on a limited scale. Between 1960 and 1986, the transplanted area of paddy increased from 31,000 hectares to 191,000 hectares, at 2.9 percent from 1960 to 1986. The share of the transplanted area in the total sown area for the same period increased from 5 percent to 21 percent (Gunaratne and Karunasena,ibid:3). The relative proportion of farmers using chemical weedicides and pesticides appears to have been quite high even by the 1960's (Hameed,1977:56). It appears that the use of these chemical inputs in peasant agriculture has increased during more recent times.

### ***Farm Mechanization***

State intervention in terms of promoting the anization of agriculture in Sri Lanka is evident throughout the post-colonial period. There were hidden subsidies on the purchase and operating costsof tractors in the form of concessionary bank loans from the y sixties, tax allowances from 1977, and a large subsidy in the price of

diesel until late 1980 (de Silva,1985:536-538). In the sixties, tractor pools which facilitated ploughing and threshing for paddy cultivation, were organized in the major paddy producing areas, both by the private sector as well as by the State itself (Bastian,1985:162).

The use of tractors for paddy cultivation in Sri Lanka started during the early 1950's, about 10 years before the large scale diffusion of HYVs (Hameed,1977:41) with which tractorization is usually associated in the region. There has been a continuous flow of tractor imports to the country in the post-colonial period, (Hameed,1977:40; de Silva,1987; Bastian,1985:162). Consequently, records show that the farm power density in the country has progressively increased at an extraordinary rate in the post-colonial period, in relation to the increase in the extent of the gross land under paddy. Farm power density in the country - the number of tractors available per thousand hectares - increased from 2.8 in 1960 to 25.4 in 1986. (Gunaratne and Karunasena,1988:8). In 1969, in 6 out of 22 districts more than 50 percent of the area under paddy was ploughed with tractors alone, and the proportion was much higher in the major paddy producing districts. By 1971, an estimated 0.6 million acres (or 40 percent) out of 1.5 million acres cultivated were ploughed using tractors, while tractor threshing was used on 0.3 million acres (or 20 percent of cultivated land) (Bansil cited in Bastian,1985:101). The Census of Agriculture-1982 reported that there were 11,679 four wheeled tractors and 17,507 two wheeled tractors owned by agricultural operators.<sup>2</sup> Accordingly, the farm power density in domestic agriculture - the availability of tractors owned by agricultural operators per thousand acres of agricultural land - was 3.3 and 4.9 for four-wheeled tractors and two-wheeled tractors respectively.<sup>3</sup>

It is evident that tractors are rapidly replacing buffaloes for both ploughing and threshing in dry zone peasant agriculture in general and in settlement schemes in particular (Gunasinghe,1986:48). Tractor threshing is done by nearly 80 percent of farmers in the major rice producing areas of the North Central Province, the North Eastern Province and the Eastern Province (de Silva,1985). The Census of Agriculture-1982 highlighted the fact that at least one of 'the three implements used for ploughing, four-wheeled or two-wheeled tractors or plough were having higher ratios in all the major paddy growing districts, indicating a higher usage of machinery and implements for ploughing operations for paddy cultivation'. Except for one wet zone district, all the major paddy producing districts had 'comparatively higher mechanised systems of ploughing for land preparation' (Census of Agriculture-1982:61).

### ***Infrastructural Facilities***

It is apparent that general infrastructural development in the country throughout the post-colonial period has contributed to the growth of domestic agriculture. The key areas of such developments are transport, electrical supply and communication. While in the colonial period, infrastructural developments by the State were centred around the plantation sector, in the post-colonial period they were directed more toward developing the domestic economy and have continued throughout the post-colonial period.

The post-1977 regime in particular, facilitated by considerable foreign aid receipts, has invested large sums of money in infrastructural development, which surpasses attempts by previous regimes both in terms of size and investment. In the post-1977 period, as part of infrastructural development, substantial capital, mainly foreign aid, has been injected into the rural economy, particularly to the more backward districts of the island through the Integrated Rural Development Projects (IRDPs). By 1984 the IRDP projects covered eleven districts, with an estimated cost of Rs. 3,167 million of which Rs. 2,345 million constitute foreign aid. Under these projects, extensive repairs to major and minor irrigation works, ground water exploration, road construction, coconut replanting and rehabilitation, were undertaken (Gunasinghe,1986:40).

There has been improvement in transport facilities through the construction, repair and renovation of road ways and the availability of vehicles for haulage and transport. the increasing expansion of electrical supply throughout the country has facilitated more efficient rice milling, and has also contributed to improved general living conditions. Communication facilities which improve the flow of information also have been expanded and improved. These developments have undoubtedly contributed to growth in the peasant economy in several ways by bringing about improvements in many related aspects: the market demand for paddy and other food crops has increased; agricultural inputs and implements have been made increasingly available; and unifying the national market through the flow of goods and information enabling better prices for both inputs and produce. The mobility of labour has increased bringing better incomes for poor peasants and agricultural workers and the development and spread of rice milling through the provision of electricity has promoted rice trade and generated employment in the rural areas.

From the early days of the post-colonial period, institutional agencies for credit, crop insurance, marketing , agrarian services and extension were set up to facilitate agricultural production,. Of these services, the provision of extension services by the Department of Agriculture appear to have made a progressively increasing contribution as a catalyst in introducing, and promoting the spread of improved cultural practices while the

development of the other institutions have been affected by a variety of factors some of which will be discussed later in this chapter.

### **Price Incentives**

The establishment of paddy as a cash crop through Guaranteed Price Scheme (GPS) led to the commercialization of the paddy economy on an unprecedented scale resulting in the expansion of the area of paddy and the share of the marketable proportion of paddy. Notwithstanding the administrative weaknesses, operational rigidity and inefficiencies which deprived large numbers of farmers the well-intended benefits of the GPS (Snodgrass,1966:160-163; Hameed et al,1977:26), the GPS undoubtedly induced the growth of the paddy economy. Snodgrass (1966:160), referring to the period 1950-60, correctly argued that the GPS was 'by far the most important reason for the increase in [paddy] acreage and yield' between 1950 and 1960. This argument is equally applicable for the entire period from 1949 to 1977 during which time the GPS price was higher (except in 1968 and 1974) than the import price of paddy. During this period, in the absence of the ability of the peasants to compete with the lower world market prices, the local paddy production would not have improved if not for the price support provided by the GPS. The GPS, with an element of subsidy, especially when it was maintained above the market price, has undoubtedly supported the paddy producers and this has been an incentive to paddy production in the country by stabilising paddy price. The subsidy was approximately 50 percent over world market price until 1967. The GPS for paddy (and certain other subsidiary food crop operating at times) resulted in the progressive increase of price of paddy under all policy regimes from 7 rupees per bushel in 1948 to 80 rupees in 1988. The GPS which acted as a ceiling price slightly above the market price from 1948 to 1966, thus inducing the paddy producers to sell their produce to the State at the GPS price, has since 1966 operated as a floor price usually below the market price, protecting producers from being subjected to extremely low prices for their products.

However, it is interesting to note that, the support price of paddy under the GPS was determined by the amount of paddy the government needed to procure locally to be distributed under the ration scheme operated by the government, rather than the growth of the paddy economy. The rice thus needed was procured through the GPS, given the country's foreign reserves which would determine the amount of rice which could be imported at the prevailing world market price. Under the subsidy scheme, successive governments since 1959 up to 1973 distributed to the entire electorate, and since 1973 to all the non-income taxpayers, a free ration of rice from 1959



to 1970 (in combination with subsidized wheat ration during 1973-74); since 1970, it became a combination of free and subsidized ration. Under the ration scheme, 4 pounds of rice per person per week was distributed initially with reduction of the ration to 3 and 2 pounds in between. Thus the ration scheme acted as a constraint on the growth of paddy agriculture by limiting the market demand for rice. In 1978, the ration scheme was confined to households earning less than Rs. 300 per month, to be replaced by a food-stamp scheme in 1979, for the same target group (Thorbecke and Svejnar,1987). Later, with the inflation, Rs.300 limit was raised to Rs.700.

Notwithstanding the GPS procurement, about 35 to 40 million bushels, an amount equal to 80 to 100 percent of the total paddy output had to be imported annually between 1960 and 1966. In this context, with the cost of supporting the scheme on the increase, the governments since 1967 have reduced the ration in various degrees. Reducing the rice ration in 1967 under the 1965-70 United National Party (UNP) regime by half with the consequent reduction in import and GPS procurement led to an immediate increase in the demand for rice in the open market and increase in the market price of paddy to a level significantly higher than the GPS price for the first time since the inception of the scheme, encouraging local paddy production. The GPS procurement as a percentage of production which rose to 64 in 1965 has been reduced to 4 percent in 1982; the share of paddy imports as a percentage of production which rose to 109 in 1965 has been reduced to 11 in 1982. Liberalisation of internal trade of rice and allowing the market price of rice to remain much higher than the GPS in the post-1977 period combined with the dismantling of the rice ration has led to unprecedented demand for rice in the open market and expansion of the grain trade by private merchants altering the character of the rice market beyond recognition thus encouraging local paddy production (Thorbecke and Svejnar,1987:54; Gunasinghe, 1986:42). In the context of the state policies agricultural production in the peasant economy has made significant advances in the post-colonial period as we discuss below.

### ***3.2 GROWTH IN THE PEASANT ECONOMY***

Agricultural production in the peasant sector in the post-colonial Sri Lanka has showed a remarkable growth in many aspects. Snodgrass (1966:152) in a comprehensive study of the Sri Lankan economy up to 1960, observed the 'astonishing' 'rapid transformation' of the peasant sector in the early part of the post-colonial period. It was this sector which has been identified in 'simple stages-of-economic growth notions' as the 'primitive sector' and hence was the 'most unlikely place to find such dynamism'. However, during the period from 1946 to 1960,

the peasant sector was the most dynamic sector in the economy, in terms of output, productivity and employment: The gross output of paddy, the primary crop of the sector, increased by two and a half times, while the gross output of its other products also rose however, at a slower rate; the value of the paddy sector's contribution to GDP rose by 75 percent; value added for worker (in constant prices) increased by about 40 percent; the paddy sector employed at the much higher level of productivity, about 2,45,000 more persons than it had in 1946, thus accounting for about 30 percent of the total increase in employment over the period (ibid:152).

This growth, while subjected to variations, has continued with an exponential growth pattern in the post 1960 period (Gunaratne and Karunasena, 1988:9). The post-colonial period taken as a whole recorded considerable increases in terms of output, harvested area, productivity as the Table 3.1 reveals.

Table 3.1 INCREASES AND ANNUAL GROWTH RATES OF OUTPUT, CULTIVATED AREA,PRODUCTIVITY AND CROPPING INTENSITY IN PADDY 1952-1985

	1952	1985	Annual growth
Total Output (mn.bu.)	28.9	127.6	4.6
Net Area Harvested ('ooo, ac.)	937	1898	2.2
Productivity (bu.)	30.80	67.19	2.4
Cropping Intensity <sup>4</sup>	1.204	1.247	

Source: Nanayakkara, A.G.W, Progress in Paddy Cultivation and Production in Sri Lanka and Forecasts for the Future, Department of Census and Statistics, Colombo,1987,Tables 1 and 4.

The total output of rice or paddy, the primary crop in the peasant economy, increased from 28.9 million bushels in 1952 to 127.6 million bushels in 1985, at an annual growth rate of 4.6 percent, making Sri Lanka nearly self-sufficient in rice. This increase is in return mainly due to increases in both the harvested area and productivity (Nanayakkara,1987), while cropping intensity has remained relatively low constant overtime. Labour productivity in paddy production and other domestic food crops grew fast while export crops stagnated in this respect (Thorbecke and Svejnar,1987:24). Volume indices of estimated marketed output of paddy, and other domestic food crops recorded a tremendous increase, from 13.2 and 47.2 in 1959 to 154.7 and 233.3 respectively in 1982 (ibid:29, Table 13).

Due to the rapid growth experienced, the relative position of the peasant sector within Sri Lankan

agriculture, as well as in the overall economy improved continuously with an increasing contribution to the national economy. While the relative importance of the plantation economy in its contribution to agricultural value added and its share of agricultural employment fell dramatically, the paddy sector's contribution to GDP which was 5 percent in 1950's increased to 6-7 percent in 1970-80 and ranked highest among all crops; in cultivation alone, its contribution to total employment which was 13 percent in 1953, increased to 20 percent in 1981, accounting for a share which exceeded the total employment under all the three major plantation crops, tea, rubber and coconut put together. The share of cultivated land occupied by the paddy cultivation which was 26 percent in 1962 increased to 35 percent in 1982, this being more than 20 percent the area under coconut cultivation and more than twice the area under tea or rubber cultivation. The contribution of domestic paddy production to the total rice supply of the country which was 36 percent in 1950 increased to 50 percent in 1960 and to 90 percent in 1982 (Gunaratne and Karunasena,1988:2-5,Table 1).

The cultivation of subsidiary crops or highland crops, minor export crops, fisheries, and dairy production which also predominantly come under peasant sector made advances during the post-colonial period. The volume index of 'other domestic food crops', a category which includes, subsidiary crops, minor export crops and livestock increased by about four times from 59.0 in 1959 to 219.4 in 1985 indicating a very good overall performance throughout this period ((Thorbecke and Svejnar,1987:18, Table 5;69). The total area planted to all subsidiary crops declined from 270,000 to 200,000 hectares between 1977 and 1980 before increasing to 300,000 in 1982 (Thorbecke and Svejnar,1987:69-70). The extent of hectareage cultivated to, and the output of some of the subsidiary crops have recorded an overall increase since between 1980 and 1983 (NAFNS:33-34; CBAR,1983).

In the dairy sub-sector milk collection increased gradually from 8 million litres in 1960 to 10.6 million litres in 1966, and then grew at a rapid pace to 62 million litres in 1979. Since then domestic milk production stagnated and stood at 54 million litres in 1983 (NAFNS:53). Sugar cane cultivation, as a form of peasant production has expanded significantly in the post-1977 period. According to original plans, 7,835 peasant families will be settled on 11,373 hectares, under four such projects (Economic Review,October,1986). In the fisheries sub-sector which directly employs about 60,000 persons, total fish production increased from 96,000 tons in 1970 to 214,000 tons in 1982 (NAFNS:47). Lack of a comprehensive and reliable data base on all these sub-sectors other than the paddy economy appears to be a major factor which pre-empt analysis of their growth patterns.

## **Growth Under Different Policy Regimes**

Throughout the post-colonial period successive governments alternating between the two policy regimes of left-of-centre Sri Lanka Freedom Party (SLFP) and the right-of-centre United National Party (UNP) have been committed to the promotion of domestic agriculture and achieving self-sufficiency in rice. All the regimes up to 1977 facilitated asweddumization of new land for this purpose, brought new or already asweddumized land under major irrigation, at a comparable level, a process which was accelerated in the post-1977 era. Successive governments have been actively promoting continuous improvement and expansion of yield increasing inputs and related cultural practices. They also maintained price incentives for paddy (and at times for other domestic crops) throughout the period. However, despite the commonalities in the commitment of the government under different regimes to promote domestic agriculture, compared to the other regimes, a much higher growth rate of paddy has been observed during the 1965-70 and post-1977 Market Oriented regimes of the UNP (Thorbecke and Svejnar,1987; World Bank,1987). The growth in the paddy sector in the post colonial period arises mainly from two factors, area growth and yield growth. The higher growth rate during the latter two regimes are very clearly due to yield growth rather than the area growth which was the dynamism behind the growth in the other periods. The higher yield growth during the above two regimes are due to a number of factors, a combination of external circumstances as well as conscious policy decisions. The introduction of two generations of improved seed varieties, one in the 1950's and the other in the 1960's, given the required time lag for their spread taken into account, coincided with the turnaround of accelerated growth in late 60's, and late 70's and early 80's respectively (Gunaratne and Karunasena,1988:10). High levels of fertilizer application which is a necessity for the use of HYVs was facilitated during the two periods, by relatively favourable international prices compared to the experience of the other regimes as well as by much enhanced foreign aid for fertilizer purchases. Favourable weather conditions was another factor which contributed to the yield growth in the two periods, over the others which suffered from unfavourable weather conditions (Gunaratne and Karunasena,ibid).

A more conscious policy decision, as opposed to the influence of the above external factors contributing to the growth in the paddy sector, is changes made in the subsidised rice ration under both the above governments. As already discussed, on both occasions, food imports were considerably reduced, and market demand for rice increased, more in the post-1977 period with the added impact of complete liberalization of the rice trade, and the internal and exchange trade as a whole (Thorbecke and Svejnar,1987). The decision of the UNP regimes, first to reduce and then to abolish the subsidised rice ration, is in keeping in line with the advice

of agencies such as the World Bank at least partly under whose influence the UNP regimes placed emphasis on import substitution and export oriented agricultural development, as opposed to the development policies of the SLFP regimes which laid emphasis on state-led import substitution industrialisation.

Despite the differences in the means adopted by UNP and SLFP regimes to achieve self-sufficiency in rice and the general thrust of the development policies, in the post-colonial Sri Lanka the State emerges as the most single influencing factor promoting the growth of the peasant agriculture (as well as the overall economy), with profound effects on growth through its economic policies.

In the context of the high growth levels achieved in the peasant sector in the post-colonial Sri Lanka, the next question relevant for our discussion is 'What has been the impact of this growth on the peasantry?'. An attempt to answer this question is made in the following section.

### **3.3 THE IMPACT OF GROWTH ON THE PEASANTRY**

The dispossession of peasantry which reached acute proportions during the colonial rule, under the domination of the plantation economy, continued in the post-colonial period (Report of the Kandyan Peasant Commission, 1951; Yalman, 1954; Sarkar and Tambiah, 1957; Ryan, 1958). Increasing commercialization and monetization of the rural economy combined with rising number of dependents on existing land continued to place the peasantry at the mercy of the elite groups: plantation interests, landlords, traders, money lenders, and the petty bourgeoisie which emerged on the ancillaries of the plantation economy. Land fragmentation, share-cropping, landlessness, unemployment and underemployment continued to characterise the peasant economy.

These problems were initially eased to a certain extent by the post-colonial developments. Resettlement programs provided land for a large number of landless from the wet zone. Expansion of area under irrigation, the introduction of the GPS, the provision of agricultural extension, services and subsidies on inputs, and the promotion of modern cultural practices together with the external circumstances which were discussed earlier helped to bring about an overall dynamic growth in the peasant economy.

The growth, along with higher yields, brought about many other significant changes. These changes have been recorded in numerous case studies and surveys (Hammed et al, 1977; Morrison et al, 1979; Abeysekera ed., 1985; Census of Agriculture; ARTI, 1974, 1975, 1977; Shanmugaratnam, 1980, 1987; De Vroey and Shanmugaratnam, 1984; Gunasinghe, 1976, 1985a). The evidence from these studies unless otherwise stated are used in this section to make some general observations. While domestic agriculture was increasingly commercialised,

capitalist relations penetrated the rural society. Peasants were now marketing a higher share of paddy than before, while in addition to paddy, increasingly switching over to the cultivation of cash crops from that of subsistence crops.<sup>5</sup> The use of traditional forms of exchange labour such as *attam* had significantly declined in areas where it has been a prominent feature. Almost all categories of cultivators used wage labour in varying degrees signifying the emergence of capitalist relations of agriculture.<sup>6</sup>

The overall impact of the growth in the peasant economy on the peasantry in the post-colonial period has been one of slow and uneven social differentiation of peasantry, while agrarian relations have basically remained the same: family labour is predominant while share tenancy prevails. The process of social differentiation has given rise to a small stratum of rich peasants, and marginalised a section of the poor peasants who have become landless agricultural workers in the midst of a large mass of middle, and poor peasants. Agricultural wage labour is almost totally casual/part time employment (Gunasinghe,1979; Shanmugaratnam,1980,1987). In some rural areas, agricultural settlements in particular, a very small stratum of rural entrepreneurs of non-peasant origin is seen to be emerging (Wickramasekera,1985; Gunasinghe,1985a, b; Shanmugaratnam,1987). The peasant bourgeoisie, a thin layer of affluent farmers or rich peasants represent a dynamic force within peasant society in the growth of peasant agriculture; they produce a marketable surplus of paddy and other food crops as well as commercial crops such as tobacco; they use only or mainly hired labour, bio-chemical technology and intensify land-water use through multiple cropping; many of them own farm machinery which are also hired out. Many of them have also concentrated a larger than average area of land in their hands (Shanmugaratnam,1980:98; Hameed et al,1977:117). Another newly emerging group which represents the dynamism in the growth of domestic agriculture is the rural entrepreneurs, however, not of peasant origin: they are mostly traders, government officials, and professionals (Shanmugaratnam,1987:201). They directly cultivate large tracts of paddy land up to 25-30 acres leased in on money rent from peasants, using the complete package of modern technology and exclusively wage labour. They combine cultivation with a number of other activities which provide the basis of their capital accumulation (Gunasinghe,1985a:xi-xii).<sup>7</sup>

With surplus accumulation and some concentration of agricultural land in their hands, rich peasants enjoy improved living standards. The emergence of agrarian entrepreneurs who cultivate relatively larger tracts of agricultural land, leased in from peasants, using exclusively wage labour also indicate increases in the opportunities of improved incomes in the form of wages for the rural poor.

In an overall sense, despite the continuing if not worsening income disparities, the real incomes of the

rural masses except for the lowest income group increased partly due to the growth in the peasant economy, leading to relative improvements in their living standards.<sup>8</sup> 'Except perhaps the lowest decile, from 1973 to 1978/79, there was some trickling down of the benefits of growth to low income groups by way of an increase in their real incomes' (Lakshman,1986:28). As illustrated by the real income figures for the lowest decile, which deteriorated over 1973-1978/79 period (from a mean one month income per income receiver of Rs.33 to Rs. 29) but recovered to reach the 1973 level again in 1981/82, the real incomes of the poorest group remained at the same level about over a decade. Absolute poverty among the lowest income groups in the country has increased as reflected in their 'severe nutritional deprivation' (NAFNS:74; Thorbecke and Svejnar,1987:25). Poorer people have been spending almost three fourth of their income on basic food items. In the rural areas the extent of extreme poverty is found to be higher among the smallest land holding categories.<sup>9</sup> The increased malnutrition and deteriorating health and educational standards with increasing mortality rates in the post-1977 period for the first time in the post-colonial period (Lakshman,1986:30) most probably concentrated in the poorest sections of the society, among whom marginalised peasantry would form a majority, raises serious social and political concerns.<sup>10</sup> It is very likely that unemployed young members of marginalised peasant families would have in desperation joined the *Janatha Vimukthi Peramuna (JVP)* or the Peoples Liberation Front which mounted an anti-systemic violent campaign in the latter part of 1980's.

The full benefits of increased earnings from this growth does not accrue to the peasantry due to several factors: Landlordism in the traditional villages prevail continuing to extract rents from share tenants; commercialization and technological modernization strengthened the dominance of merchant and usurer capital over productive capital in the rural economy extracting the surplus produced by the peasantry; state-sponsored rural institutions reinforced the existing power structures at the village level enhancing the flow of surplus from the peasants to mercantile elements and landlords; the number of persons depending on existing land has continued to increase, leading to fragmentation of land and further lowering the income per person depending on land; state sponsored agricultural re-settlements despite the professed government objective of creating a stratum of 'prosperous farmers', have witnessed at a more acute level, the repetition of the same above problems which characterize traditional villages.

### ***Landlordism Prevails***

Landlords whose small agricultural holdings are cultivated by share tenants in the peasant sector in the traditional villages have in the post-colonial period continued to be a significant strata in the rural society. Monastic landlordism, unaffected by the limits imposed on land ownership by the Land Reform of 1972, continues to occupy paddy land that would come above the 25-acre land ceiling; in addition to share cropping, some of these lands are continued to be cultivated under caste-oriented labour rent, and disguised forms of bonded labour (Gunasinghe,1982:55-56) and high share-rents (Hameed,1977:108). Throughout the post-colonial period share tenancy in paddy agriculture has prevailed at a considerable level: At present about 225,000 paddy parcels accounting for about 200,000 (or 16 per cent) of acreage are operated under share tenancy (Census of Agriculture-1982).<sup>11</sup>

None of the four land reforms undertaken in the post-colonial period, did bring about significant changes in the traditional agrarian relations. They sought to formalize landlord-tenant relationship without any fundamental change in the system of land tenure thus legitimizing the rights of not only share tenants but also of landlords even specifying the landlord's legal crop share. The first two, the Paddy Lands Acts of 1953 and 1958, while aimed at providing security of land tenure to share cropping tenants, and regulating levels of rent, did not affect ownership pattern of agricultural land. The 1958 Act which in general embodied the same features as its predecessor and was written to be more easily enforced however, contained one escape clause for the landlord: within five years of passing the Act, the landlord could evict his /her tenant provided that he/she would cultivate the land him/herself. In addition to this serious limitation, the Act did not bring about even the desired results in the proposed reforms due to lack of will on the part of the government in the implementation and enforcement of the Act. There were also social factors which made the tenants not avail themselves of the opportunities extended to them under the Act.<sup>12</sup> Neither the Land Reform Act of 1972, which set a land ownership ceiling at 25 acres of paddy land or 50 acres of other land, radically alter the situation: the ownership pattern in paddy lands were practically unaffected with only 1.3 percent of total paddy acreage or about 19,000 acres brought under the Act and distributed among the peasantry, the reason being that the ceiling of 25 acres was too high by Sri Lankan standards (Shanmugaratnam,1980:69-70).<sup>13</sup> The Land Reform Act of 1975 brought under state control all estates belonging to foreign and local companies, almost totally cultivated to export crops, mainly tea and to a lesser extent rubber and coconut. Of the land brought under the state control under both the reforms, less than 14 percent (or 135,000 out of 981,368 acres) only was redistributed among the landless, thus rendering the two



reforms virtually a transfer of ownership from the private sector to the State (Shanmugaratnam,ibid). Thus, despite four land reforms, the insecurity of tenure prevails.

Landlords under various mechanisms have continued to charge share rents, higher than the maximum of one fourth stipulated under the Paddy Lands Act of 1958. Payment of 50 percent of produce of paddy as share rent by tenants to landlords was the norm rather than the exception in many parts of the country in the early 1970's (Hameed,1977:19).<sup>14</sup> Even in late 1970's peasants in some parts of the country continued to pay half the produce as share rent (Morrison et al,1979:9).

In recent times, the burden on the share tenants as against the landlords has been increased through state-intervention; the Agrarian Services Act No. 58 of 1979, changed the previous law which enjoined the share cropper to pay a rent of one fourth of the yield or 15 bushels of paddy *whichever was lower* in areas with higher yields to one which provides the share tenant the same alternative, but enjoins him to pay *whichever is greater* (Gunasinghe,1986:46-47), thus fixing a minimum rent, instead of a fixed maximum rent which would have benefitted the peasantry even within the framework of share tenancy.<sup>15</sup> The Agrarian Services Committees set up under the Act, have been turned into instruments to eliminate the 'inefficient' farmers who would invariably be the poor ones. The enforcement of productivity norms and cropping calendars among peasant producers has been enhanced by tying the security of tenancy to the productivity of the tenants and penalties for violations including dispossession written into the Law (Shanmugaratnam,1987:173; De Vroey and Shanmugaratnam,1984:35; Gunasinghe,1986:47). Thus the persistence of landlordism and high-share rents continue to depress the net incomes of share tenants.

### ***Merchant Capital Dominates***

Increasing commercialization and the spread of modern technology in agriculture has added to the money lender and the trader, new agents of merchant capital in the rural areas: transport agents who transport agricultural produce, tractor owners who hire tractors for cultivation purposes, the newly emerging rich peasants and agricultural entrepreneurs who themselves act as money lenders and hire farm machinery.<sup>16</sup> It is not uncommon to see one individual representing two or more of the above roles in combination thus bringing the entire cultivation operation and sometimes the economy of the peasants under the virtual control of one financial operator increasing the dependency of peasants on them (Gunasinghe,1986:48).

Increasing commercialization and monetization of the rural economy has enhanced the market oriented

consumption among the peasantry since the colonial period. This, together with the spread of modern agricultural practices on which peasants have been compelled to depend increasingly and which necessitate the purchase of inputs in the market have increased the cash needs of the peasantry leading to higher rates of borrowing. In the absence of a developed rural financial market and consequently, generalised market relations in the provision of finance for consumption and production, and the provision of agricultural services, many peasants borrow money or hire services from private lending sources at very high interest rates to be repaid in kind or cash and kind, mostly tied to the harvest. The dependence of the peasantry on mercantile elements has heightened personalised monetary relations between the two parties (Shanmugaratnam,1987:200) instead of eliminating such ties with the penetration of capitalist relations. Any disruption of the economic activity of middle peasants which could be caused by either a crop failure, decline in prices for agricultural produce or an increase in prices for agricultural inputs and services, or an unexpected turn of events in family life would drive them to indebtedness initiating a cycle of borrowing which could eventually result in lease, sale or forfeiture through mortgage of the agricultural land. Ultimately the peasant may end up being a share tenant on his/her own land or a landless unemployed.

Various attempts taken by the government with the expressed objective of saving the small producer and the consumer from the clutches of the 'middle man' have failed: The benefits of the GPS, did not accrue to all the peasants equally due to the administrative weaknesses of the scheme which lent itself to fraud and abuse, the absence of an effective institutional infrastructure, as well as due to the very indebtedness of the peasants which was to the advantage of middlemen (Snodgrass,1966:162-163).<sup>17</sup> The provision of subsidised institutional credit under the Agricultural Credit Scheme has, as a result of most of the middle and poor peasants dropping out of the Scheme after defaulting, eventually benefitted only the rich peasantry (Shanmugaratnam,1980:85). The performance of the Scheme has been extremely erratic with a 49.3 percent average default rate out of a total amount 1299.1 million rupees worth of loans granted between 1967/68 Maha to 1981 Yala. With high default rates and the total amount defaulted growing every year, the Scheme has made no significant impression on the overall structure of rural credit (Thorbecke and Svejnar,1987:164). As a means of gaining popularity among the electorate, all governments on several occasions have written off outstanding crop loans and issued fresh loans to the entire community of paddy farmers. This has lead peasants to consider government sponsored agricultural credit as a welfare measure thus affecting the economic viability of the Scheme. Crop insurance which began on a pilot basis in 1959 has not been able to attract sufficient numbers of farmers to make the scheme viable. This

has been partly the result of crop insurance being tied to borrowing under the Agricultural Credit Scheme. Attempts to develop government-run marketing agencies to facilitate the purchase of agricultural products from farmers and their distribution to the consumer have failed in the long run, with corruption, inefficiencies and poor management affecting the viability and effectiveness of such projects.

Thus despite all the attempts by the government with the professed objective of protecting the peasantry from the exploitation of middlemen, numerous agents of merchant capital, the trader and the moneylender continue to dominate the rural financial market, extracting surplus from the peasantry.

### ***The Elite and the Politico-Bureaucracy Dominate Rural Institutions***

The government-sponsored supportive institutions at the village level such as the Multi-Purpose Cooperative Societies (MPCSs) or the Cultivation Committees to name two key institutions, have contributed to reinforce the existing structures of inequality to the disadvantage of the average peasant. These institutions which were traditionally dominated by the socially and economically powerful groups, since late have been controlled mainly by the politically powerful through the patronage of the regime in power. In many instances the politically powerful also happen to represent sections of the socially and economically powerful. Otherwise, political power has given rise to new elites in villages who thrive on political patronage of the ruling regime in collaboration with the bureaucracy. These dominant minority groups usurp the control and benefits of rural institutions, use the positions thus usurped in promoting their entrepreneurial activities and economic status through a symbiotic relationship formed with the politico-bureaucratic organizations (ARTI, cited in Shanmugaratnam, 1980:86). Under the 1970-77 SLFP led left-coalition regime, political patronage became the operative mechanism of rural institutions as a result of government supporters being entrenched at all levels within these institutions (Morrison et al, 1979:vi). The outcome has been the mismanagement of these institutions, with widespread corruption, in the name of politicization.

Until 1977, the purchase of paddy and other food crops under the GPS by the government and the distribution of agricultural inputs and the provision of support services were mainly through the MPCSs. The Cooperatives not only failed to maintain a regular supply of essential inputs and services for the cultivation of paddy and other food crops, but also they favoured the socially, economically and politically stronger sections of the village in the distribution of services, thus placing the average peasant at a disadvantage (Harriss, 1977:140; Morrison et al, 1979:31-38; Moore, 1985:89-95). The village Cultivation Committees set up under the 1958 Paddy

Lands Act to regulate the cultivation, initially consisted of members elected from among the cultivators thus allowing some representation of the peasantry at decision making levels however, under the dominance of the elite groups whose members yielded more political power. With subsequent legislations, the composition of the Committee has been changed twice: first, under the Agricultural Productivity Committee Law of 1972 to appoint the majority of the committee members by the Minister of Agriculture thus increasing political influence on agricultural activities at the village level; next, as opposed to the earlier provision of no less than ten members of the committee of 14 to be direct representatives of the cultivators, the Agrarian Services Act No.58 of 1979 made it mandatory that 8 out of 14 of the committee members should be government officials thus increasing bureaucratic control over agricultural production (Gunasinghe,1986:46-47). Thus the overall effect of rural institutions has been one of strengthening the existing power structures leaving the average peasant at a subaltern position affecting their ability to benefit from services provided by the government and the decision making process on agriculture at the village level.

#### ***The Resettlements: the Same Problems at a More Acute Level***

The situation in the resettlements which were believed to be the basis for the creation of a community of prosperous farmers, despite the recent emergence of agrarian entrepreneurs in some settlement areas, are found to be reproducing, sometimes at a more acute level, the same agrarian problems as those of the traditional villages. Over a period of 10-20 years since the resettlement of peasants on newly asweddumized, peasant owned, equal size plots under irrigation, a process of differentiation among the peasantry leading to uneven patterns of farm size has emerged in the resettlements (Shanmugaratnam,1980:77; Wickremasekera,1985; De Vroey and N.Shanmugaratnam,1984). A stratum of 'illegal land owners' has emerged from among the peasantry as well as from the outside who acquire operational control over holdings owned by others, through money lending, leasing in or 'illicit' purchase (Shanmugaratnam,1980:98). In addition to the presence of the trader, the money lender, the tractor owner, the transport agent found in the traditional village, the bureaucratic elements which replace the traditional leadership are among the agrarian entrepreneurs who lease in land from peasants on the basis of money lending (Abeysekera,1985:191). With the enhanced role of the bureaucracy at all levels of agricultural activity and even social life, the tendency of the bureaucracy to favour the economically and politically powerful segment places the average peasant at a greater disadvantage (Wickramasekera,1985:102; Abeysekera,1985:191). The practice of land fragmentation, large-scale share cropping, leasing, mortgage and even sale of land, all prohibited

by law under settlement policies, have appeared in considerable proportions.<sup>18</sup> The outcome has been the same as in the traditional villages: landlessness, unemployment and poverty among a section of the peasantry at a much higher level than found in the traditional villages.

### *Summary*

In summary, the significant dynamism seen in the peasant sector dominated by paddy in the post-colonial Sri Lanka, is the cumulative and combined effect of a multiplicity of complex cultural, natural, political and economic factors some of which are external.

Starting off with a lower base, a relatively backward paddy cultivation with low yields, compared to other paddy producing countries in the world at that time, enabled Sri Lanka to achieve quick and significant improvements in paddy yields (Snodgrass,1966:158). The smallness of the country, the relatively high standard of literacy which progressively increased throughout the post-colonial period, improvements in health of the populace, the continuous development of infrastructural facilities - transport, communications and electricity - promoted the rapid spread of technology and the quick responses to new economic opportunities making economic incentives potentially very effective (Snodgrass,ibid; World Bank,1987:4). In order to maintain a politically sensitive, universal, subsidised rice ration scheme, in the face of worsening balance of payments and diminishing foreign exchange reserves resulting from the combined effect of a lack of exports, deteriorating terms of trade and the increasing cost of food imports, the State had to resort to buying rice in the local market, reducing the importation of rice which was a tradition established by the colonial powers. To induce the paddy farmers to increase production, a Guaranteed Price Scheme (GPS) which assured a producer price above the market price was set up, and paddy was procured by the State under the GPS. As Snodgrass (1966:161-165) noted, the introduction of the GPS, established for the first time, paddy - the primary crop in the peasant sector - as a cash crop in reality as well as in the minds of the peasants who had been bogged down in a millennium old tradition of subsistence cultivation. This attitudinal change which made peasants more economically minded combined with correct price incentives resulted in the extension of paddy cultivation as well as increases in the share of the marketable proportion of paddy as opposed to that consumed on the farm. It also created an environment in which peasants are more responsive to other components of state programs launched to promote agricultural growth (Snodgrass,ibid). Thus the rice procurement by the State under the GPS marked the beginning of not only the dynamism of growth in the peasant sector which became evident in the post-colonial period, but also the

transformation of a mind-set rooted in an age old tradition of subsistence farming.

However, the growth in the peasant economy has not necessarily benefitted all sections of the peasantry equally. In fact, in the midst of growth of the economy living conditions among a section of the peasantry has deteriorated. While a small group of rich peasants and rural entrepreneurs of non-peasant origin has emerged, full benefits of growth in the peasant economy did not accrue to the large mass of average peasants: Landlordism, and merchant capital dominates over production capital in the rural economy both in traditional villages and resettlements; rural institutions are dominated by the elite with the collaboration of the politico-bureaucracy. The outcome has been the enhanced flow of surplus from the peasantry to the mercantile elements affecting the living standards of the peasantry. This state of affairs has been compounded by the increase in numbers depending on existing land. A section of the poor peasantry has been increasingly marginalised and driven to extreme poverty, however without proletarianization of any significant scale; the overall growth of wage labour in the rural areas has been insignificant. The final outcome thus has been the growth of the peasant economy with out significant changes in the existing agrarian relations: while share-cropping prevails at a considerable level, small holdings and exploitation of family labour is predominant: Differentiation of peasantry without disintegration.

## END NOTES

1. For a comprehensive discussion on pioneer peasant colonization in Sri Lanka up to 1953, see, Farmer (1957); Economic Review (March 1977:3-18) presents a useful overview of irrigation and multi-purpose development in Sri Lanka; Ellman et al (1976) provide an overview of the major writings on the land settlement in Sri Lanka between 1840-1975 period, inclusive of legislation and major policy developments. Economic review (September, 1988:3-20) has a special report on land settlement in Sri Lanka; Shanmugaratnam (1985a,b) discusses the politics involved in the evolution and implementation of the policy of peasant resettlement. Snodgrass (1966:106-107) provides data on land alienation to peasants between 1950-60 period; de Vroey and Shanmugaratnam (1987:47-48) has a brief description on the salient features of Mahaweli scheme the largest irrigation development project undertaken in Sri Lanka in the modern period.

2. An Agricultural Operator for the purpose of the Census means a person responsible for operating the agricultural land or livestock, either by him/herself or with the assistance of others, or simply direct day to day operations (Census of Agriculture-1982).

3. These ratios, however, give only a rough indication of the extent of mechanization in the small holding agriculture, not an exact estimate of tractors available exclusively for agricultural purposes. For example, this does not include either those instances where tractors owned by non-agricultural operators or institutions and available in the estate sector are hired for cultivation purposes in the small holding sector nor instances where tractors owned by small holder operators could have been used outside this sector.

4. 
$$\text{Cropping intensity} = \frac{\text{Sown area}}{\text{Asweddumized area}}$$

5. It was observed that the proportion of paddy marketed in a village in the wet zone in Western province had increased from 6 percent of the total harvest for traditional seed varieties to 39 percent for improved varieties in 1970/71 (Hameed, 1979:192). Another survey conducted in several districts in late 1970's found that the marketed share of paddy ranged between 13 percent in Colombo district to 70 percent in Pollonnaruwa (ARTI, 1977). In the resettlements of Mahaweli H area in 1980, 40 percent of paddy cultivated was marketed as opposed to 20 percent in the traditional villages in the same area (Wickremasekera, 1985:97).

6. The following ratios of hired labour to total labour inputs were reported in a study conducted in Maha 1972/73: dry zone districts - Pollonnaruwa 78 percent, Hambantota 86 percent; wet zone districts - Kandy 59 percent, and Colombo 56 percent (ARTI, 1975:18).

7. These entrepreneur cultivators in the settlement areas at the same time own threshing mills, farm machinery and lorries; they also engage in large scale grain trade, money lending, government contract work, and supplying goods and services to the government. All these activities elevate them to the position of entrepreneurs with a very high out lay of capital and political power to back them (Gunasinghe, 1985a:xi-xii).

8. Very high levels of inequality of incomes have been a significant feature of post-colonial Sri Lankan economy. For example, total income received by two poorest quintiles of income receivers in the rural sector has been as follows within the last three decades:

Ranked Income Receivers	1963	1973	1978/79
Lowest 20%	3.60	5.35	3.49
Second 20%	8.75	11.60	8.60
Bottom 40%	12.35	16.95	12.09

The evidence on the changes in income disparities in the post-colonial Sri Lanka has been somewhat conflicting. While the conventional wisdom has been that Sri Lanka 'was unambiguously better off *qua* equity and poverty alleviation in 1973 than a decade earlier', this position has been questioned on the basis of consumption

distribution which actually deteriorated between 1963 and 1973 leading to the argument that equity worsened rather than improved during the above period (Lee, cited in Thorbecke and Svejnar,1987:25). Therefore, Thorbecke and Svejnar (ibid) concluded that 'one cannot state unambiguously that inequality has increased in the recent past' (late seventies and early eighties). However, if not deteriorated, income inequalities appear to continue with persisting wide disparities (Lakshman,1986). Another analysis (Glewwe, cited in Thorbecke and Svejnar,1987:25) which admits that income inequality has increased but that expenditure inequality has decreased, points towards an interesting development in the post-1977 period under liberalised economic policies, that is increasing consumption among low income groups amidst increasing disparities.

9.The absolute standard of living of the poorest quintile (particularly its nutritional intake) in the rural sector, worsened between 1973 and 1978/79, compared to its significant improvement over 1963-1973 period. 'The lowest quintile of all spending units (roughly equivalent to households) spent 74.3 per cent of their total expenditure on six food commodities (rice, wheat flour, bread, coconuts, sugar, meat/fish/eggs) as compared to only 65.6 per cent in 1973' (Thorbecke and Svejnar,1987:24-25). The NAFNS (1984:74-75) consumption survey suggested that the smaller the paddy holding size cultivated by the farmer, the extent of extreme poverty is higher. The percentage of households with severe poverty was 9.5 percent in the category of paddy holdings of 0-0.3 acres while it was a much less 3.4 percent in the paddy holding category of 3.4 acres. The drop in nutritional intake of the poorer groups may be related to the replacing of the rice ration with the Food Stamps Scheme which is a form of cash transfer. A government document evaluating the relative impact of the two programs commented that in the case of food stamps the consumer's preference in using them 'would not always be guided by the nutritive value of the food' (MPI, cited in Thorbecke and Svejnar,ibid:66).

10.'Decline in literacy rates, and increased high school avoidance rates for children from low income families' (Lakshman,1986:30) could be partly prompted by increasing employment opportunities in the post-1977 period.

11.Percentage of paddy holdings and area under share tenancy in 1946 has been estimated as 25.9 percent and 23.6 percent respectively. In 1956, 28.7 percent of paddy land parcels was calculated to be under share-tenancy. In 1962 (Census of Agriculture), 28 percent of operators of paddy land reported that they cultivated land entirely owned by others, which meant predominantly on a share tenancy basis, given the lack of wide spread leasing on money rent. The 1982 Agricultural Census, gave the percentage of paddy land holdings and area reported by operators as entirely owned by others (which again means predominantly share tenancy), as 27.4 percent and 19.5 percent respectively.

12.For discussions on factors rendering ineffective the constitutional safeguards provided by the Paddy Lands Act and the reluctance on the part of the tenants to avail themselves of the opportunities extended under the Act, see Hameed (1977,33-37). Senaratne (1970), Sandaratne (1972), Herring (1972), Moore (1985).

13.The limit was applied 'per married couple or unmarried person over the age of 18, while families with adult offspring could own over 50 acres plus 50 acres for every adult child' (Gunasinghe,1982:54).

14.A Central Bank survey conducted in 1969 recorded the share of yield received by the landlord in the dry zone districts of Trincomalee in the Eastern province district was 18 percent while in Jaffna district in the northern province it was a much higher 54 percent with the rent in other districts varying between these two levels (cited in, Shanmugaratnam,1980:76). Share rents higher than that stipulated under the Paddy Lands Act in certain cases 'is partly explained by in terms of differences in collateral help from the landlord'. 'Considering the repayment conditions and other services performed by tenants for the landlord the effective rent would be still higher' than even the estimates available (ARTI,1975:16).

15.While one fourth of the harvest as the maximum stipulated rent is applicable to certain areas within major paddy producing districts, for many other areas the proportionate rent of harvest is one fifth, while for areas of lower productivity, the stipulated rents are still lower (The Gazette Extraordinary No. 88/9, Government of Sri Lanka, 1980).

16.In a survey of the economy of four villages across the country, Hameed (1977:117) concluded that 'an inequitable distribution of benefits followed the introduction of HYVs'. Furthermore, the provision of irrigation



to existing land in settlement areas, basically strengthened the existing disparities at the village level increasing the affluence of the economically better-off (Wickramasekera,1985:102).

17.The highest share of procurement of paddy by the government under the GPS as a percentage of production has been 64 in 1965, while the average in the 1959-77 period is 40 (Thorbecke and Svejnar,1987,Table 29).

18.For example, in the Minipe Scheme which was founded in 1941, more than 61 per cent of the original allotments were found to be sub-divided by 1979 (UNRISD, cited in Shanmugaratnam,1980:74). Forms of 'hidden tenancy' have been found to be prevailing in the resettlements at a very high percentage: In 1971, 22 percent of the farmers in Dewahuwa, one of the earliest resettlement schemes had considerable parts of their land under lease or mortgage arrangements. a survey of nine dry zone resettlement schemes conducted in 1969 found that 11-17 percent of cultivated area of those schemes were under various forms of tenancy arrangements (Shanmugaratnam,1980:75). In a survey of a village in Mahaweli H area, Siriwardana (1981) observed that 61 percent of land distributed among the peasants were cultivated under share-cropping and or lease. Thilakasiri (1980) also found 58 percent of land in a village in Mahaweli 'H' area was under lease or share-cropping. Both the latter studies also noted the progressive increase of share cropping and lease on money rent over four cultivation seasons. In the Mahaweli 'H.9' area, which was under the management of the Ceylon Tobacco Company Limited on an experimental basis, the process of renting/leasing out was found to be continuing with 12 percent of allotments reported to be fully rented/leased out.

**CHAPTER IV**  
**THE PEASANT ECONOMY OF A PADDY PRODUCING VILLAGE:**  
**POLGAHAWELENA IN HAMBANTOTA DISTRICT**

The differentiation of peasantry without disintegration and low living standards among them despite the growth in the paddy economy is not explained by the exploitation of the peasantry alone. The syphoning off of part of the surplus produced by the peasantry in paddy agriculture by the landlords and mercantile elements only partly explain the reasons for low incomes among the average peasant, and extreme poverty among a section of the poor peasantry. The argument does not necessarily follow that even if the entire surplus produced in paddy agriculture by the peasantry were to accrue to them the poor peasantry will enjoy higher standards of living, as the surplus they produce in paddy cultivation is very small. Moreover, exploitation does not explain at all, the reasons for lack of heightened and continuous differentiation and the consequent non-disintegration of the peasantry, despite the extreme poverty among a section of them.

Agrarian change in the peasant economy cannot be understood in its entirety by examining the impact of changes in the paddy agriculture alone, which forms only part of the peasant economy. Living standards among the peasantry would be determined by the total economy of a peasant family as a unit which is made up of incomes earned by all the participating members, accruing not only from paddy production, but also from other sources, both agricultural and non-agricultural. Thus the nature of the economy of the peasant family as a unit needs to be analyzed as to its impact on the process of differentiation and marginalization. Another major issue relevant here is the regional variations in peasant production which are determined to a great extent by agro-ecological factors among others. Such variations are evident in differences in output and productivity of paddy cultivation as well as in crop specializations. The output and productivity increases of paddy cultivation in Sri Lanka has been concentrated in the dry zone as opposed to the wet zone. Within the dry zone, certain areas, such as the Mahaweli resettlements where cultivation is done under major irrigation, have come to the forefront with very high yields. However, paradoxically, the available evidence point to higher levels of 'illegal' share-cropping, leasing and mortgaging among the peasants in resettlements who were originally allocated their own, equal size plots of land under major irrigation than among those in traditional villages. While it is apparent that cultivation under major irrigation in the dry zone is the most suitable environment in Sri Lanka for the growth of paddy agriculture, paddy cultivation alone does not seem to be adequate even for the average peasant family

to achieve a reasonable standard of living, not to mention prosperity. This appear to be evident in the resettlements in particular. A relevant issue which needs to be examined here is whether the same situation would be obtained in all the dry zone areas and if not the differences.

As a preliminary attempt towards addressing the above and other issues related to agrarian change in the peasant economy of Sri Lanka, the present chapter is devoted to the study of the peasant economy of a paddy producing village in a major paddy producing area in the country, namely Polgahawelena in Hambantota district in the southern dry zone.

#### ***4.1 PEASANT PRODUCTION IN HAMBANTOTA DISTRICT***

Hambantota district in the southern dry zone of Sri Lanka is a major paddy producing area in the country with high yield levels achieved through highly mechanized, intensive cultivation of relatively large tracts of paddy land facilitated by major irrigation works, and ample sunlight. Since ancient times, the district is known for its legendary fertility and productivity.

Paddy production in the district has shown a remarkable development in the post-colonial period. The out put of paddy in the district increased from 2.1 million bushels to 6.0 million bushels from 1970 to 1986 at an annual compound growth rate of 6.6; the asweddumized paddy acreage in the district increased from 46,879 acres to 55,354 acres between 1966 and 1986, at an annual growth rate of 0.8; for the same period average paddy yield increased almost double from 41.15 bushels per acre to 82.26 bushels per acre at an annual growth rate of 3.5. Paddy yields in the district have been much above the national averages (35 bushels per acre in 1966 and 66 bushels per acre in 1986) and the district ranked sixth in yields in 1985/86 Maha season, and third in 1986 Yala in the island (DCS; DA,CCAC/P). It is evident that the increase in production is mainly due to the high growth rate in yield increases, with yields under major irrigation being considerably higher than the district averages. High production level in the district is mainly due to the fact that three fourth of the paddy acreage is under major irrigation which facilitates higher levels in the adoption of modern cultural practices and higher cropping intensities. In the district as elsewhere, paddy yields under major irrigation in Maha is in general higher than those under other water regimes in both the seasons or even under major irrigation in Yala (Kumara and Perera, forthcoming).

The use of improved seed varieties is predominant in the district with 62 percent and 87 percent of the total acreage cultivated with NHYVs respectively in 1983/84 Maha and 1984 Yala. Under irrigation, almost

hundred percent of the paddy area is cultivated with NHYVs. At the district level only 17 percent of the acreage is under transplanting while under major irrigation 60 percent of the acreage is transplanted. A high level of achievement is shown in terms of the percentage of the farmers using fertilizer and the average amount of fertilizer used in the district. The use of fertilizer both in terms of the percentage of farmers using and the quantities used are in general at their best under major irrigation in Maha season. Almost all the farmers cultivating paddy under major irrigation used fertilizer whereas under rainfed conditions the percentage is slightly lower in some instances (ibid).

All the farmers in the district use some methods of weed control while the use of herbicides for weed control was gaining ascendancy in 1971/72 period and had reached a very high level by 1983/84. The district has achieved a high level of farm mechanization: more than 90 percent of the farmers covering 90 percent of the cultivated area used the tractor for threshing and ploughing. Other forms of mechanized farm power such as mechanical thresher, winnower and the transplanter and even a reaper have begun to set in recently in the district. The level of adoption of modern cultural practices inclusive of transplanting in general is considerably higher under major irrigation in Maha season (ibid.).

Small peasants cultivating paddy under major irrigation in the district has contributed to increase the output of paddy using improved cultural practices, even within tenurial conditions and exchange relations which are unfavourable to them: Share tenancy has been predominant; a strong element of merchant capital in the form of managing agents on behalf of absentee owners within the land tenure system itself has persisted well into the post-colonial period giving a distinct character to the land tenure system; the land agents as well as other agents of merchant capital outside the system siphoned off surplus from the peasantry.<sup>1</sup> In the following section we briefly examine the evolution and the characteristics of the distinct land tenure system developed in the district and its impact on the peasant economy.

### **The *gambaraya* System: A Distinct Form of Land-tenure**

Since the decline of the dry zone based civilization until the late nineteenth century the area known as present day Hambantota district remained desolate and deserted with small peasant settlements few and far between.<sup>2</sup> With the beginning of the restoration of ancient irrigation works in the district by the British in the latter part of the 19th century large tracts of land under these schemes became available for the cultivation of paddy, however in a region sparsely populated by a poverty stricken peasantry. Until 1920's, the British colonial

policy in Sri Lanka in alienating 'Crown land' for agricultural purposes under the rehabilitated major irrigation schemes was based on 'recouping irrigation costs' which the government had incurred. In the absence of local cultivators affluent enough to purchase even small plots of this land they were sold to those who could afford to buy them: 'capitalists', mostly British government servants, professionals or proprietary planters, and later 'native capitalists' or 'small capitalists' and the 'middle class'.<sup>3</sup> With the failure of capitalist development of agriculture, the array of land owners emerged over time represented a whole variety of occupations except that of the cultivators. In the early stages the government servants such as muhandirams, mudaliyars, headmen and Kachcheri officials dominated the land sales; later came the land owning teachers, officials, professionals such as lawyers, traders, other government servants and even clergy (Herring,1977:117-124).

Most importantly, except some of the local level native government servants such as headmen, virtually all the new land owners came from outside the area or the district; many were from nearby coastal districts of Matara and Galle and even far away Colombo and not interested in settling down in the district. Thus almost all the new landowners were absentee owners, often living far away from their lands. With the onset of cultivation of these lands, contractors and labourers came from the wet zone areas of the district and the neighbouring wet zone districts. Others, such as petty traders, and money lenders followed suit (Herring,ibid:121).

The absentee land ownership necessitated employing on the spot manager agents to supervise the cultivation. Peasants from the area as well as those landless who moved into the area as labourers became tenants on these land. Thus a distinctive land tenure system came into being in which the direct cultivator was typically a share tenant who owned no paddy land; a stratum of manager agents or *gambarayas* who stood in between the direct cultivator and the landlord came into being. Fairly large paddy holdings were extensively cultivated with hired labour employed during the peak periods, much of wage labour migrating from the neighbouring Matara district.

Surplus was extracted from the peasantry under a series of deductions as return to fixed capital or land, and working capital, at interest rates which were usually 100 percent per annum and some times more. *Gambaraya* received a proportion of the crop share due to the landlord or a share directly from the harvest. It was generally the *gambaraya* who provided the working capital, seed paddy, buffaloes for ploughing and threshing, and even wage labour specially brought down for that purpose from outside the district. Given that the timely supply of sufficient numbers of buffaloes was essential for the cultivation and harvesting, generally *gambarayas* themselves were cattle owners. In addition to providing working capital, *gambarayas* made advances

to the tenants in paddy or funds for consumption needs all at very high interest rates. Thus seasonally *gambarayas* collected a large portion of tenant's harvest as dues, charges and interests. The peasant was left with a small portion of the harvest which was often insufficient to last the season, forcing them to borrow from the *gambaraya* again for consumption needs setting in motion the typical vicious cycle of indebtedness and poverty. Virtually the entire economy of the share cropping tenant was brought under the control of the *gambaraya* leading to total economic dependency of former on the latter.

There were other factors which enhanced this status of economic dependency. Share tenants owed their very existence to *gambarayas* or landowners who appointed them. Some of them lived on highland belonging to the landlords managed by the *gambarayas*. The dependency was socially manifested in that not only the share tenant but even their family members were under obligation to the *gambarayas*. Thus the latter could impose his will on the former, compelling them to attend to unpaid chores and personal services, at *gambaraya's* household. Abuse of this situation by *gambarayas* was not rare. Some *gambarayas* also resorted to the use of physical force to impose their authority on share tenants (Herring,1977:140).

### **The Post-Colonial Developments**

Thus the *gambaraya* system gave rise to a peasant economy riddled with absentee ownership and share-tenancy, widespread landlessness, indebtedness and poverty among the cultivators which continued throughout the colonial period well into the post-colonial period (Ministry of Labour, Industry and Commerce, cited in Herring,1977:133-135). As in rest of the country none of the post-colonial land reforms did bring about any fundamental change in the district's land tenure system. Following the 1958 Act many tenants in the district were forcibly evicted. The regulations of the Act were circumvented: *gambarayas* registered themselves or their kith and kin as share tenants or else landowners registered themselves as owner-cultivators while continuing to keep the direct cultivators not as legal tenants but as '*atha yata*' (which literally means 'under-the-hand') tenants or tenants-at-will.<sup>4</sup> This new category of tenants did not enjoy any of the rights the legal share tenants have and therefore were the most exploited and poorest among the share tenants (Herring,1977:138-140) and embodied an extreme form of hunger renting where the tenant had no bargaining power due to his poverty.

However, the Act also had some positive impact. The formalization of tenancy under the 1958 Act was beneficial to the share tenant to the extent that it provided a legal base for tenancy rights. Following the 1958 Act, in Hambantota district there has been some improvement in the conditions of share-tenancy. A survey

(ARTI,1974,1975) of the paddy economy in the district carried out in late 1972, found that 82 percent of the share tenants were able to pay the rent at least partially in accordance with the Paddy Lands Act which stipulated the share rent as 1/4 of the harvest or the fixed rate which was 12 bushels for the district. However, 69 percent of the tenants were obliged by the *gambarayas*/landlords to pay 1/4 share of crop; only 3 percent were able to exercise the option offered by the Act to pay whichever is less of 1/4 of the crop or the fixed rent (ARTI,1975:16). Land Reform Law of 1972 hardly affected the land tenure in paddy production in the district. Thus despite the land reforms, historical trends in the land tenure system in the paddy sector in the district have continued in the post-colonial period. Absenteeism, share tenancy and landlessness are widespread: about 70 percent of the irrigated area was cultivated by tenancy; nearly 50 percent of the paddy cultivators did not own any paddy land; about two-thirds of the landlords lived outside the village where production took place, while about one fourth lived outside the district (ARTI,1974,1975).

Dias and Wickramanayke (1977) have documented in somewhat detail, factors leading to the evolution of the *gambaraya* system in the post-colonial period into a more comprehensive institution with an overwhelming influence on the peasant economy in the district, which far exceeded their original role of managing agents of paddy lands for absentee landlords. The introduction of modern technological changes further strengthened the position of *gambarayas* vis-a-vis the share tenants while bringing in small owner cultivators also under their influence.

The role of *gambarayas* within the land tenure system itself had undergone changes and become diffused over time them assuming a multiplicity of roles: lease holder of land, landlord, and share-tenant. Through the combination of several of the above roles, many *gambarayas* came to exercise control over large extent of paddy land. The surplus accumulated thus was invested in diverse economic activities such as rice mills, lorries and cars for hiring, and trade, thus bringing the peasant cultivator under his influence at many points of contact. In this process *gambarayas* acquired considerable wealth and influence over time and gradually extended their influence and control into rural institutions such as Cultivation Committees or Cooperative Societies intervening in government programs which threatened their interests, thus affecting the effectiveness of such institutions in improving the lot of the peasantry. Thus, the influence of *gambarayas* on every aspect of rural society was all pervasive (Dias and Wickramanayake,1977:144-146).

Thus, in their study conducted in the early 1970's, Dias and wickramanayke (1977:151-152) concluded that the *gambaraya* system with its all pervasive influence on the rural economy in the district had by then

'achieved a high level of stability' with a 'self-perpetuating momentum' and still thrived and showed 'no signs of withering away'.

#### **4.2 POLGAHAWELENA: THE DECAY OF THE GAMBARAYA SYSTEM**

Polgahawelena, a village near Tissamaharama township in Hambantota came under the dominance of *gambarnya* system during the first half of the century. Polgahawelena is located in Tissamaharama AGA division in the eastern-most part of the district traditionally known as Magam Pattu, which has been the most fertile area of the district. The village belongs in the area identified as arid zone with an annual rainfall of less than 35 inches and an elevation less than 600 feet. The area receives rain only through the north-east monsoons from October to December during the Maha season, and in March and April for the Yala season. Due to irregularities in the patterns of monsoons and the distribution of rainfall in the area, crop failures under minor irrigation and rainfed conditions are not infrequent. Therefore, it is only under major irrigation with an assured supply of sufficient water that a successful paddy cultivation can be carried out without facing the risk of crop failure even in Maha season when rains are usually abundant. In Yala season, rain is insufficient to undertake paddy cultivation under minor irrigation and rainfed conditions. Paddy cultivation in Polgahawelena is carried out with irrigated water provided in both the seasons from the Weerawila Wewa, one of the five major reservoirs fed by the Kirindi Oya.

With the onset of cultivation in the early part of the century, the land-tenure system that developed in the village was typically an extension of the *gambarnya* system which had already developed in nearby Tissamaharama since around 1880's. A few absentee landlords from outside the district owned the entire extent of land in the village managed by *gambaryas* while tenants with no tenancy rights cultivated the land for a share of the crop. Of about 420 acres of private land extent, both highland and lowland in the village, two landowners shared 150 acres between them, in holdings of 100 and 50 acres. All the other holdings were below 50 acres, most of them between 10 to 20 acres. As recollected by peasants in the village, the *gambarnya* system in the village in the past shared the economic, political and social characteristics of the system which were discussed earlier in this chapter.

However, as revealed during our investigations in 1980's, the peasant economy of Polgahawelena had undergone significant changes in the post-colonial period, leading to the decay of the *gambarnya* system in its original form of intermediary land agents. Nevertheless the second major function of *gambaryas* that is of



providing cash, material and services on credit to peasants with interest and mostly to be recovered in kind for both production and consumption was continued. The other two major features of the land tenure system, the absentee landlordism and share tenancy have continued into the post-colonial period, in the latter case however with certain modifications beneficial to the tenants. These changes were however, accompanied by a significant development in the paddy economy.

There were several factors contributing to the deterioration of the *gambaraya* system in its original form: changes occurred in landlord-*gambaraya*-share-tenant relationships; new social forces which are independent of and competitive with *gambarayas*, benefitting from institutional support provided by the government, appeared on the scene through a process of social differentiation; political and social changes ushered in during the post-colonial period at national level strengthened the hands of the peasantry against the *gambarayas*.

### Changing Land Tenure

The 1958 Paddy Lands Act notwithstanding its failure to transform the existing land tenure system in the district marked the beginning of changing relationships between landlords, *gambarayas* and share tenants. The formalization of landlord-share tenant relationship and the productivity regulations stipulated in the 1958 Paddy Lands Act was the first step towards improving the conditions of share tenancy. Before the Act, most of the share tenants worked without having a claim to any specific parcel of land. They could be transferred from one parcel of land to another or altogether evicted at the will of the *gambaraya* or the landlord. Formalization of share tenancy eventually increased the security of those share tenants who managed to stay on without being evicted. The regulations also provided the basis for reduced share rents. The 1958 Act also created an interest among the landlords in their land, and share tenants who cultivated their land, in many cases for the first time bringing the two parties into direct contact. This new interest brought to the landlords an increasing awareness of the nature of the surplus produced from their land and its distribution among the parties involved in the process of production. With the increasing profitability of paddy production following technological improvements in the post-colonial period, some absentee landlords or their descendants migrated to the area and became local residents taking over the management of their land. Others, with the realization that their *gambarayas* were fraudulently depriving them of their due crop share started directly dealing with share tenants, having removed the *gambarayas*. Even where *gambarayas* remained, landlords became more vigilant in safeguarding their interests as against the *gambarayas*. Some landlords who were unhappy about the way in which *gambarayas* accumulated

surplus at the expense of both the landlords and share tenants sold some of their land to their share-tenants, recovering the costs in instalments.

Expansion of the category of small owner cultivators, the availability of new avenues of income and increasing incomes due to the rising farm gate prices for agricultural products, the productivity increases of paddy and other agricultural produce resulted in a process of social differentiation among the peasantry giving rise to a group of middle peasants. Thus some owner cultivators or even share tenants cultivating relatively bigger extents of paddy land became independent and accumulated some surplus contributing to undermine the dominance of *gambarayas*.

The category of independent small owner cultivators gradually expanded over time. Apart from those peasants who bought over land they cultivated under share tenancy, there were others who bought paddy land in government auctions later.<sup>5</sup> Despite the prevention by *gambarayas* of share tenants buying such land, some share tenants benefitted from such land distributions.<sup>6</sup> Developing land under abandoned small tanks in the jungle, renovating them in groups with government assistance enabled other peasants to join the ranks of owner cultivators.<sup>7</sup> Distribution of paddy lands acquired by the government under 1972 Land Reform also contributed in a minute way to enable some share tenants to become landlords.

In Polgahawelena, by 1980 the *gambaraya* who managed the largest holding of 100 acres of land had bought over the entire extent of the land from the owner and distributed it among his descendants, at least one of whom was now residing in the village. The latter was performing the roles of land owner, owner cultivator and manager of land on behalf of his family members. The descendent of the other largest holding of 50 acres, had come to reside in the village becoming the owner cultivator of the most of the holding while managing some of the land on behalf of his family members and continued to lease out some of the land on share tenancy. In both these cases managing the family land was more a family affair than a mere landlord-agent relationship. There were several other instances of *gambarayas* buying over land from absentee landlords, while several share tenants also had bought parcels of land they were earlier cultivating for absentee owners. As a result, paddy land in Polgahawelena which originally was entirely under absentee ownership, by 1980 there were 38 owner cultivators of whom 33 were resident in the village. While the total acreage owned by the latter group of cultivators was 77 acres, the 5 cultivators residing outside the village together accounted for 15 acres. Five of the 'owner cultivators' cultivated 10.5 acres of 'Crown land' in total, which they considered their own. There were some who bought over land in the adjoining village of Pannagamuwa in government auction and became

owner cultivators. Others cultivated small paddy holdings under renovated small tanks. Some others asweddumized small portions of their own highland. Under the Land Reform of 1972 four share tenants managed to buy over the land they had been cultivating as share tenants.

As already observed, there have been improvements in the conditions of share tenancy enabling peasants to retain a larger portion of the surplus they produced. In 1980, none of the tenants in Polgahawelena paid a rent higher than that stipulated by the 1958 Act. Of 23 share tenants in our sample of 50 paddy cultivators surveyed in 1980, 15 (or 65 percent) paid a fixed share rent of 12 bushels per acre while 5 tenants paid one fourth of the harvest.<sup>8</sup> The incentive of having a lower fixed minimum rent would have been an added incentive for the peasants to increase the output from their land.

### **Non-Paddy Avenues of Income**

Avenues of income other than paddy both in agriculture and non-agriculture expanded during the post-colonial period. Paddy cultivation continued to be the main occupation for many in the village. There were 14 landlords, 16 owner cultivators, 29 share tenants, 39 agricultural workers, and 15 tenants-at-will. By 1980, the occupational categories among the residents in Polgahawelena represented several sources of income both agricultural and non-agricultural other than paddy cultivation. Of the 200 people employed in the village at the time, 113 depended directly on paddy cultivation in the categories of land owner, owner cultivator, share-tenant, agricultural worker, and tenant-at-will. The rest were employed in non-paddy sources of income. Among them were 11 *hena* cultivators, 10 non-agricultural workers, 11 engaged in business/trade, 15 in teaching/clerical work or security work, and 13 in skilled crafts or technical categories such as carpentry and masonry or mechanical work. For 17 others main sources of income came from activities such as milk production, hiring tractors, and fish vending among others.

*Hena* or slash and burn cultivation in the district, which experienced a decline during the British period, was revived in the post-colonial period.<sup>9</sup> With the advance of various development projects on existing land, the possibility of practising typical slash and burn cultivation became diminished. By 1980 there was a total ban on issuing new permits for *hena* cultivation. Thus *hena* cultivation has been gradually transformed into a form of settled highland cultivation. The original subsistence form of production evolved into a mixture of subsistence and cash crop production at varying degrees with the improvements in marketing facilities and increasing demand bringing higher incomes for some of the *hena* cultivators. In some *hena* areas where some form of irrigation

facility is available, highland cultivation evolved into a highly capital intensive production of cash crops using modern cultural practices.

*Hena* cultivation by peasants in Polgahawelena was carried out closer to the village at a distance of a few miles at the most, mainly in the shrub jungle area on both sides of the main road from Weerawila to Wellawaya. Together with 11 people who considered *hena* cultivation as their main occupation, there were 22 families in the village who received income from *hena* cultivation. The *hena* cultivators in Polgahawelena cultivated extent of land ranging from 1 to 6 acres totalling 53.5 acres. Most of the *henas* cultivated by the residents of Polgahawelena entirely depended on rain and combined both subsistence and cash crop cultivation mainly in Maha season. Cultivation in Yala was limited in extent, intensity and crop selection. In Yala, drought resistance subsistence crops were predominant. There were some *hena* land which had better water conditions due to its location near a small tank, or had some form of irrigation facility such as pumping ground water or (illegally) diverting or pumping from a small tank or a water way within the irrigation scheme. On such land, into a form of intensive highland cultivation of cash crops in both the seasons had developed. *Hena* cultivation brought cash incomes in varying degrees to those peasant families involved while it also provided vegetables and food crops to supplement the staple diet. For those who engaged in intensive highland cultivation on *hena* land with irrigation facilities it was a source of significant surplus production. The land was 'Crown land' and hence did not involve a rent, at most only an annual permit fee, Rs.10 in 1980.<sup>10</sup>

Non-agricultural workers found mostly casual labour work in activities in gemming, loading sand from the river, making bricks, construction work and in several government agencies in the area. In 1980, the wages for non-agricultural labour varied from about Rs.12.50 to Rs.75 a day the latter rate being for a specific amount of work in activities such as brick making, and loading sand from the river.

Those who engaged in business/trade derived their income from rice milling, rice trade, grocery stores, small tea boutiques and selling betel etc. at the nearby small market at Debarawewa or fairs at Pannagamuwa and Tissamaharama. In 1980, there were 4 rice mills operating in the village while the work on one more rice mill was being completed. Of the above five activities, the former three would have generated a surplus in varying degrees, the latter two, particularly the last activity did not generate a sufficient income to make even the bare minimum subsistence for an average family.

Those who were, employed in regular white collar and blue collar jobs mostly in the government sector such as teaching, cooperative stores manager, clerical work and security jobs with an assured regular monthly

income were entitled to other benefits which come along with their employment such as low-interest loans. Savings from employment provided them not only interest free cash for investing in paddy cultivation or other economic activities but also provided a form of security against events such as crop failures. This situation offers the members of this occupational group opportunities for accumulating surplus.

Despite lack of facilities for rearing cattle in the area, lately milk production has been an important supplementary source of income for the peasantry in the district. However, until the early 1970's when several milk collection centres were set up by the government, *gambaray*as and other large-scale cattle owners dominated the production of curd, the main form in which milk was sold on large scale. With the setting up of milk collection centres, peasants with smaller herds of cattle could earn an assured and regular monthly income from milk production. Residents of Polgahawelena have been among those who benefitted from the establishment of a milk collecting centre in nearby Debarawewa in 1970's.

Increasing paddy yields and the prices of paddy and other food crops brought higher incomes to peasants in general. Paddy yields at the district level increased from 41.5 bushels per acre in 1966 to 69.05 bushels per acre in 1980, a 66 percent increase over the period. Areas under major irrigation such as Weerawila and Yodha Kandiya reported a much higher yield of 87.5 bushels per acre in 1980. In Polgahawelena in 1980/81 Maha season, even with apparent under-reporting of yields, the average paddy yield of a sample of 50 farmers were 66 bushels per acre.<sup>11</sup> However, 14 out of 50 farmers reported yields higher than 70 bushels per acre, while 8 of them received yields between 91-100 bushels per acre. One farmer reported a yield of 121 bushels per acre.

Guaranteed price of paddy at the national level increased from Rs.12 per bushel in 1960 to Rs.40 for bushel in 1980, while the market price of paddy in 1980 was a much higher Rs.51 per bushel. In Polgahawelena in 1980/81 Maha the farm gate price of paddy in the market went up to Rs.70 per bushel. The price of most subsidiary food crops have recorded increases in the post-colonial period. In the 1970-77 period, *hena* cultivators in Polgahawelena also benefitted from the better prices and higher demand prevailed for subsidiary crops.

The rice ration, and subsidies on other essential food items which were available up to 1979 throughout the most part of the post-colonial period (and the present Food Stamps Scheme) have been always there for poor peasants to fall back on, while for better-off peasants they have provided additional incomes. There were altogether 49 families in the village who received Food Stamps.

Institutional support provided by the government through Cultivation Committees and other agencies was beneficial to those sections among the cultivators who were in advantageous positions to use them. Those who

were financially better off to continue to borrow from institutional sources and repay seasonally even in the event of a crop failure benefitted from low-interest institutional loans. Other institutional support services which also benefitted sections of cultivators were tractor pools, and hiring of other equipment, and the provision of other inputs at reasonable rates and low-interest institutional credit for purchasing tractors.<sup>12</sup> By 1980, most cultivators in the area were producing their own seed paddy thus avoiding the payment of high interest rates for borrowing paddy. A few bought their seed paddy from the government Agrarian Services Centres.

Highland and home garden cultivation brought some additional income to peasant families mainly in the form of supplementary food crops and cash for subsistence. The crops were perennials such as coconut or mango, and plantains and vegetables. However, in 1980 there was no systematic cultivation of highland crops at any significant scale in the village. Lack of irrigation and working capital, and poor soil conditions were appear to be some of the reasons for this situation.

### ***Political Changes***

Political changes in the latter part of the colonial period and post-colonial period ushered in a slow but expanding process of democratization which opened up some room for peasants, owner cultivators in particular to improve their social status and to improve their living standards. As we have already observed, the introduction of universal adult franchise in 1931 elevated the position of peasants into that of voters sought after by politicians and their local level agents such as *gambarayas*. The political and cultural changes initiated by the post-1956 nationalist regime opened up new avenues of employment for members of peasant families in the expanding public sector. More importantly the changes elevated the social position of peasantry from that of serf-like subservience to *gambarayas*, landlords and the other elite groups to that of an economically productive social group of political significance at the national level. At the local level, peasants got an opportunity to further their interests by affiliating themselves with one of the political parties. While share tenants who were under the grip of *gambarayas* were politically also controlled by them to a considerable extent, those political parties which took up the cause of the share tenants created an increasing political awareness of their rights among share tenants strengthening their hands the *gambarayas*. In Hambantota, political support for the rights of share tenants were evident in the demonstrations organized by progressive political groups in the district in support of the Paddy Lands Act of 1958.

In addition to money lenders, traders, tractor owners, transport agents and other middle persons who

provide inputs, services and capital to peasantry in competition with traditional *gambarayas*, a group of new rich mostly coming from outside the area or the district also appeared on the scene. Cumulative and combined effect of the above processes on the land tenure and the pattern of income, together with political and social changes have ushered in a process of social differentiation among the peasantry undermining the dominance of *gambarayas* in the district in varying degrees and giving rise to a middle peasantry independent of the control of the *gambarayas*.

### **Social Differentiation**

In 1980, based on the relations of production and exchange of the nuclear family unit and the head of the household in particular, the following social classes could be identified in Polgahawelena: rural wage labourers, poor-peasants, middle peasants, petty bourgeoisie, middle capitalists, and rural entrepreneurs.<sup>13</sup>

Rural wage workers do not have possession or ownership of means of production, and their livelihood is predominantly secured through the sale of their labour. Seventeen families in Polgahawelena belonged to the category of rural wage workers.<sup>14</sup> Despite the daily wage rates they receive, rural wage workers in Polgahawelena do not have sufficient opportunities for work throughout the year.<sup>15</sup> They get work in agriculture for a maximum of about 1/2 to 2 months during the peak periods, while other types of wage employment is not frequent and widespread in the area. The payments they receive in paddy for work during the harvesting enables most of them, specially smaller families to cover at least part of their subsistence food needs. However, large families find even survival difficult with their total incomes. Therefore, the living standards of most of the agricultural workers in Polgahawelena is lower than that of the poor peasants. The mobility of agricultural workers in Polgahawelena is minimal. The maximum distance they travel in search of work is a few miles while most of them do not go beyond neighbouring villages. Most of these families do not own even a home garden and they live in small huts, many in poor conditions, on 'squatted' 'Crown land'.

Poor peasants own or possess some paddy land however in minute holdings insufficient to provide the bare minimum income for subsistence and hence have to sell their labour to other cultivators and for non-agricultural purposes as well. They have the expectation of expanding their area of land by some means to a level which would elevate their position to that of middle peasants. Twenty-four families in Polgahawelena belonged to the category of poor peasants. Sixteen of these families had some paddy land ownership, however mostly in minute holdings, or with poor soil conditions or holdings at the tail-end of the irrigation system which do not

receive sufficient water to carry out a successful paddy cultivation. Many poor peasants in the village became cultivators by gradually asweddumizing part of their highland even though these land do not have a proper supply of irrigation water as they are located outside the existing irrigation system. It shows their keenness to own some paddy land and somehow engage in paddy cultivation. Due to the peasant nature of their economic activity, the minute scale, dependence on family labour and meagre family incomes, there were 8 other non-cultivator families who would fall into the same category of poor peasants. Among them were those who sell vegetables or betel on a very small scale at the market or the fair, a fish vendor, and a person who engages in illicit liquor sale. Members of some of these families engaged in wage work to supplement their incomes.

With fifty families, middle peasants were numerically the largest social class in Polgahawelena. Middle peasants are those peasants and craftspersons who engage in production relying primarily on family labour with the least exploitation of others. Owner cultivators, land owners, share-tenants, *hena* cultivators and milk producers, and craftspersons with middle level incomes form the bulk of this class in Polgahawelena. Unlike the landowners of the petty bourgeoisie and middle capitalists who do not work on their land, middle peasants cultivate their own medium size land holdings or manage their herds mostly with family labour supplemented with wage labour when necessary. Those share-tenants cultivating relatively big paddy holdings and do not sell their own labour would also fall within this category. Economically they can earn their subsistence needs or even a small surplus without being compelled to sell their labour to supplement their income. Others who would fall into the same economic status as that of the middle peasants are the self employed such as bicycle repairmen, technicians, carpenters and masons. These people have to mostly find working capital and services necessary for their work from the petty bourgeoisie and middle capitalists. Some of them, in economic difficulties have leased out their land to members of the petty bourgeoisie. The predominance of medium size paddy holdings in the area appears to be the reason for the largeness of this group. Families belonging to this class in the absence of any other avenues of income may easily get into debt with the slightest disruption of their economic activity due to events such as a crop failure or an unexpected event in family life and be pushed down to the category of poor peasants.

There were 22 families in the village which would fall into the category of the petty bourgeoisie in Polgahawelena. The existence of the petty bourgeoisie in Polgahawelena is based upon petty production and exchange in agriculture and commerce. A considerable number of them combine ownership of means of production and exchange with salaried incomes. Most of the petty bourgeoisie families in Polgahawelena own paddy land holdings varying from 1 to 5 acres. Several of them own two-wheeled tractors which are hired to



peasants. A considerable number of these families have members who are employed in as salaried employees. One household hired a two-wheeled tractor bought with savings its household leader earned working in the middle-east. Some are medium scale traders, shop owners or large scale cultivators of *hena*. Some lend money and take land on lease. Most of the salaried employees cultivate their paddy land by using wage labour or else employing a share tenant. Some who have come from outside the district for employment in the area receive income only from their employment.

Members of the middle bourgeoisie owns or controls relatively large paddy lands, instruments of bourgeoisie production such as farm machinery and means of exchange and transport and make a considerable surplus from their economic activities. There are 8 families in Polgahawelena who would fall into this category. Four of them are rice mill owners; four of them own four-wheeled tractors; six lend money; some lease in land; some rent out their land to share tenants; some had undertaken large scale *hena* cultivation. None of them come from peasant origins. They reinvest their capital in various non-agricultural avenues such as means of transport and trade and gemming.<sup>16</sup>

It was seen in the 1980's that a small class of rural entrepreneurs was appearing in the Tissamaharama area. Even though the economic basis of this class lies in management and ownership of land, they were now involved in agriculture related entrepreneurial activities which bring them higher profits. With the money earned through these activities, they expand into other non-agricultural avenues of investment. Even though there was only one person belonging to this category in Polgahawelena there were several of them in nearby villages in the Tissamaharama area. Some of those *gambarayas* in Tissamaharama area seen in early 1970's who while owning and managing paddy invested in rice milling and means of transport (Dias and Wickramanayake,1977) can be considered as rural entrepreneurs in formation. The rural entrepreneur in Polgahawelena controls the largest single amount of paddy and highland in the village totalling about 100 acres. He was registered as an owner cultivator for 9.5 acres, and had rented out 29 acres of paddy land on share tenancy. He is not of peasant origin. He inherited the land he owns today from his father who originally managed the same land as *gambaraya* and later bought it over from the owner. The father was a cattle owner who became a *gambaraya*. It was with capital accumulated by functioning as a *gambaraya* he paid for the 100 acres of land. His son, the present manager of the 100 acres combines several roles: land lord, owner cultivator, 'share-tenant', rice mill owner, contractor and supplier of rice to the government. He owns a rice mill equipped with two machines which operates 24 hours during the harvesting period, supplying the government with 70,000 pounds of rice milled per week during the

harvesting season. His main occupation is milling rice and selling them on wholesale to traders from outside the district. In addition to the 1,800 bushels of paddy he gets from his own land per season (for example in 1980/81 Maha), he also buys paddy from farmers in the village and the area. He also collects a considerable amount of paddy by providing seed paddy and tractor services to peasants in the area. He owns a four-wheeled tractor, two two-wheeled tractors, a lorry, a van and a car all used for hiring. His economic power had enabled him to exert a considerable influence on many in the village, the government officials and the politicians in the area. In 1980, the officially assessed value of his wealth was 8 hundred thousand rupees. He cultivates most of his land and the land he manages by using wage labour alone. In 1980, he had three permanent agricultural workers to work in his paddy fields, and 6 casual workers who work on his land most of the time on a regular basis. In addition, during the peak periods, about 100 male and female agricultural workers were brought from areas in Matara district for work on his paddy fields. Going against the tradition in the area of providing meals and tea etc. to wage workers and paying them in kind during the harvesting period, he was one of the two people who paid all his wage workers entirely in cash. The rural entrepreneur in Polgahawelena, by 1980 had moved on to taking contractual work on irrigation works, had already invested in a saw-mill outside the village and was investing in developing a small tourist guest house.

The class differentiation in Polgahawelena leading to the rise of a stratum of middle peasants signifies the weakening of the grip of *gambaraya* system and other agents of merchant capital on the peasantry. The formation of a stratum of rural entrepreneurs in the area originating mostly from the ranks of merchant capital including *gambarayas* indicates what could possibly be a transitory stage of merchant capital embracing the sphere of production as well. While both the middle peasants and rural entrepreneurs represent a certain level of dynamism within the peasant economy of Polgahawelena the presence of the latter may indicate the possibility of capitalist development of agriculture.

Thus the *gambaraya* system in its original form of on the spot land agents on behalf of absentee landlords with an all pervasive influence on the peasant economy is no more dominant in the village. The area of land managed by *gambarayas* as well as the influence of *gambarayas* on the society has considerably diminished. This is indicated by the changes in the usage of the term *gambaraya* itself during this period. While the literal meaning of *gambaraya* is the person in charge of the village which the *gambaraya* was, in current parlance, the term is used by the villagers to identify any wealthy person in the village who provides working capital on credit and consumption loans to peasants or even sometimes more loosely, any wealthy person. Thus

the traditional forms of control over peasantry exercised by *gambarayas* are fast disappearing. However, the second major function of the *gambarayas*, that is providing credit for production and consumption and working capital for production on high interest rates still continue in the rural economy through a variety of agents including remaining *gambarayas* or their descendants who do not necessarily manage land for absentee lords any more. The other agents include, money lenders, traders, government servants, tractor owners, transport agents.

### **Dynamism in the Peasant Economy**

The dynamism manifested in the emergence of new social forces was paralleled in the growth of the peasant economy. As observed already, the paddy yields in the village had significantly improved. Most cultivators irrespective of their economic status practised intensive cultivation using modern cultural practices. All the peasants used NHYVs of seed paddy in recommended or higher quantities.<sup>17</sup> Most cultivators except the poor used the recommended amounts of the required types of fertilizer. The use of most modern chemicals available in the market for weed and pest control was widespread, the 'effectiveness' of the chemicals leading even to their excessive and indiscriminate use. Except in transportation, machines have completely replaced animal draft power in cultivation under major irrigation in the area, except in transportation on a smaller scale. In 1980 none of the cultivators who came under the survey reported using animal draft for cultivation. Farm machinery was used in ploughing, threshing and winnowing and spraying of chemicals. Wage labour was the predominant form of labour used in cultivation. This is due to the relatively large size of the paddy parcels in the area and the necessity to follow a crop calendar for the maximum utility of water under major irrigation. The very high demand for labour in agriculture in the area during peak periods had led to high rural wages promoting labour saving techniques of production and discouraging labour intensive operations such as transplanting, and manual weeding. By 1980, while chemical weedicides had replaced manual weeding, transplanting had considerably declined.

The dynamism seen in the growth of the paddy economy is also manifested in another development of recent origin in the area, leasing of paddy land on money rent. This shows the diminishing risks in paddy cultivation and its increasing profitability. The most interesting aspect of this is that most of the land leased is those under share tenancy without any involvement of the land owner share tenants lease out the land they cultivate. This way it is assured that the leasing of land does not lead to the concentration of land and the dispossession of the cultivator. Even when the leased out land belonging to an owner cultivator the system of renting did not lead to the dispossession of the cultivator. Lease is for an agreed period, a season, an year or

more and at the end of the period unless the lease is renewed cultivator takes over the cultivation. This way, the cultivator gets a cash rent at the prevailing rates, even though lower than the profit he/she would have earned as an independent cultivator. It is mostly poor peasants and middle peasants who leased out land. The lease holders mostly came from the petty bourgeoisie or the middle capitalists. In 1980/81 Maha, six holdings of paddy land in the village were under lease rent. The lease rent varied depending on the fertility of land. While the average the lease-rent was about Rs. 500 per acre per season, in some cases the share rent of 12 bushels per acre to be paid to the landlord was also added as part of the lease rent. The most common reason for cultivators leasing out land was cash needs for a social event such as a funeral or a wedding in the family, or to repay a loan or for consumption.

*Hena* cultivation also had made advances in terms of productive forces. By 1980, many *hena* cultivators were using chemical fertilizer, weedicides and pesticides and modern seed varieties for cash crops while some used tractors for land preparation and even for clearing the weeds. The use of modern cultural practices were most intensive among those who were engaged in highland cultivation.

### **The Old Order Prevails**

Despite the dynamism in the peasant economy and social relations in the village, other factors representing the old order prevailed: share tenancy and absentee ownership remained predominant; a few families controlled a significant proportion of the village land; the distribution of ownership of land as well as the size of holdings among cultivators was unequal; private money lenders dominated the rural financial market; landlessness was widespread; poverty persisted among the poorer sections of the society.

In 1980, the owner cultivators still represent a minority among the paddy cultivators both in numbers and the amount of land they cultivated. There were only 38 owner cultivators (or about one third of the cultivators) cultivating 92 acres (or 28 percent) of paddy land in the village of whom 5 were residing outside the village and not genuine owner cultivators. The larger proportion of paddy land in the village totalling about 253 acres remained under share tenancy owned by 31 landlords. Twenty seven of the landlords owning a total of about 206 acres were absentee owners, residing in western parts of the district, neighbouring wet zone district of Matara as well as further away in coastal areas of Galle and Colombo.<sup>18</sup> For the 253 acres of paddy land under share-tenancy there were 77 registered share tenants of whom only 31 were resident in the village. The rest were residing in neighbouring villages.

Siblings or close relatives are found among the most of the registered land owners indicating the control of most of the land in the hands of a few families. Two families together accounted for the control of 105 acres of land, the Siriwardhana family 71 acres, and the Kulatilleka family 34 acres. Other families which dominate land ownership and control were de Silvas (18 acres), Weerasooriyas (16 acres), Diases (20 acres), and seven more families with 10 acres or more each. These 12 families altogether controlled 229 out of 253 acres of paddy land in the village.

Distribution of ownership of paddy land located in Polgahawelena is skewed providing a basis for economic inequality among the inhabitants. The paddy land located in the village was owned by 78 owners. As illustrated in the Table 4.1 the holdings owned by closer to 60 percent of the owners were 3 acres or below, while a considerable percentage of owners had only holdings of one acre or below.

**Table 4.1 DISTRIBUTION OF PADDY LAND OWNERSHIP IN POLGAHAWELENA  
BY SIZE OF HOLDING 1980/81 MAHA**

Size of Holding/Acres	No. of Owners	Percentage of Owners
Less than 0.25	-	-
0.51 - 0.75	01	01.3
0.76 - 1	17	21.8
1 - 2	17	21.8
2 - 3	11	14.1
3 - 5	16	20.5
5 - 10	05	06.4
10 - 20	10	12.8
Over 20	01	01.3
Total	78	100.0

Among the cultivators, small holdings dominated among the cultivators. The largest number of paddy holdings were in the category of 2 to 3 acres, 43 holdings accounting for 115 acres. Next came the 30 holdings of 1 to 2 acres accounting for about 48 acres. In the other categories, there were 27 holdings in 1 acre size accounting for 27 acres, 24 holdings in the category of 3 to 5 acres accounting for 92 acres, one holding each 8.25 and 13.75 acres respectively.

Of all the Paddy land, about 53 acres or (16 percent) are cultivated by 11 owner cultivators in holdings above 3 acres. The rest of the 27 owner cultivators cultivate 39 acres in smaller holdings, 23 of them cultivating holdings in the range of 1 to 1.5 acres; the rest were, two holdings of 2 acres, one of 3 acres and one of 0.5

acres. The rest of the paddy land is cultivated by share tenants the majority of whom had holdings above 2 acres: 36 holdings of 2 to 3 acres and 19 of 3 to 5 acres. There were only 17 holdings below 2 acre size.

As the Table 4.2 illustrates, the majority of households in Polgahawelena did not own paddy or highland: Of the households, 62.9 percent did not own any paddy land while 91.7 percent did not own any highland. Most of those who owned land had smaller size holdings: 28.8 percent holdings below 3 acres, 24.7 below 2 acres and 15.3 below 1 acre. The percentage of households owning any highland other than home garden was only 8.2 percent. Of the 10 households who owned highland 5 owned holdings of 0.5 acre or less. Thirty two (or 26.4 percent) of the families residing in the village did not own a home garden which meant they were residing on someone else's land or 'Crown land'. Twenty nine households in the village had their houses built on 'Crown land' on which they were 'squatting'. Of the home gardens 37 or (30.5 percent) were in the category of 0.25 to 0.50 acre size, while 37 or (32.2 percent ) were in the 0.51 to 1.0 acre size.

**Table 4.2 POLGAHAWELENA - LAND OWNERSHIP OF RESIDENTS IN 1980**

Holding Size Acres	Paddy Land		No. of Households with		Home Garden	
		%	Highland	%		%
Below 0.25	2	1.7	1	0.8	15	12.4
0.26 - 0.50	7	5.8	4	3.0	22	18.1
0.51 - 0.75	1	0.8	0	0	07	05.8
0.76 - 1.0	9	7.4	1	0.8	32	26.4
1 - 2	11	9.0	9	9.0	13	10.8
2 - 3	5	4.1	1	0.8	0	0
3 - 5	7	5.8	1	0.8	0	0
5 - 10	0	0	0	0	0	0
10 - 20	3	2.4	0	0	0	0
above 20	0	0	1	0.8	0	0
Not owned any land	76	62.9	111	91.7	32	26.4

Siphoning off the surplus from the peasantry continued by, in addition to landlords, both traditional and new agents of merchant capital: a few land agents, money lenders, traders, tractor owners, middlemen who buy agricultural produce from the peasants, shop-keepers, agro-chemical dealers, and those who lease in land from the peasants.

Borrowing cash from the landlord or a money lender, hiring tractors, and to a lesser extent borrowing seed paddy, all to be paid in kind, continued in the village with very high interest rates prevailing. Middlemen

who bought paddy from peasants kept high profit margins for themselves.

Money lenders continued to dominate the rural financial market, charging annual interest rates ranging from 120 to 240 percent. The interest rates were higher in recovering the costs in kind. For example, for seed paddy the interest rate was 50 percent for 3-4 month period. The interest rates for tractor services paid in paddy increases parallel to the increases of paddy prices in the season. In some situations interest on cash loans taken from family members, relatives and friends were relatively lower as 10 percent for the season or irrespective of the period. However, for most of the loans of seed paddy and tractor services taken even from family members, relatives or friends the same interest rates charged by money lenders applied. Of the 50 farmers in our sample in 1980, only 4 percent continued to take institutional loans for cultivation where the interest rate was 12 percent for the season. Only some money lenders not all, act as monopoly buyers of paddy from the cultivator on the basis of providing loans to the latter. Some money lenders limit their involvement in cultivation to lending only. For many cultivators, next to the borrowing of seed paddy and tractor services, purchasing fertilizer and other agro-chemicals accounted for a high portion of farm expenditure .

While the retrogressive aspects of the old order prevailed in the midst of dynamism in both the peasant economy and social relations in Polgahawelena, at the same time these changes did not appear to be leading to a transformation of the rural social relations. The process of differentiation among the peasantry in the village which probably originated in post-1958 Paddy Lands Act period have slowed down. The changes in the paddy land ownership if at all take place through the addition of new small owner cultivators who asweddumize their highland into paddy, and not through the changes in the ownership of existing land. Differentiation takes place more through the fragmentation of share tenancy rights among the members of the share tenant families, however without affecting neither the system of tenure nor the ownership of land. Thus, despite the slow process of continuing differentiation mostly among the share tenants there was no tendency of concentration of land ownership in Polgahawelena in the early 1980's leading to dispossession of the peasantry.

The outcome has been persistent poverty in varying degrees among the families of poor peasants, tenants-at-will and rural wage workers a total of 56 in number representing 46 percent of the households in the village. The families of poor peasants in the village cultivate small paddy holdings and therefore the income from paddy land alone was not sufficient even for their subsistence. Moreover, their low incomes prevented them from fully benefitting from using modern cultural practices to improve the paddy yields. They were also due to their poverty more susceptible to the control of the money lenders and other agents of merchant capital, to whom they lose

a considerable portion of their income from paddy. Most importantly, the poor peasant families did not have additional sources of income with sufficient earnings to supplement the income from paddy and to engage in a more productive paddy cultivation. While a few poor peasant families cultivated *henas* the only supplementary source of income for most was rural wage labour which was at most available for about 1/2 months, during the peak periods in cultivation when poor peasants themselves were partially tied up with work on their own plots.

Rural wage workers with no land to cultivate and a limited number of working days for an year were the poorest. The government sponsored Food Stamps Scheme was their only regular source of income however meagre it was. Given the conditions of poverty among at least close to half the families in the village it is not surprising that the *Janatha Vimukthi Peramuna (JVP)*, the radical political group which staged an anti-state insurrection in 1971 but had temporarily returned to parliamentary politics by 1980, had a following of youth in the village and was the most active political group in the village and the area. In 1980, members of the JVP held the majority power in the governing bodies of the village Co-operative Society and the Rural Development Society. This shows that the JVP had the approval if not the support of not only the poor peasants and rural wage workers, but also sections of the numerically bigger middle peasants whose support was essential to come to power in the above rural bodies.

### *Changes Between 1980 and 1987*

These conditions in the village continued with certain changes in to the mid-eighties as revealed in our investigations repeated in 1986/87 Maha season: the paddy economy continued to grow with an impressive increase in yields; the continuing dynamism in the peasant economy was also manifested in the spread of intensive cultivation of vegetables and other food crops for the market; the class of rural entrepreneurs continued to progressively expand their economic activities; leasing out paddy land on cash rent grew while cash rents doubled; *hena* cultivation has ceased to become a source of income for the peasants in the village; the category of rural wage workers expanded; and significantly, there is no evidence of concentration of land leading to the dispossession of peasantry.

The average paddy yield in the village had increased by 62 percent from 66 bushels per acre in 1980 to 107 bushels in 1987. In our sample of 51 paddy farmers surveyed in 1986/87 Maha only, 9 reported yields below 70 bushels per acre. Among the rest many had yields, above 100 bushels per acre, as shown in Table 3.3.

The above average yield was much higher than the annual average yields at both the national and the



district levels for 1980 which were 66 bushels per acre and 82 bushels per acre respectively. The growth in paddy production in the 1980's may be related to several reasons which are associated with the liberalisation policies and infrastructural development for agriculture followed by the post-1977 regime and the coincidence of technological advances which were discussed in Chapter 3. By 1986/87 Maha, the farm gate price of paddy in the area had risen to Rs.77 per bushel. Rising yields and paddy prices meant higher incomes to all categories of farmers. While the independent middle peasants in particular were bound to benefit from these changes, there seems to have been some trickling down effect of such benefits even to the lower classes. For example, unlike in the 1980 survey, in 1987 many tenants-at will who were mostly cultivating land taken on lease rent by members of the petty bourgeoisie or middle capitalists, reported improved incomes from their tenancy in paddy cultivation probably due to the improvements in paddy yields and producer prices.

**Table 4.3 PADDY YIELDS IN POLGAHAWELENA 1986/87 MAHA**

Yield/ By./Acre	No. of Farmers
50 - 60	05
61 - 70	04
71 - 80	02
81 - 90	06
91 - 100	01
101 - 110	07
111 - 120	12
121 - 130	05
131 - 140	05
141 - 150	02
151 - 160	02

Leasing out of paddy land in the village by middle and poor peasants had increased over 50 percent, from 6 holdings under lease in 1980 to 11 holdings in 1987. The lease rent had doubled to an average of Rs. 500 in 1980 to Rs. 1000 in 1987 per acre per season for fertile land, almost all lease holders paying the applicable share rent payable to the land lord as well. The continuing dynamism in the peasant economy in Polgahawelena was manifested outside paddy agriculture through the recent diversification of agriculture in the village leading to intensive cultivation of cash crops using irrigation on highland, mostly small home gardens in the village. This was partly due to the better prices for vegetables offered in the market in post-liberalisation period and partly prompted by the loss of income from *hena* cultivation which affected some poor peasants. While there were two cultivators in the village for whom vegetable cultivation was the main source of income

for other four cultivators it provided the second main income. In 1987, altogether there were at least 30 cultivators who were engaged in vegetable cultivation as a commercial activity. They cultivated about 12.5 acres in total. Five of the cultivators had their cultivation located outside the village.<sup>19</sup> It was a highly intensive form of cultivation using farm machinery, modern seed varieties, fertilizer and other agro-chemicals and lift irrigation. Some cultivators received substantial annual incomes from the cultivation. The cultivation of Brinjals or the egg plant with its relatively superior qualities in terms of yield and susceptibility of the crop became the most profitable and therefore the popular, with profits in the range of Rs.20,000 to Rs.40,000 per acre per year depending on the success of the cultivation. Ten out of 30 cultivators cultivated mainly brinjals.

Economic activities of the rural entrepreneurs in the area had expanded by 1987 with the setting up of a paddy storing system in the area with the assistance of government sponsored Bank of Ceylon. Paddy stores are set up for the storing of paddy to be milled and released to the market during shortages of rice with a view to maintain a stable price of rice. Seventy-five percent of the cost of managing the enterprise, the purchase, storing and milling of paddy is provided by the Bank. By 1987 there were about 15 such stores in Tissamaharama area, the bank loans for the project totalling about Rs. 7 Million. The emergence of these paddy stores in the area while manifests the increasing paddy yields is also indicative of provision by the government sponsored banks a further avenue of agriculture related investment for entrepreneurs in the area. They also has slightly improved the seasonal opportunities of work for rural wage workers.

Two of such paddy stores were managed by residents of Polgahawelena. One of the two stores was of a smaller scale and managed by a person belonging to the group of middle capitalists in the village whose economic activity is still mostly limited to rice milling. The paddy stores he managed had only an investment of about Rs. 2,00,000. However the rural entrepreneur in Polgahawelena identified earlier in the chapter managed a paddy store of much larger scale with an investment of about one million rupees 75 percent of the finance provided by the Bank on interest. The rural entrepreneur in Polgahawelena has also continued with other economic activities on an expanding scale except in paddy cultivation. He had increased the quantity of rice he mills per month during the harvesting season from 70,000 pounds in 1980 to about 110,000 pounds in 1986/87 Maha. He also maintained the small tourist guest house which he opened up around 1980 with a monthly income of about Rs. 8000 a month.

A major change unfavourable to the peasants in the village in the post-1980 period was that the *hena* cultivation which was the main source of income for 11 families and brought secondary incomes to additional

11 families ceased to be a source of income any more. This was due to the fact that all the *hena* land was located in the area which came under the Kirindi Oya Scheme which was implemented in the 1980's.<sup>20</sup> The land was either inundated in the newly constructed Lunugamwehera reservoir or taken over for resettlement purposes under the scheme. Some of the *hena* cultivators got compensation in the form of land under the resettlement scheme. There were at least 5 families who received such land in the village. However, for the rest this meant the loss of an important source of income. Some of those who previously engaged in *hena* cultivation by 1987 had become rural wage workers, vegetable cultivators or were engaged in trade or technical work.

Another significant change observed in the post-1980 period in Polgahawelena is the growth of the category of agricultural wage workers. Those who derived their income mainly from agricultural work increased from 39 in 1980 to 51 in 1987, a 30 percent increase. This also indicates the growth of opportunities for agricultural wage work in the area probably due to the increase in the agricultural output mainly that of paddy. The demise of *hena* cultivation and the decline in the practice of tenancy-at-will would have pushed some landless poor peasants to join the ranks of agricultural workers. The drop in the number of tenants-at-will in the village from 15 in 1980 to 7 in 1987 also may be indicating that with the increasing profitability of paddy production those who earlier cultivated land using tenants-at-will now taking over the entire management of cultivation into their hands using wage labour.

It is also interesting to note that despite these changes which highlight on one hand the continuing growth in the peasant economy in the village and on the other the process of differentiation among the peasantry there were no signs of concentration of land or dispossession of peasantry. This is manifested in the minimal changes of paddy land ownership recorded in the Paddy Lands Register for the period 1980 and 1985. Altogether there were only 33 transactions. Of these only 2 transactions were direct sales of land changing the ownership, involving a total of 6 acres and creating two new owner cultivators. There were two incidents of share-tenants buying over land totalling about 4 acres from the land owner. Seven of the transactions were incidents of sub division of ownership of land totalling 14.5 acres as a result of death of the original owner or sale of portions of land among family members. Eighteen transactions involved changes of share tenancy without affecting the ownership of land: in 16 of these accounting for a total of about 46 acres share tenancy was voluntarily transferred mostly within the family, creating new 3 share tenants in the process due to sub division of tenancy. There were two other incidents of transfer of share tenancy rights however to a party other than the landlord, one for 3 acres of land to a person whom the share tenant was indebted and in lieu of the repayment of the debt;

the other, for 8.25 acres forcibly taken over against the wish of the share tenant.

Thus into the late 1980's the peasant economy of Polgahawelena continued to grow, its dynamism taking new directions in increasing leasing of land for money rent and diversifying into vegetable cultivation on home gardens. While living conditions of the middle peasantry possibly continued to improve with higher yields and better produce prices, the conditions of the poor peasantry did not improve much due to lack of additional sources of income. Rural wage workers grew in number mainly due to the decline in *hena* cultivation and loss of tenancy-at will among other reasons.

### **Summary**

In summary, agrarian change in the post-colonial period in Polgahawelena as elsewhere in the country, has taken the same direction of growth in the peasant economy and differentiation of peasantry without leading to the dispossession and disintegration. While the traditional exploitative land tenure system in paddy dominated by land agents or the *gambarayas* on behalf of the absentee owners has declined the absentee landlordism and share tenancy remains predominant. The rural financial market continues to be dominated by the agents of merchant capital who siphon off a considerable share of the surplus produced by the peasantry. The ownership of land is concentrated in the hands of a few however, without a continuing process of accumulation of land leading to dispossession of the peasantry. Amidst increasing leasing of paddy land on money rent share croppers remain entrenched without any changes in the pattern of ownership of paddy land. Inequality prevails in the distribution of land ownership as well as the size of holdings among the cultivators. Most of the owner cultivators have small holdings while landless is widespread. Most importantly sources of additional income is very limited among the peasants, the poor peasants in particular. Rural wage workers do not have sufficient opportunities for work throughout the year. The outcome has been persistent poverty among a considerable section of the village population made of poor peasants and rural wage workers.

## END NOTES

1. Historical developments of peasant production in the district has been dealt with in detailed manner by Herring (1977) in a comprehensive discussion of the impact of state policy and ecology on the development of the land tenure system in the district since the colonial period.

2. Leonard Woolf (1951) in the novel Village in the Jungle based on his experience as the Assistant Government Agent (AGA) representing the British colonial government in the district from 1908 to 1911, has vividly captured the miserable life of the peasantry in the district in the early colonial period ravaged by both the human forces of exploitation and natural forces of disease and destruction.

3. This is not to say that no land was alienated to the landless before 1920's. There was at least one exception of resettling Malay residents in some areas under the Walawe Left Bank Scheme (Dias and Wickramanayake, 1977:144). Out of consideration for the miserable life of the peasantry which was seen to be aggravated by parasitic landlordism, land speculation and money lending, from time to time some land was set apart for the alienation to the landless. However, the total amount of land thus distributed up to independence in 1948 was a negligible 23,000 acres much of which was non-irrigable land for village expansion.

4. In 1980, at least 5 of the share tenants in Polgahawelena were made up of either a family member or a relative of the landlord, a means of avoiding having a legal share tenant. Five of the owner cultivators not resident in the village manage their land totalling 15 acres through agents in the village or the neighbouring area. While the scale of operation of such land agents is much smaller compared to that of the early *gambaraya*, in essence their role is the same. These lands are cultivated by tenants-at-will.

5. For example, in 1940's in Pannagamuwa in Tissamaharama AGA division, 479 acres of paddy land was auctioned among the peasantry in plots ranging from 1 to 5 acres at nominal rates.

6. Our investigations revealed that some *gambarayas* prevented share-tenants under them from buying land in these auctions even when land was offered at 25 cents per acre, promising that the land the share tenants cultivated under them would be transferred one day to share tenants. In 1980, there were 225 owner cultivators in Pannagamuwa. Later, a similar scheme on a much larger scale was implemented in Bandagiriya, in Hambantota AGA division.

7. By 1980 there were such 168 owner cultivators (and 134 share-tenants as some of these land was owned by non-cultivators as well) owning plots ranging from 2 to 5 acres cultivating 681 acres with in 17 village tanks under the Weerawila Agrarian Services Centre area in Tissamaharama AGA division alone.

8. Three of the share tenants paid 10 bushels per acre due to special considerations of a particular landlord who held progressive political views.

9. The decline was due to the ban imposed on issuing permits for the use of 'Crown land' on which *hena* cultivation took place, under the assumption that it was unproductive, ecologically wasteful and unhealthy, an assertion the accuracy of which is open to doubt (Herring, 1977:126).

10. One *hena* cultivator paid a nominal fee of Rs. 10 for the annual permit for cultivation which he obtained from the government. Others have enjoyed the possession of their *hena* land for a long time without permits, or having 'inherited', or 'purchased' the land from its previous occupant, considered the land their own.

11. It appeared that almost all the farmers under-reported their yields probably for at least two major reasons: one, the reluctance to reveal their real income fearing that the figures would reach the government sources resulting in the loss of Food Stamps; the other, the fear that other people in the village will be jealous of their financial status in the event the information becomes public. Logically, the paddy yield in Polgahawelena which has major irrigation and a highly intensive paddy cultivation practised by almost all the peasants, should be higher than the district level yields which incorporates the lower yields from the wet zone areas of the district as well.

12. Weerawila in the Tissamaharama AGA division in Magam Pattu in Hambantota district was one of the five locations in the country in which the Department of Agriculture set up tractor hire stations in response to an increase in the demand for farm machinery in the face of draft power shortage in major paddy producing areas, between 1949 and 1951 (Perera, 1985). In 1980 there were cultivators in Tissamaharama who benefitted from one such scheme of institutional credit for the purchase of two-wheeled tractors launched during the 1970-77 regime and who had improved their economy mainly helped by hiring the newly acquired tractors.

13. The classification used here follows the classification of social classes used by Gunasinghe (1979).

14. This however, is excluding the members of families belonging to other economically higher social groups, who engage in wage labour. The total number of individuals engaged in rural wage work in the village was 54.

15. In 1980/81 Maha season male agricultural workers in Polgahawelena received a wage of Rs.15 plus meals valued at about Rs.5 a day while a female worker received Rs.12 plus meals worth about Rs.5.

16. In Polgahawelena there was one farmer who would fall into the category of middle capitalists in terms of economic status but not in social relations due to his left oriented political convictions which appeared to refrain him from expanding his economic activities in the village or the area to exploit the peasantry. This was despite the fact that he had at his disposal enough resources to undertake such activity. His wealth both in the village and his home town Matara in 1980 had been assessed as worth of two hundred thousand rupees. In this sense he is an exception to the social relations in agriculture in the area.

17. The varieties used in the village in 1980 were, 90/2, AT 16, 34/8, 94/1, 34/6, 300/1 and 36/7. The average amount of seed paddy used in the village in 1980/81 Maha was 4.11 bushels per acre.

18. One of the landlords was the Land Reform Commission which had acquired 10 acres of land under the Land Reform Law of 1972. The share tenants who had been cultivating this land were offered the opportunity to buy them paying the cost in instalments. Some share tenants in Polgahawelena later bought such land.

19. The five cultivators had their cultivation located on land they received under the Kirindi Oya Scheme in compensation for the *hena* land they possessed in the area coming under the Scheme.

20. Under the Kirindi Oya Irrigation and Settlement Scheme, with the objective of assuring irrigation water supply to the existing paddy land under the five major tanks in the area and expanding irrigation facilities to additional agricultural land, a large reservoir was built in Lunugamwehera to store water from Kirindi Oya. This was accompanied by a resettlement program which provided land for cultivation and residence to the landless from the area as well as from outside. The expectation that the Scheme would promote agricultural development in the area has now come into question with the increasing frequency and scale of crop failure on land under the Scheme in late 1980's (see, Island International, November 23, 1988, p.5, 'Lunugamwehera Folly, The Causes', Tennyson Edirisuriya).

## CHAPTER V

### CONCLUSION

In this study we examined the trends of agrarian change in peasant agriculture in contemporary Sri Lanka dominated by wet-rice cultivation. If there is one major conclusion of this study it is that in Sri Lanka, the existing agrarian relations in the peasant agriculture - the prevalence of family labour and share tenancy - which are considered backward in the classical theories of capitalist development have not become barriers to the significant growth of productive forces in the sector. The reverse of this situation which is also true here is that contrary to the classical theories, growth of productive forces in the peasant sector has not led to the transformation of its existing agrarian relations and the disintegration of the peasant economy and the peasantry.

While there has been a certain amount of differentiation within the peasantry accompanying the advances in productive forces giving rise to a middle peasantry, and a rich peasantry to a lesser extent, it has not polarised the peasantry into opposing classes of capitalist farmers and the proletariat. The process of accumulation of ownership or control of land for cultivation within or outside the ranks of the peasantry appears to slow down at medium levels of accumulation while a small minority of rich peasants and rural entrepreneurs reach a higher level of accumulation. More importantly, most of the land under domestic agriculture continues to be cultivated using family labour while much of it is under share tenancy. Even in situations where the scale of operation is higher and the cultivation is exclusively with the use of wage labour as in the case of rich peasants and rural entrepreneurs, the scale of operation does not compare favourably with those known for capitalist agriculture elsewhere. Thus, the impressive gains in paddy production in Sri Lanka achieved in the post-colonial period have taken place mainly within the small peasant production. The peasant form of production in agriculture has persisted.

While the living conditions among rich peasants, and middle peasants to a lesser extent, have improved in the long run along with the advances in agricultural production, the persistence of poor peasantry and rural wage workers among whom absolute poverty appears to have increased, and who together form a considerable section of the rural population, obviously has serious social and political implications. Hence our concern here is to attempt to understand the reasons underlying the above state of affairs in the peasant sector in Sri Lanka. As a basis for such an understanding, first we would like to draw from the historical review as well as the

findings of our own empirical study.

### ***The Historical Context***

The persistent peasant characteristics in domestic agriculture in Sri Lanka - the predominance of small scale farming and family labour, and the prevalence of share tenancy - had their origin in the feudal period. The feudal society in Sri Lanka reached its height of development on the basis of extensive wet-rice cultivation supported by a complex system of tank irrigation throughout the island with its centre in the dry zone. Social relations in feudal Sri Lanka originated on the basis of rights to the use of land and sources of irrigation as the almost exclusive means of accumulation of surplus for the rise and sustenance of the State. At the summit of the development of the feudal period the State centralized the entire economy, polity and society around itself, and with claims over most of the land in the country, emerged as the central source of rights to all land; thus, the system of land tenure and the 'ownership' of irrigation facilities which evolved provided mechanisms for the flow of surplus in the form of taxes and ground rent to the State, its allied ruling groups, and to those institutions and other social groups who provided services to the State and the elite. There were two major forms of state taxes imposed upon the peasantry. First, all able laymen in the kingdom had to provide compulsory gratuitous services in labour to the State. Second, taxes were levied on all cultivated land, paddy and *hena* or swidden, and also on drawing water for cultivation from, and fishing in, reservoirs and canals belonging to the State. It is these land and water taxes which formed the bulk of the state finances during most of the feudal period.

The structure of feudal land tenure evolved on the basis of distribution of rights over land and irrigation facilities by the State to those who provided services either to the State, the elite, or the society in general. Originally, the land tenure system was based mainly on service tenure with land grants or grants of revenue from land and irrigation works, to state officials and professionals who served the State, and peasants who directly served the king, all on the basis of service obligations assigned by the caste system. Monasteries and charitable institutions were also recipients of similar grants from the State for their respective roles in society. All the land, the rights for which were thus distributed, was operated by peasant cultivators or craftsmen agriculturalists in return for access rights to land for subsistence cultivation. The ground rent on these land was paid by the direct producers in the form of either the labour rent or the produce rent. The labour rent was provided by craftsmen agriculturalists in the form of labour in performing their respective crafts or skills, or by peasants cultivating the land belonging to the king, in both cases in return for the right to operate their own subsistence plots. The



produce rent was paid by peasant cultivators who provided a share of the crop to those who held the original grants, again in return for access to the land which the peasants cultivated. Peasants also had to pay a water tax for drawing water from, and fishing in, irrigation works the rights for which were held by individuals or institutions. The form of labour organization practised in paddy and *hena* cultivation throughout the feudal period was almost exclusively family labour supplemented with exchange labour.

Gradually, with the increasing importance of the state officialdom, professionals and monasteries, the land rights granted to them expanded to include heritable rights of perpetuity, in the case of first two groups based on hereditary tenure of service; monasteries enjoyed land grants and grants of irrigation facilities with rights to hereditary succession from the early stages and gradually they were accorded increasing levels of immunity from interference in their rights to property by the State or individuals. Consequently, a system which came very close to the modern private ownership of land evolved, strengthening the position of landlords against cultivators.

The power structure that arose on the basis of the above system of 'ownership' of land and irrigation facilities consisted of a triadic ruling group made up of the State as represented by the king, the nobility (comprised of state officials and professionals), and the monastic community, and the ruled, basically the peasant cultivators and craftsmen agriculturalists.

Despite the sharp social cleavage which appeared to have existed between the rulers and the ruled, on the basis of the above system of land tenure, the feudal society of Sri Lanka achieved a very high level of prosperity producing a significant surplus. The basis for the prosperity was provided by the steady improvements in the network of irrigation structures, which enabled the growth of agricultural surpluses through the expansion of area of paddy cultivated under irrigation, and through increases in cropping intensity.

In the latter part of the feudal era beginning with the Pollonnaruwa period between the 11th to 13th century, the dry zone based civilization declined mainly due to political instability. The centralised State gave way to multiple polities and the centre of rule shifted to the south-west and the north of the country. Consequently, several significant changes affecting peasant agriculture took place. First, the macro irrigation system decayed in the dry zone and the cultivation of paddy under rainfed conditions or small village tanks supplemented by *hena* cultivation became the mainstay of the economy; thus, probably affecting the scale of surplus accumulation by the ruling group. Second, the demise of the centralized State and the consequent weakening of the state authority and the inability of the State to support the monastic community strengthened the hands of a hereditary class of nobles who were increasingly granted land in perpetuity. It was this group of nobles who by the end of the feudal

period became the most powerful land owning group and continued to remain in the same status among the natives well into the post-colonial period. Third, there was a shift of focus in state finance. As opposed to the surplus derived almost exclusively from irrigated agriculture in the earlier period, now the external trade came to play an increasingly important role in bringing revenue to the State.

The last phase of the feudal era or the Kandy period saw the consolidation and formalisation of feudal landlordism through increasing land grants to both state officials and monasteries. State officials were increasingly remunerated with land grants due to the shortage of cash, a situation created by the Dutch closure of maritime provinces of the country to the Kandyan kingdom. Land grants to monasteries and temples became highly excessive, highlighting the dependence of the State on religious institutions for its survival in a period of political instability. The formalization of feudal landlordism was manifested in the organization of land for cultivation on the basis of labour rent as well. The separation of the demesne or the lord's plot and tenant's plot which was originally in operation probably only with regard to the king's land, had now become widespread on the land belonging to the nobility. The tenant worked the landlord's plot in return for the cultivation rights to his/her own plot.

On the basis of these changes, by this time, in addition to the nobles associated with state office, a group of nobles *qua* nobles had consolidated their position. The nobility had now become the largest land owning group, with *sangha* or the monastic community coming next. In addition to the revenue from land, the nobility extracted fees, and services from the peasantry. The king and the Kandyan chiefs received from their subordinate officials annual tributary incomes originating from the peasantry.

During the Kandy period, there was increasing commercialisation of the economy stemming from increased external trade colonial powers occupying the maritime provinces. Usury had appeared on the scene as a form of surplus extraction. Through trade, mercantile profits became a significant part of the income accruing to the nobility, while agriculture, both traditional and cash crop cultivation, remained by far the most important revenue to the State. This situation, which gave a certain amount of economic autonomy to the nobility, marked the increasing separation of interests of the State and that of the nobility. All these changes in combination strengthened the authority, the local autonomy and power of the feudal lords and the other elite groups over the peasantry, the tenant cultivators in particular.

By the end of the feudal period, peasant agriculture remained at a low level of productivity with the technological regression imposed by the decline of the tank based irrigation system in the dry zone and ecological

constraints in the wet zone. Cultivation was carried out under rainfed conditions or small village tanks with attendant high risks. With the decline of paddy cultivation both in extent and productivity, greater reliance on dry grain cultivation in *henas* became a major feature of peasant agriculture in the period.

### ***The Colonial Period***

The entry of colonial powers into the Sri Lankan polity brought about a drastic change in the economy in the country which was to have a significant negative impact on the domestic agriculture until the end of the colonial period. The change was in relation to the main source of revenue to the State. Unlike the feudal State which derived its revenue mainly from taxes on domestic agriculture, the colonial State, while continuing to tax the peasantry, derived its revenue primarily on the basis of income from trade of export crops. Therefore, its interest on peasant agriculture was limited as a means of extracting a revenue of secondary importance, and a source of principle wage good - rice -, in times of crisis in the supply of imported rice, originally to feed its troops, and later plantation workers. In fact, the colonial rule did not bring about any fundamental change in the state of affairs in peasant agriculture. Moreover, it continued with most feudal traditions, land tenure, administration, and the class and caste structure which oppressed the peasantry and facilitated the extraction of surplus from them. Consequently, at the end of the colonial period the peasant economy was at a lower equilibrium than it was at the beginning, and the peasantry was impoverished.

For political and economic reasons, the colonial powers reproduced the existing land tenure system together with the administrative structures having refashioned it to suit their needs. The system of feudal land tenure based on labour rent and the produce rent was expanded and strengthened. The Portuguese continued with land grants to state officials in lieu of payments for their service. The Dutch, through land grants to their allies among the local elite created a new aristocracy in the low-country areas. They also issued land grants as a means of promoting the production of export crops. The British colonial laws did not change the institutions of hereditary land ownership among the nobility and the monastic community. Continuing with system of land grants to state officials and the nobility, the British re-created the native aristocratic authority and the land owning class, the traditional system of administration, and the system of caste obligations which oppressed the peasants. The system of compulsory services to the State and monasteries and temples, and the system of village headmen, were revived on the basis of caste. In the new aristocracy the British found an ally that would keep the peasantry under the control of traditional relations arising from traditional forms of land tenure.

The British, while continuing with the old system of land grants, legalised private ownership of land thus creating a market for land adding new categories of land owners to the old ones. While the objective of establishing the private ownership of land was to develop the export oriented cash crop cultivation using private capital, it also turned land utilised in domestic agriculture into a commodity. The local petty bourgeoisie newly emerged on the ancillaries of the plantations, trade, and usury joined the array of landowners in rural areas acquiring paddy land and highland belonging to small owner cultivators. Many peasants who were in dire need of cash due to higher tax burdens, and consumption needs in an economy which was increasingly being commercialised and monetized, lost their land to speculators, money lenders and traders. The dispossessed peasants ended up as share tenants under conditions of hunger renting. During the latter part of the British rule, the sale of land under major irrigation by the government to 'capitalists' and middle class elements in Hambantota and Batticaloa districts for the development of a 'capitalist agriculture' created a land tenure system based on share tenancy on large-scale on newly developed paddy land. Share cropping multiplied with the sub-division of land due to hunger renting, and fragmentation of land due to population pressure on existing land.

During the colonial period family labour and exchange labour continued to be the dominant forms of labour use in peasant agriculture. In some newly developed paddy producing areas such as Hambantota and Batticaloa districts where there was a labour scarcity, wage labour was used during peak periods.

Despite attempts by the colonial powers, the British in particular towards the latter part of their rule, to expand the area under domestic agriculture by improving irrigation facilities, productive forces in peasant agriculture deteriorated in an overall sense due to the spread of, and emphasis given to the plantation sector. Any interest on the part of the colonial State in developing domestic agriculture was seen only at times of economic crisis when the regular supply of imported rice to feed its troops and later the plantation workers, was in jeopardy due to rising international prices or balance of payment problems. Once the regular supplies of rice imports were restored, domestic agriculture was soon forgotten. Thus, for most of the colonial period, domestic agriculture was neglected, leading to the retrogression of its productive forces. Instead, focus of the development activities of the colonial State was on the main source of state finance which was export crop plantations. With all the state resources directed towards providing the infrastructure facilities for the establishment and maintenance of the plantation agriculture, the British State not only failed to serve the interests of the peasantry but also infringed upon them. Through the State expropriation of all the land for which there were no 'valid claims', the spread of plantations limited the area of land available to the peasantry for both pasture and *hena* cultivation.

It was this 'Crown land' which was later sold for the cultivation of plantation crops. The loss of pasture land among other factors contributed to the decline in the cattle population resulting in a technological retrogression in peasant agriculture through the substitution of human labour for animal draft. Plantations were established in the high elevations ideal for coffee and tea cultivation causing deforestation and soil erosion in the rain forest areas, eventually leading to frequent floods affecting peasant crops and lives. The cutting of plantation roads caused damages to irrigation channels and paddy fields. The maintenance of irrigation facilities necessary for paddy cultivation were neglected while attempts to develop irrigation facilities were minimal and sporadic, partly due to the local enterprise. Despite even these attempts, particularly by the British, government investments in irrigation represented only a minute fraction of the total government expenditure. Another factor which worked against improving the technology of domestic agricultural production was cheapened tenancy, which developed as a result of hunger renting by a dispossessed peasantry. Farm implements and technology remained at the same level as that of the pre-colonial period; there was disinvestment caused by the sale of cattle and implements in agriculture due to the growing need of cash needs among the peasantry. Surplus extraction was through the intensification of labour and not through increasing productivity. Thus, by the end of the colonial period in 1948, domestic agriculture was underdeveloped with low output and low productivity, and low living standards among the peasants.

However, the impact of the spread of cash crop cultivation on the peasantry was not entirely negative. The peasant economy underwent a certain amount of diversification to include the cultivation of cash crops such as cinnamon, cardamom, pepper and coffee originally, and later, rubber and coconut on a small scale bringing cash incomes to a group of peasants in the wet zone areas; however, this exposed them to the rising pressures of the market forces as commodity producers at the same time. The growth of the export crop cultivation on medium and large-scale estates in the low country areas and the development of processing industries related to these crops brought employment opportunities to some poor peasants and landless. Nevertheless, the crop diversification and the creation of opportunities for wage labour did not have a far reaching impact on the lives of the majority of the peasants who were already impoverished and landless or nearly landless.

Surplus extraction from the peasantry under the traditional forms, including the compulsory labour services, land or grain tax and ground rent, was enhanced, while new forms, such as usury and trade, were strengthened. Ironically, notwithstanding the lack of investments in developing peasant agriculture by the State or the landlords dominated by their mercantile interests based on revenues from export trade (and rents in the

latter case), the peasantry was continuously subjected to taxes, very heavy at times, and the resources thus extracted from the peasant economy were diverted to the plantation sector. Colonial powers continued to adopt the feudal system of compulsory labour services to the State, first to produce cash crops and then to build the infrastructural facilities for the plantations. The colonial State found the grain tax they inherited from the feudal order a convenient source of revenue in times of economic crisis. During the 1870's and 1880's in the face of the demise of coffee cultivation, grain taxes were strictly enforced and a large number of peasants who could not afford to pay them were evicted from their land, leading to starvation and death in many instances. A considerable number of upcountry peasants who were evicted from their land due to defaulting of grain taxes in 1880's joined the ranks of the plantation workers. It was not until 1898 when the tax was abolished. *Rajakariya*, or compulsory services to the State also was in operation until 1898 when it was ultimately abolished after several attempts. However, compulsory labour services by peasants to monasteries and temples were retained even during the post-colonial period.

At the local level, surplus was extracted from the peasantry by landlords through labour rent and produce rent. The commutation of grain tax to cash, and the increasing pressure of market forces on the peasantry as both consumers and commodity producers increased cash needs among them. Peasants were thus driven into the hands of money lenders and traders who derived interest and profits from the peasantry in the exchange process.

The class structure that ultimately evolved in rural Sri Lanka out of colonial policy was one in which merchant capital exercised hegemony over production capital and hence led to the neglect of the development of the peasant sector. Export oriented plantation owners - both foreign and local - dominated the class structure while the traditional landlord class, re-created by the colonial regime, came next. While the plantation owners had no interest whatsoever in domestic agriculture, traditional landlords were only interested in deriving rents from their land. The newly emerged petty bourgeoisie came next in the class hierarchy. The interest of a section of the petty bourgeoisie such as entrepreneurs and professionals in domestic agriculture was limited to extracting rents from land which they purchased with the profits made from their businesses related to plantations or professions. The money lenders and traders, who formed part of the petty bourgeoisie at the village, level were mainly interested in mercantile profits they derived from the peasantry and to a lesser extent in rents from land which they acquired from peasants through money lending or selling consumer items on credit. A semi-proletariat came into being through the processes of dispossession and impoverishment of the peasantry by driving those who could not make a subsistence living from cultivation to the ranks of casual wage workers.

The overall and eventual outcome of the above complex processes which colonial policy produced or reproduced was impoverishment of the peasantry. In addition to the large-scale dispossession of peasants from their land which deprived them of their incomes from paddy, or reduced such incomes by pushing them into hunger renting, they also lost income from *hena* cultivation as well. While much of the *hena* land was expropriated under the Crown Lands Ordinance, the British imposed a ban on cultivating remaining *hena* land in the country. Enhanced surplus extraction through rents, interest and profits, fragmentation of land resulting partly from rising unemployment, and sub division of land due to hunger renting reduced the incomes of those who had access to paddy. Low incomes received from these part-time activities of small-scale cultivation was not enough in many cases even to provide the subsistence needs of peasant families, and hence had to be supplemented with casual wage work on small and medium cash crop cultivations belonging to the native land owners. Both the poor peasants and the newly created semi-proletariat of part-time cultivators who supplemented their incomes from wage work survived at a subsistence level.

### ***The Post Colonial period***

The post colonial period marked a clear shift of focus of state policy from the plantation economy to domestic peasant agriculture bringing about far reaching changes mainly in terms of the growth of productive forces. It was the post colonial State which took an active role in promoting domestic agriculture for the first time since the feudal period. The policy change was prompted by the political and economic imperatives of the need for capital accumulation by the early ruling groups of the emerging independent Sri Lanka, which consisted of both the land-based traditional aristocracy as well as the emerging bourgeoisie on the ancillaries of the plantations, its ancillaries and trade and commerce. Politically, the impoverished peasantry which formed the large majority of the predominantly rural electorate, newly empowered with the franchise, had to be won over in order to assume power in the government; economically, in the face of the increasing price of rice in the international market, and the worsening balance of trade problems, the need to maintain a politically sensitive, subsidised, universal rice ration which provided free or cheap rice not only for the growing urban working class and the plantation workers but also for the entire population, made it crucial to increase domestic food production. In fact, in the post-colonial period, while the taxes levied on export crop trade continued to be the main form of state revenue, resources from the plantation economy were diverted to support the rest of the economy, at times including the peasant agriculture. In the 1920's, when the processes of transfer of political power from the British to the Sri

Lankan elite, and the political transition to an independent Sri Lanka was in formation, two key policy measures were adopted by the government which together were to become a major feature of all post-colonial regimes towards domestic agriculture up to the 1990's. They were the rehabilitation and construction of major irrigation works in the dry zone, bringing vast tracts of land under cultivation, and resettlement of peasant families under these schemes. The establishment of these colonization schemes were expected to contribute to increase paddy production while solving the landlessness in the wet zone where, due to the process of disintegration unleashed by the colonial economy, peasants continued to be dispossessed on a large-scale during the post colonial period as well.

Many other changes in the national economy, as well as domestic agriculture, which would have an positive impact on the peasant economy were to follow throughout the post colonial period. These changes have led to the rapid growth of peasant agriculture especially since 1960's. In the post colonial period, the system of land tenure and labour organization in the peasant sector underwent certain changes. Of the traditional forms of land tenure labour rent has considerably declined, giving way to produce rent. By the 1980's, the use of labour rent was limited to some monastic land, and continued to decline. With the continuous expansion of peasant resettlements in the dry zone areas, a major change occurred in the distribution pattern of land tenure types. With the growth of resettlements over time, owner cultivation assumed predominance in the country over share tenancy both in the number of cultivators and the extent of land involved. The leasing of agricultural land on money rent had come to existence even though not on a wide scale.

Land reforms undertaken by the post colonial governments have, through the formalization of landlord-tenant relationships, benefitted peasant tenants by providing a legal basis for increasing the security of tenancy, and by limiting the extraction of excessive share rents by fixing the range of rents. However, the reforms did not basically alter the pattern of existing land tenure. While share tenancy has prevailed as the dominant form of tenure in the wet zone and some dry zone areas such as Hambantota district, within a short span of time, since their origin, the resettlements saw the rise of share tenancy among the original owner cultivators, a process which appears to have been expanding since then on an increasing scale.

The use of exchange labour had almost completely disappeared in areas where it was prevalent, while it is seen to be reappearing in resettlements where it was not originally found. Wage labour had come to be increasingly used during peak periods, in general, by all categories of farmers. The exclusive use of wage labour in agriculture is seen to be practised by small groups of rich peasants and rural entrepreneurs. However, family



labour continued to be the predominant form of labour use in peasant agriculture.

Productive forces in domestic agriculture achieved a high level of development in the post colonial period, the peasant sector becoming the most dynamic in terms of output, productivity, employment, and its contribution to the national economy. The production of Paddy - the primary crop in the sector-recorded a remarkable growth which was brought about by increases in land and labour productivity. The asweddumized area, as well as the harvested area of paddy land, continued to increase throughout the post colonial period. There has been widespread adoption of modern cultural practices associated with high yielding seed varieties, while improvements have also been recorded in water management. Other sectors within the peasant economy, such as subsidiary food crop cultivation, fisheries and dairy production, also made advances. The key measures contributing to the dynamism in the peasant sector have been the establishment of resettlements, the increase of the profitability of food crop cultivation, the widespread use of modern inputs and cultural practices, and improvements in general infrastructure and social benefits. The spread of resettlements in the dry zone saw the expansion both of the asweddumized area of paddy and the area under major irrigation contributing to an increase in the harvested area. With the need to procure rice in the local market to maintain the subsidised rice ration a Guaranteed Price Scheme (GPS) was operated by the government throughout the post colonial period. The GPS kept the producer price of rice at a level attractive to the peasantry, encouraging them to increase production. Even though not on a systematic basis, as in the case of paddy, the GPS also covered other food crops as well. Establishment of paddy as a cash crop through the GPS led to the commercialization of the peasant economy on an unprecedented scale, resulting in the expansion of area of paddy and other food crops and the share of the marketable proportion of paddy, while there was an overall switching to the cultivation of cash crops from that of subsistence crops. A more decisive factor which contributed to higher producer prices of paddy in the market was the changes made in the rice ration. The ration scheme acted as a constraint on the growth of domestic agriculture by limiting the market demand for rice through the universal distribution of free or subsidised rice a considerable part of which was imported. The ration was reduced by half by the 1965-70 regime, whereas the post-1977 regime replaced the scheme altogether in 1979 with a target group oriented food stamp scheme. On both occasions, food imports were considerably reduced, leading to an increased market demand for rice and higher producer prices for rice in the local market. Complete liberalization of rice trade, and the liberalization of internal and external trade as a whole in the post-1977 period has given an added impetus to the commercialization of domestic agriculture, leading to much higher growth rates.

Throughout the post-colonial period, the State under successive governments has actively promoted the continuous improvement and expansion of yield increasing inputs and cultural practices, resulting in widespread and high levels of achievements in the adoption of modern technology in paddy production and to a lesser extent in other food crops. The State provided a whole range of subsidies to the domestic agricultural sector in the form of the GPS, low prices on fertilizer and seed paddy, tax-free irrigation, the provision of institutional credit for working capital in agricultural production and for the purchase of farm machinery, hiring of farm machinery at concessionary rates, agricultural extension and other institutional services. There has been a continuous development of infrastructural facilities - transport, communication and electricity. Together with the above, the relatively high standards of literacy and health which progressively increased, promoted the spread of rapid technology and quick responses to new economic opportunities among the peasantry. The final outcome has been an overall dynamic growth in the peasant economy.

Despite the overall dynamism developed in the peasant economy, the full benefits of growth did not accrue equally to all sections among the peasantry. Parallel to the growth of productive forces, surplus extraction from the peasantry also was enhanced during the post colonial period mainly through usury, trade, and land rents. Landlords continued to extract rents from the peasantry. The government, in the late 1970's revised the tenancy regulations in favour of landlords, fixing a minimum rent, and tying the security of tenancy to productivity of tenants. The penalties imposed for violating the productive norms included the dispossession of the tenant. Commercialization and technological modernization of agriculture also increased the cash needs of the peasantry due to market oriented consumption and inputs for agricultural production which had to be purchased in the market. These tendencies strengthened the dominance of merchant capital over the peasantry. Money lenders, traders and middlemen tightened their grip on the peasantry. New agents of merchant capital such as transport agents and tractor owners have appeared. State-sponsored rural institutions in the hands of the local elite groups reinforced the existing power structures at the village level which were unfavourable to peasants, enhancing the flow of surplus from the peasants to the landlords and mercantile elements.

The growth in the productive forces in peasant agriculture has resulted in social differentiation among the peasantry, giving rise to a small stratum of rich peasants or a peasant bourgeoisie, a middle peasantry, a poor peasantry, and a class of rural wage workers from the marginalised poor peasants. A thin layer of rural entrepreneurs however, not of peasant origin, also has appeared. Living conditions among both the rich peasantry and the middle peasantry have improved with the growth of the peasant economy as indicated by the increases

in real incomes among the rural masses except for the lowest income group. With high levels of capital investments in agriculture, both rich peasants and rural entrepreneurs represent a dynamic force within rural society. Using irrigated water, highly intensive methods of cultivation and exclusively wage labour, they cultivate relatively large tracts of paddy and/or other food crops, producing a marketable surplus. These two groups indicate the possibility of the growth of capitalism in peasant agriculture in the areas where they have appeared.

However, income disparities in the rural society have continued if not worsened. The real incomes of the poorest groups in society, among whom poor peasants and agricultural workers would form the majority in rural areas, did not improve during the post-colonial period, while absolute poverty among them in fact has increased. Poor peasants and agricultural workers continue to suffer low living standards, amidst landlessness, unemployment and underemployment.

### ***Ecological Imperatives***

Sri Lankan domestic agriculture, dominated by wet rice cultivation from ancient times and depended on monsoon rains for water supply, has been subjected to high ecological risks, resulting in the uncertainty of harvests, inhibiting fixed capital investments. Paddy cultivation requires adequate and properly regulated supply of water and therefore its production is determined by rainfall, availability of irrigation water and water control patterns. Approximately seventy five percent of the total land area of the island falls within the dry zone where rainfall levels in the Yala season are inadequate and there are large variations in rainfall patterns in both seasons. These conditions necessitate irrigation water supply and water control and therefore the key to agricultural development in the country lies in the establishment of major irrigation water facilities which could provide water for cultivating both the seasons in the dry zone, a task which requires heavy capital investments and large-scale labour organization. This situation explains the almost exclusive role assumed by the State in developing irrigation facilities for agriculture in the absence of private capital investments. The essentiality of major irrigation facilities for successful cultivation of at least two crops of paddy in the dry zone enabled the feudal State and ruling groups to exercise their domination over the peasantry through the control of land and irrigation resources. The prosperity of feudal civilization was primarily built on dry zone based irrigation networks which facilitated a high level of development in paddy cultivation. The decline of the tank irrigation system in the dry zone due to political instability and the shift of centre of polity to the wet zone where paddy cultivation depends on rain brought about the decline of domestic agriculture and the living conditions among the peasants, a situation which

was to persist until the post colonial period. It was the British colonial policy of recouping their limited investments in developing irrigation facilities for paddy agriculture in Hambantota district which led to the creation of a land tenure system beset with share tenancy in the district. In the post colonial period the State investments in developing major irrigation facilities in the dry zone areas have been crucial for the impressive growth in the peasant economy.

The above review of historical trends in peasant agriculture in Sri Lanka highlights that there are at least three major factors, not any single one, which combined together have been crucial in shaping the characteristics and setting the pace of agrarian change in this sector. They are the role of the State, the class structures, and ecological conditions, in historically specific situations. These factors have been critical in determining the continuities and discontinuities nature and changes in, the land tenure system, the intensity and pace of growth, stagnation or deterioration of the productive forces, varying forms of surplus extraction, and living conditions among the peasantry.

### *The Persistence of Peasant Forms of Production*

However, it appears that it is the implications of the nature of demand for labour, arising from adverse agro-ecological conditions applicable to agriculture in general and the cultivation of paddy in particular which may specifically help us to explain the persistence of peasant characteristics in the domestic agriculture in Sri Lanka which erect barriers to capitalist development in this sector despite the dynamic growth of productive forces.

The development of capitalism in agriculture which is manifested in 'the progressive application of fixed capital in production and a corresponding increased use of wage labour' has been identified as a much more complex and slower process than in industry. A main reason for the slow growth of capitalism in agriculture is 'the difficulty of rationalizing the use of labour in conditions where work conforms to a specific sequential pattern governed by the natural crop cycle, in contrast to a machine centred operation where a simultaneity of operations enables a fuller and planned utilization of a given labour force'(de Silva,1982:232). The growth of capitalist relations in paddy agriculture has been exceptionally slow due to two major reasons. One, as already observed, is that fixed capital investment is discouraged in paddy agriculture in monsoon lands by agro-ecological reasons, manifested in unstable harvests. The other, is 'uneven and sporadic demand for labour during the crop cycle' which inhibits the use of wage labour (which also constitutes a fixed financial commitment) and therefore results in the absence of a class of full time and mobile wage workers (ibid.).

Thus as de Silva(ibid) argues, the lack of capitalist development and the consequent persistence of peasant production has much to do with the discontinuities in the pattern of labour demand:

"This difficulty [of rationalizing the use of labour] is aggravated in the case of paddy cultivation by the nature of the discontinuities in the pattern of labour demand both inter-seasonally and intra-seasonally. These discontinuities in labour demand, which are very pronounced and are also influenced by the vagaries of the weather, cause the timing of labour inputs to be unpredictable. The paddy economy consequently requires a large labour force employed at various degrees of intensity during different times of the year. The peak demands necessitate a standby labour force, whose actual labour input during the year is considerably less than its overall potential - in contrast to a production pattern which could utilize a smaller workforce fully and on a more continuous basis. An appropriate response to this situation is the resort to share-cropping, based on smallholdings and the exploitation of family labour".

The relationship between agro-ecological risks and rationalising labour use, on one hand, and the tenurial patterns and the organization of labour use on the other, is reflected in the variations in this regard between the wet zone and the dry zone. In the wet zone where paddy cultivation is mostly dependent on direct rainfall and harvests are uncertain, small scale paddy cultivation using family labour under share tenancy is predominant. In the dry zone where the cultivation is mostly under major irrigation, the harvests are relatively stable, holdings are of a relatively larger size and the use of wage labour is fairly widespread (de Silva,ibid:233). It has also been observed that in paddy cultivation, a small category of rich peasants and rural entrepreneurs, who are not share tenants and whose level of farm productivity is high on the basis of use of wage labour and farm machinery, have been appearing primarily in the dry zone areas. The increase in the occurrence of leasehold arrangements cultivated exclusively with wage labour in dry zone resettlements in recent times shows private capital responding in a positive manner to diminishing risks in paddy cultivation with the enhanced assurance of irrigation water and better producer prices (Gunawardena,1990). The question is whether developments in the dry zone signify that paddy agriculture in Sri Lanka is developing along capitalist lines.

#### ***Future Directions: Capitalism or Peasant Path?***

However, as we have observed, if the existing agrarian relations in the paddy sector are not barriers for the growth of productive forces, it may be possible that in the paddy sector of Sri Lanka, capitalist development of the classical type with highly mechanised, large scale cultivation exclusively using wage labour may not be essential for agricultural advance. While the possibility of capitalist development in the peasant sector has been identified with the emergence of a thin layer of rich peasants and rural entrepreneurs, another possibility appears to be that of paddy agriculture reaching its advanced stages within the form of peasant production itself. A shift

from paddy to non-paddy crops, due to higher profitability of the latter, which represents another element in the overall dynamism of the small peasant economy, may nevertheless take place without a change in the form of production. The question then is whether one of these two, that is capitalist or peasant paths of agrarian change is developing at the expense of the other, or whether both are developing simultaneously.

While providing a comprehensive answer to the above question is beyond the scope of this study, in the following concluding section we raise some relevant key issues which may be able to guide us in future research on the subject.

While the Philippine, Japanese, Taiwan and South Korean experiences appear to indicate the possibility of agricultural advances within peasant production, much of these developments, at least in the Japanese case took place in the context of widespread tenancy and very high rents paid in kind (however at fixed rates). In the latter three countries, capitalism ultimately became the dominant mode of production in the social formation while agriculture retained its basic peasant character. The advances in agriculture were achieved before these countries became industrialized and the surplus necessary for capitalist transformation of the national economies was extracted largely from the peasant sector; however, without the process of primitive accumulation, that is, the separation of the direct producer from his/her means of subsistence. The outcome, in fact, has been identified as exemplifying a third path of agrarian 'transition', which is neither capitalist nor socialist (Byres, 1983).

Another relevant point for consideration here is the case of different paths of agricultural advancement occurring in different crops in the peasant sector. For example, wheat cultivation in India appears to have reached high levels of productivity bringing about a parallel development of large-scale, highly mechanized farms exclusively using wage labour, whereas paddy cultivation, with all its advancements, remains a peasant form of production. The availability of a highly divisible and therefore, scale neutral technology inclusive of machinery the operation of which is not limited by the size of the holding indicates the almost total absence of economies of scale in paddy agriculture in Sri Lanka. Furthermore, the fact that services of farm machinery can be obtained in hiring markets without investments in individual ownership eliminates the necessity for large-scale capital investment in individual ownership of such machinery. In the case of Sri Lanka, in addition to paddy and the plantation crops tea, rubber and coconut, there are many other crops such as chili, potato, vegetables, cinnamon, pepper and coffee for whose productivity increases in peasant form of production do not appear to be a barrier. Two such other crops are sugar cane and tobacco. The latter two, which provide raw materials for highly capitalised large-scale industries are almost universally grown by peasants. This situation raises the question

whether the type of crop grown in a given situation has any influence on the path of transformation followed in reaching for agricultural advancement. Attempts to understand the dynamism of such relations between industrial capital and peasant production in the case of sugar and tobacco, appear to indicate the possibility of a similar situation in the paddy sector, where small peasants are cultivating paddy using family labour to feed highly capitalised large-scale processing industries.

The persistent poverty among a section of the peasantry is also partly related to the form of labour organization in peasant agriculture arising from the uneven and sporadic demand for labour in this sector. While the existing agrarian relations under which landlords and mercantile elements extract surpluses from the peasantry are undoubtedly partly responsible for low incomes among the peasantry, a more important factor in this regard is that paddy cultivation, which is only a part time activity, especially when undertaken on a small-scale does not provide a sufficient income for an average peasant family even for their subsistence. The fact that the peasants, due to the nature of demand for labour in peasant agriculture are 'trapped among a multitude of small farms', with limited mobility to search for employment, has given rise to large-scale underemployment among them. It is in this context that *hena* cultivation has been a crucial and integral component of the peasant economy supplementing peasant incomes in situations such as the dry zone areas and resettlements within the dry zone in particular, where sufficient non-agricultural avenues of income have been absent in the post-feudal period. Thus, depriving peasants the access to *hena* land, either through banning or acquiring the land for other purposes, has dealt a severe blow to the peasants in the dry zone areas. Our case study illustrated that *hena* cultivation formed an important part of the peasant incomes of this dry zone village as either the main source of income or the secondary one to a considerable number of peasant families. Taking over *hena* land in the area for development of an irrigation and settlement project, resulting in the decline of incomes among the poor peasantry in the area, combined with other influencing factors may have found its political expression in their tacit support for the anti-state activities of the *Janatha Vimukthi Peramuna* which became very active in the area in the late 1980's. Underemployment among the peasantry who are trapped within small farms leads to almost total dependence of peasant families on paddy incomes for their survival, affecting their living standards. In the case of rural wage workers who entirely depend on wage labour for the subsistence of their families, they do not obtain wage employment throughout the year due to lop-sided development of the rural economy dominated by paddy cultivation in which the demand for wage labour occurs only during peak periods of cultivation. Thus it is evident that providing full time employment to underemployed peasants and rural wage workers through creating non-

agricultural avenues of employment is crucial for improving living conditions among the rural poor.

This is where the development of capitalism in the peasant sector itself would be considered essential according to the orthodox marxist model, assuming large scale agriculture as the only method of releasing such labour from the peasant sector. The expectation that the large scale industries in the urban sector would necessarily solve this problem by absorbing such rural labour is a variant of the same perspective. The Japanese case again, however, appears to indicate the possibility of a different path in solving the problem, that is, the development of small industries within the rural sector itself, thus absorbing the unemployed. The problem of underemployed labour in the peasant sector, which can be termed the agrarian question in Sri Lanka today, assumes a greater importance with the productivity advances made within peasant forms of production.



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