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DECENTRALIZATION FOR RURAL DEVELOPMENT IN
SRI LANKA

by

H.M.A. Herath

A Thesis submitted in partial fulfilment of
the requirements for the Degree of
Doctor of Philosophy

Carleton University
Ottawa Ontario
December 1991
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Abstract

The main objective of this thesis is to demonstrate and assess the failure of the decentralization strategies for rural development in Sri Lanka. It will examine three central arguments or hypotheses. First, there is a lack of political will for genuine decentralization in Third World countries, including Sri Lanka, primarily because there is conflict between the economic interests and the political commitment of the ruling class. Second, the decentralization measures that have been taken have resulted in deconcentration rather than devolution, and do not constitute genuine decentralization. Third, decentralization strategies alone, at least as formulated within the existing socio-political situation, will not lead to rural development. In other words, decentralization will not lead to greater development unless structural changes, such as land reform and increased economic redistribution policies, are made. Also, changes to reduce Sri Lanka's dependence on the world market must be made concurrently with the implementation of decentralization strategies for these strategies to be viable. The thesis concludes with some proposals for promoting rural development in Sri Lanka and similar Third World countries.
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During this study and throughout my graduate studies at Carleton University, I have accumulated debts to numerous persons and institutions.

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My obligation to those mentioned above notwithstanding, any errors and omissions that may appear in this study are my sole responsibility.
With heart-felt gratitude and indebtedness this thesis is dedicated to one of my best teachers at Carleton University, Professor Jane Jenson, the Supervisor of Graduate Studies.


Regional boundaries
District boundaries

Population density: persons per square mile, 1971

728
# Table of Contents

<table>
<thead>
<tr>
<th>Acknowledgments</th>
<th>i</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedication</td>
<td>iii</td>
</tr>
<tr>
<td>Abstract</td>
<td>iv</td>
</tr>
<tr>
<td>Maps of Sri Lanka</td>
<td>v</td>
</tr>
</tbody>
</table>

## Chapter One: Introduction
- The Central Purpose of the Thesis  3
- Main Hypotheses of the Thesis     4
- The Theoretical Perspective       11
- Theoretical and Practical Significance of the Study 12
- Methodology and Research Procedures 15
- Chapter Outline                   21

## Chapter Two: Theoretical Framework
- The Meaning of Decentralization    25
- The Reasons for Centralization     31
- The Concept of Development         35
- The Nature of the Post-Colonial State 45
- Dependency Theory and Development 55
- Conclusion                        68
- Endnotes                          72

## Chapter Three: Early Approaches to Rural Development in Sri Lanka
- The Socio-economic and Political Setting  73
- Sri Lanka’s Ethnic Communities         79
- Caste and Politics                     82
- Political Power and Class Structure    84
- Colonial Administration and Its Impact 99
- Post Independence District Administration 102
- The Colonial Legacy of a Dependent Economic Structure 105
- Development Policies in the 1950s       108
- The Trends of the 1960s                 116
- Summary and Conclusion                 119

## Chapter Four: The First Major Reforms in the Direction of Decentralization and Rural Development
- The Objectives of the Five Year Plan   124
- The District Political Authority (DPA) System 127
- The Divisional Development Councils (DDC) 140
- The Decentralized Budget (DCB)          142
- Conclusion                           148
- Endnotes                             154
Chapter Five: Decentralization and Development, 1977-1986

The District Development Council (DDC) and District
Minister (DM Systems) 168
The Gramodaya Mandalaya (Village Awakening Council) 173

Table of Contents cont’d.

Page
The Pradeshiya Mandalaya (Divisional Level Council) 177
The UNP Government’s Development Policies after 1977 178
Conclusion 185
Endnotes 190

Chapter Six: The New Provincial Council System 191

The Evaluation of the Provincial Council System 191
The Establishment of Provincial Councils and
Their Composition 195
The Powers of the Provincial Executives and Councils 200
The Limits on Provincial Council Powers 204
Other Criticisms of the System 207
Other Shortfalls of the Provincial Councils 211
The New Pradeshiya Sabha (Divisional Councils) 212
An Assessment of the Pradeshiya Sabhas 214
Conclusion 216
Endnotes 219

Chapter Seven: The Case Study - Monaragala District 220

A Brief Description of the District 221
Historical Background 223
Historical Economic Environment 226
Religious and Cultural Background 226
The Under-utilization of Land 228
Industrial Development 234
Administration 235
Local Government and the District Development
Council 241
The Political Situation 244
The Gramodaya Mandalays 246
The Provincial Council 248
The Pradeshiya Sabhas (Divisional Councils) 251
Conclusion 252
Endnotes 258

Chapter Eight: Conclusion 260

Main Arguments 261
Summary of our Findings 262
Institutional Strategies 271
Proposals 274
The Applicability of our Findings to Other Countries 284
Some Concluding Observations 291
Bibliography 296
Appendix 325
CHAPTER ONE
INTRODUCTION

Sri Lanka is one of the poorest countries in the world, with a per capita G.N.P. of approximately U.S.$420 (The World Bank Annual Report, 1990: 113) per annum. Agriculture is the dominant sector of the economy and farm work is still the main occupation of more than 75 per cent of the rural population. Since the agricultural sector is the largest productive sector of the economy, the overall growth of the economy is closely related to the increase in agricultural production. Indeed, it has been claimed that "In Sri Lanka today, rural development and national development are synonymous" (Fernando, 1983: 78).

Poverty in rural areas is much more severe than in urban areas. The level of absolute poverty in rural areas is extremely high when compared with that of urban areas. In Sri Lanka, as in many other developing countries, most people in rural areas depend on agriculture for their livelihood.

Low productivity, unequal distribution of income, poverty, malnutrition, disease and unemployment have become widespread in rural areas in Sri Lanka. These socio-economic conditions clearly show the vital importance of national rural development strategies and policies in order to attempt to solve the severe problems in rural areas and create an environment for national development in the country. Therefore, for Sri Lanka, as for many other developing countries, development means rural
development and rural development means a strategy to improve the economic and social life of the rural poor. While earlier governments saw the necessity of rural development in the country, E. Fernando, writing in 1983, claimed that "at no time in the recent history of the country has the political leadership been so committed to rural development as at the present moment". This statement remains true today, at least at the level of rhetoric.

In consideration of deteriorating social conditions since independence, the national government’s involvement in rural development has been reform-minded. In the course of the last four decades each successive government has experimented with a variety of policies, programmes and institutional reforms for developing the rural sector, with decentralization strategies being the most commonly used approach. However, these have had little impact on the poor in rural areas.

Neither the objective of rural development nor the development of a real decentralized system of government has been successfully achieved. In fact, negative results are more apparent than positive ones. The gaps between the rich and poor and between the urban and rural people have widened over the past few years. As reported in 1983, "Even today, 50 per cent of the country’s population receive food stamps, and are officially considered as belonging to households whose incomes are inadequate to meet the basic necessities of life" (W. Gooneratne and P.J. Gunawardena, 1983: 247). This situation has
not been improved despite many new programs and policies. Sirisena Tilakaratna, writing in 1989, points out that "...at least 40 per cent of the population may be estimated to live in poverty and unemployment continues to remain high (currently estimated at about 20 per cent of the labour force)" (1989: 78). Also, it appears that, after more than four decades of attempts at decentralization, in fact a more centralized system of district administration has developed. As C.R. Leitan has said, "the system can be described in large degree as a fusion of local and central government, with central politicians playing a major role" (Leitan, 1983: 13).

The Central Purpose of the Thesis

It is clear that decentralization strategies in Sri Lanka, as in many other third world countries, have not resulted in the benefits they were expected to provide. In a general review, B.C. Smith states that the "performance of decentralized government all too often falls disappointingly short of these expectations" (1985: 185). Dele Olowu concurs: "Unfortunately, most of these decentralization initiatives have ended as failures" (1989: 202).

Sri Lanka's decentralization measures have failed to achieve the projected objective of improving the quality of life of the rural poor through increasing their participation in decision-making and in the implementation of development projects. It is important to understand the reasons behind the
failure of decentralization, which has been a common and popular strategy for rural development not only in Sri Lanka, but throughout the third world. The central purpose of this thesis, therefore, is to analyse and explain the reasons for the failure of the decentralization strategies in Sri Lanka. As in many other developing countries, the successive central governments in Sri Lanka have been reluctant or unwilling to decentralize politically and, as a result, the trends and measures have been towards administrative decentralization (deconcentration) rather than political decentralization (devolution), which would involve real transfer of political power. Among other things, this thesis will address this important and interesting question and attempt to analyse reasons for the lack of political and bureaucratic will for genuine decentralization in Sri Lanka. I will argue that the main reasons for failure have been the underestimation of the influence on development of (1) the dependent political and economic structure of Sri Lanka which is a legacy of the days of colonial rule, and (2) the inequities inherent in the economic and political structure of the country.

Main Hypotheses of the Thesis

More specifically, I will advance three main hypotheses or arguments in an attempt to analyse and explain the reasons for the failure of decentralization.

My first hypothesis is that the political, administrative and business elites at the centre who control the state and the
economy are not prepared for genuine decentralization for two main reasons. The existing centralized system of authority in Sri Lanka represents the dominant class interests, and the redistribution of central power to the regions would be a threat, if not an end, to the elites' domination. There is, in other words, a contradiction between the economic interests of the ruling elites and their political declaration about decentralization. In addition, the deep ethnic divisions between the majority Sinhalese who control the government and the minority Tamils in Sri Lanka influence political decision-making considerably. The Sinhalese-dominated government will not simply permit greater autonomy for the Tamil regions.

My second hypothesis is that, as a result of the lack of political will for genuine decentralization, the strategies implemented have been towards deconcentration or administrative decentralization. In other words, the existing system is not a genuine decentralized system. I will argue that since 1978 decentralization strategies have further strengthened central authority and increased the power of the ruling political party at the district level.

My third argument is that even genuine decentralization will not lead to greater rural development in Sri Lanka unless basic structural changes are made at the same time. The structural changes needed are drastic land reform for greater distributional equity, better redistributitional policies such as Basic Human Needs (BHN), more facilities in the areas of health
care and education, and changes to development priorities at the national level from international to local markets. These changes would lead to more equitable access to resources and increased political participation in the decision-making process and would thereby promote rural and national development. For example, promoting domestic agriculture and small-scale industry for local markets would work to eliminate the country’s dependence on its export-import economy and would also encourage rural development.

The hypotheses that (1) there is a lack of political will for decentralization, (2) the system of decentralization is not genuine and (3) even genuine decentralization will not succeed without structural changes will be examined in my analysis of the various decentralization strategies and reforms in Sri Lanka over the last four decades. I will argue that full understanding of these decentralization strategies is possible only if they are placed in the wider context of Sri Lanka’s dependent position in the global economy.

With respect to the first hypothesis, I will attempt to show that the country’s dependence on the world market economy, initially created by colonial rule, has created a strong bias towards the development of primary export commodities, namely tea, rubber and coconut, which contribute more than two thirds of export earnings. Successive post-independence governments have not made significant reforms in order to change this dependence. I will argue that, in fact, some national
government policies such as industrialization, which was supported by international aid agencies, have created an increasingly dependent relationship with world markets. A weak, externally-dependent economy, which favours the interests of the dominant elites of the country, has resulted in a worsening of social and economic conditions in Sri Lanka, especially in rural areas, where more than two-thirds of the population live. The development policies of Sri Lanka, like those of many other third world countries, have been biased towards urban development, both during colonial rule and after independence was achieved. This has created not only a great imbalance of development between Colombo, the government and commercial centre, and the rural periphery, but has also made peripheral rural areas dependent on the centre in many ways, including a reliance on financial assistance from the centre and the need for many skilled public employees to co-ordinate rural administration and development.

The members of the ruling class favour industrialization and export promotion, particularly in primary commodities, because they wish to secure their position of power in the country. B.S. Smith points out that "In less-developed countries the emerging bourgeoisie is often dependent for its growth on national, not municipal, political power" (1985: 194). As a result, there is no political will for decentralization in Sri Lanka, as is also the case with many other third world countries. "There is thus likely to be conflict between a
regime's ideological commitment to decentralization and the needs of new socio-economic interests" (B.C. Smith, 1985: 194).

This thesis will argue that the backward nature of the rural periphery and the lack of resources for local development not only have increased the dependent nature of the relationship between the periphery (rural district) and the centre (Colombo), but also that dominant groups in the centre have benefitted socially, politically and economically from the policies of successive governments. In a situation of centralized economic and political power, local councils will be dependent on the central government for virtually everything. This kind of dependent relationship cannot lead to self-reliant government in rural areas.

Contrary to the arguments of the proponents of decentralization, this thesis will argue that decentralization alone will not increase the decision-making power of the rural masses, nor will it increase their level of political participation at the grassroots level. Rural development cannot, therefore, be achieved only through decentralization. Deprived sections of the community will not benefit from this strategy, as projected by the proponents of decentralization. Though the central objective of decentralization in third world countries is development, this cannot be achieved until other structural inequalities and barriers to development have been overcome.

The second and third hypotheses - that the decentralization
has not been genuine and, even if it were, it would not lead to greater rural development in Sri Lanka unless basic structural changes are made—will be tested through an analysis of the District Political Authorities (DPAs), District Development Councils (DDCs), and Provincial Councils (PCs), which were established in Sri Lanka in 1973, 1980 and 1987 respectively. More specifically, my analysis will centre on the DPA and DDC of Moneragala District during the period 1973 to 1989. I will examine the extent to which the local institutions that were created in this district as part of the decentralization movement are dominated and controlled by local elites, and I will examine the strength of their connections, through ties of kinship or economics, with the political, administrative, business and landlord elites at the centre.

In this analysis I will also test the secondary hypothesis that the proponents of decentralization strategies have ignored or at least underestimated the importance of the structure of power in rural areas. It is important to understand that the economic and political power structure of the rural sector of Sri Lanka is reflected in the distribution of power in the local councils. It may be useful to identify who the local leaders are, to determine whether they are politicians, landlords, businessmen or bureaucrats, or whether any of them are from the poorer rural classes. It would be difficult for a member of the peasant class to compete with those more privileged. Efforts towards decentralization cannot be divorced from the reality of
political and social inequality in the country. This thesis will examine the proposition that decentralization measures in Sri Lanka have actually strengthened the interests of dominant classes or groups in rural areas.

I suspect that, in the social and economic structure of impoverished regions, decentralization strategies work in favour of already dominant groups who have access to the resources made available through the new strategies. It is hypothesized that the members of the deprived communities have benefited only marginally. An attempt will be made to measure the benefits, if any.

In my case study of the Moneragala District, I will examine whether the local councils that were established to facilitate rural development have had any significant impact on participation in decision-making at the grassroots level. With regard to the political participation of the rural poor, especially that of peasants with small land holdings, landless labourers and scheduled castes, has there been any increase since the advent of decentralization?

In short, in a rural society where vast disparities of income exist, decentralization may produce just another local legislative body with no power. Uneven economic development between the centre (Colombo) and the periphery (rural district), and from region to region, and primordial loyalty to the caste, with bias to ethnic linguistic groups, may indicate that decentralization without structural changes will only serve to
further strengthen the exploitation of the rural poor.

In summary, then, there will be three central arguments or hypotheses to be examined in this thesis. First, that there has been a lack of political will for genuine decentralization in Sri Lanka, simply because decentralization will be a threat to the economic and political interests of the ruling elites. Second, that decentralization strategies have resulted mainly in deconcentration rather than devolution, and therefore the existing decentralized system is not genuine. Third, that decentralization alone, even if genuine, will not contribute to the greater satisfaction of the rural masses in Sri Lanka unless structural changes are made.

The Theoretical Perspective

Most of the analytical approaches that concentrate on the improvement of existing institutions, and on political stability and order rather than the creation of new social and economic systems, have failed to explain the reasons for the failure of decentralization in Sri Lanka and other similar third world countries. This thesis will attempt to overcome the shortcomings of these approaches by analysing the failure of decentralization in Sri Lanka within a broad theoretical framework. The failure of decentralization will be analysed in the light of the existing class structure, the dependent nature of the political economy and the role of the state in third world countries such as Sri Lanka.
The thesis will show that "development", whether it is "rural" or "national" in a third world country like Sri Lanka, must be analysed in terms of the interaction and interplay between local, national and international structures. This is because the nature and the structure of Sri Lanka’s dependent economy, the nature of its class structure and local social formation, the economic and political power of the society, and the diversity of ethnicity and the regional disparities are all connected to the development problems of Sri Lanka. Therefore, in order to analyse the failure of decentralization for rural development in Sri Lanka, we will apply the neo-Marxist theory of the post-colonial state and the dependency approach in this thesis. These two theoretical approaches together will explain the impact of the colonial legacy on the economy, society, and politics in Sri Lanka, and the impact of transnational capital on development. These national and international structural conditions are the key factors in both national and rural development in Sri Lanka. In other words, the problems in rural areas are much greater than in urban areas and are connected with the national economy. The political and bureaucratic power and the wealth are all at the centre -- not with the periphery. The problems of rural areas cannot be separated or isolated from the political and economic interests of the centre.

Theoretical and Practical Significance of the Study
Since the early 1970's, throughout the third world, decentralization has been one of the most prevalent development strategies for rural development. In fact, decentralization has been seen as a prerequisite for rural development by the governments of third world countries and also by international aid agencies.

Most of the attempts to explain the failure of decentralization to promote rural development have ascribed blame to the weakness of institutions, inefficient management or the lack of resources in rural areas. As a result, governments of third world countries and leaders of international aid agencies have focussed on trying to improve institutions and develop human resources. They have established special projects in the most backward areas such as Integrated Rural Development projects, which are designed to improve productivity, employment, etc.

No doubt, the weaknesses identified by governments and aid agencies are problems which need to be addressed in third world countries. Though overcoming these problems would surely be of benefit to a country, I do not believe that they are the basic reasons for the failure of decentralization strategies. I will attempt to define the factors that actually do cause these strategies to be ineffective in the third world countries.

I will argue that the failure of decentralization strategies to encourage rural development in Sri Lanka can be attributed not to the concept of decentralization itself, but to
the weaknesses inherent in the social, economic and political structure of the society. If this proves to be true, the results of this thesis could make an important contribution to theory building for third world countries; it could also be a valuable guide for policy-makers in these countries.

There are a great number of articles, research papers and books on both decentralization and rural development in Sri Lanka. But there is a lack of academically significant analysis of the impact of decentralization on rural development within a broad theoretical framework. Thus, most studies have failed to recognise the real reasons for the failure of decentralization. I will attempt to provide a coherent analysis of the failure of decentralization to foster rural development, focussing on the structural conditions of Sri Lanka’s political economy, which is dependent on the world market, on class structure and class interests, and noting the economic and political inequalities inherent in this socio-economic setting. In short, this thesis will argue that the failure of decentralization cannot be explained by examining it in isolation from other social structural conditions. This is the crucial factor which modernization analysts underestimate, if not ignore, in their analyses of the failure of decentralization.

For Sri Lanka, national development hinges on rural development and rural development must include strategies that work to improve the quality of life of the deprived classes that live in the rural sector. Recent political leaders have
accepted the importance of rural development, and have committed themselves, at least publicly, to encourage it. The most prevalent strategy to date has been decentralization. Therefore, the subject of this thesis is relevant to the current politics in Sri Lanka.

Methodology and Research Procedures

This study will be a socio-economic analysis which will rely mainly on archival and secondary sources for data collection. Government documents and other related publications on decentralization and rural development will be used as the main sources.

To buttress our socio-economic analysis, Moneragala District has been selected as a focus for empirical research. In particular, political participation in decision-making at the grassroots level will be analysed. Further, the structures of the District Political Authorities, District Development Councils and other institutions will be examined and analysed. The links and overlaps between local and national political elites will be discussed and the socio-economic structure of the district will be analysed.

The Moneragala District was selected for three reasons. Although it has great potential for agricultural development, it is one of the poorest districts in Sri Lanka, thus showing clearly the contrast between potential and performance. Second, Moneragala is in many ways typical and representative of Sri
Lanka’s backward rural districts and probably is not untypical of districts in other developing countries. Third, I would be able to use my knowledge and experience as an observer who was born, raised and educated in the district. In addition, I have worked for the district government. On the basis of this experience, I conducted oral interviews with both politicians and government officials at the centre (Colombo), as well as government officials and elected members of District Development Councils and local councils such as Pradeshiya Mandalayas and Gramodaya Mandalayas in Moneragala District. Government officials and local citizens were interviewed to elicit their ideas and views on rural development, decentralization, political participation and other related problems. I also spoke with public officials who are directly involved in the administration of decentralization policies and academics who are specialists in rural development. A prepared questionnaire was not used because, given the current political unrest in Sri Lanka, people would likely be reluctant to commit themselves to anything in writing.

In order to conduct this research and to collect materials, I went to Sri Lanka at the beginning of July 1990, and did three months of field work.

The purpose of field research was to collect relevant materials and official documents and to conduct interviews in order to gather information with respect to official and public opinion about decentralization strategies and rural development.
Before I began field research, I discussed my thesis with my elder brothers, friends and some colleagues who had a better understanding of the current political situation, the previous District Development councils and the newly established provincial council system in Sri Lanka. Through these discussions, I was able to get a better understanding of the subject matter as well as the best way to conduct the interviews and gather data on opinions. For example, it was suggested to me that, at the very beginning of the interview, it is better to tell the officials that their names are not included in the thesis, if they are concerned about that. Such advice and suggestions were very useful, because some officials were even reluctant to agree to give an appointment. Also, it was difficult to get appointments to meet senior public officials and politicians, because sometimes they were not in their offices or parliament due to official meetings, field work, or other activities. However, with the support of my family members and friends, who have contacts with government officials, I was able to meet a significant number of senior public officials, academics, members of parliament and some elected representatives of provincial councils, in all a total of about one hundred and ten.

During the field research work, I interviewed all five members of parliament in the Moneragala District, including the only cabinet minister from the district. Also, I was able to interview four other MPs from the districts of Matara, Galle,
and Kandy in order to get a fair view particularly about the existing provincial council system and previous District Development councils. The opposition leader of the Western Provincial Council, O. Abeygunnawardene (a former presidential candidate) was also interviewed. Most of the provincial council members from Moneragala District were interviewed. Some senior officials of the Moneragala Kachcheri, particularly in the land division, planning, statistics and election department were interviewed, allowing me to collect significant data related to lands and the decentralized budget. A discussion with the secretary of the Ministry of Public Administration and Home Affairs, Dr. Gunasinghe, was very useful, and he helped me to meet several other senior officials who are familiar with the subject. The director and three senior officials of the Rural Development and Training Institute were interviewed, and I collected some relevant materials from this institution. The discussion was very useful because the director not only has done a Masters thesis entitled "Administrative Capacity for Regional Planning at District Level", at the University of Queensland, but also had worked as the G.A. for Moneragala District. The Assistant Commissioner of Elections, Mr. Siriwardene, who has worked in Badulla and Moneragala Districts, was interviewed and he not only provided valuable information about the problems of Moneragala district, but also helped me to find many acts and official documents about local councils. The senior Assistant Director of the Department of Co-operative
Development, who has worked in Moneragala District, was also interviewed in order to get his ideas on the problems of the district. In addition, more than twenty school teachers and two school principals, and more than twenty peasants and small farmers were interviewed in Moneragala District.

However, due to the political situation in Sri Lanka, some officials and members of the public were very reluctant to discuss the government's strategies and policies particularly negative aspects of the political system and development policies. As my advisors had predicted, at the very beginning of an interview some officials asked whether their names would be mentioned in the thesis, and I had to assure them that their names would not be revealed.

Open-ended questions were asked to cover the various aspects of decentralization, rural development strategies and peoples' participation in Sri Lanka. The questions concerned such matters as: the reasons for creating decentralized institutions, the centre-periphery relationships, their views concerning the functioning of provincial councils, the power of the elected members, the strength and weakness of the present provincial councils and previous District Development councils and their financial independence, central grants, decentralized budgets, peoples' participation in decision-making, poor people and their access to resources. The members of parliament were asked in particular to give their views on the new provincial councils, and the former District Development councils, the
power of the central Ministers and provincial council Ministers and their relationships, their views on decentralized budgets and the budget allocations within the districts, and their proposals to solve the weakness of the system.

Interviews were useful in several ways. Some experts on the subjects not only helped me to further elaborate my argument in the context of Sri Lanka’s political economy, they also guided and directed me to relevant materials for my thesis. Some senior officials who worked for the Moneragala District such as the Government Agent, Assistant Government Agents, Assistant Commissioners and Land Development Offices, explained the problems with respect to the nature of the district and the difficulties that they faced in attempting to administer and develop it. Moreover, since very little has been written on Moneragala (only one article and one primary data collection report), I had to conduct many interviews to collect data and other information. In fact, my case study (Chapter 7) is wholly based on my field research work. However, the lack of data, the absence of officials in their offices, due to leave or other reasons, and disorganization of the documents were some difficulties that I faced. My familiarity with the subject, my contacts with the Moneragala Kachcheri where I worked before I joined the university as a faculty member of the University of Sri Jayawardene pura, and my previous knowledge of Moneragala, which was my home district along with my rural family background, helped me enormously to do my field research work
within a short period of time.

Chapter Outline

The thesis will be divided into chapters in the following way. Chapter Two will provide the theoretical framework for the thesis. In the first part, the concepts of administrative decentralization (deconcentration), political decentralization (devolution) and rural development will be discussed. The second part will discuss class structure, political power and the role of the state in Sri Lanka, and the nature of Sri Lanka’s dependent economy.

Chapter Three will provide a brief summary of the Sri Lankan society, economy and politics, and will analyse the early approaches to rural development in independent Sri Lanka. Since Independence in 1948, all national governments have directed their attention to rural development, using various approaches. Initially, increasing government involvement in developing activities served primarily to develop welfare facilities at the district level. The administrative structure which was introduced by colonial rule was not changed significantly until the early 1970’s. For more than three decades, the national government’s policies for rural development were directed by the then existing administrative system at the district level. It will be necessary, therefore, to discuss the district administrative system, which was the backbone for the administration of rural development during this period. This
system, its structure, nature and weaknesses will be discussed in reference to rural development. During this thirty-year period, some small changes, such as co-ordinating committees at the district level, were introduced from time to time. The strengths and weaknesses of these changes in relation to rural development will also be explored.

Chapter Four will be devoted to the first important reforms in the direction of decentralization introduced by the coalition government which came into power in 1970. It will be shown that (1) the District Political Authority system, (2) District Development Committees, (3) Divisional Development Councils and (4) the Decentralized Budget System were created in the interests of decentralization, but that these systems and the grassroots institutions failed to achieve the objective of rural development. The shortcomings and weaknesses of these systems and institutions will be discussed in this chapter.

Chapter Five will be devoted to a discussion and analysis of the District Minister system, the District Development Council system, the Pradeshiya Mandalayas and the Gramodaya Mandalayas, all created since 1978. An attempt will be made to demonstrate inherent contradictions in these systems.

Chapter Six will discuss and analyse the new Provincial Council system and the Pradeshiya Sabhas (Divisional Council system) which were established in 1987. Since these institutions are recent and presently operating, great attention will be paid to them. I expect to be able to demonstrate that,
just like the previous District Development Councils system, the Provincial Council system as it operates is contradictory to the objectives of devolution and rural development and to the needs of the minority Tamils in the north of Sri Lanka.

Chapter Seven will discuss and analyse the decentralization efforts in relation to rural development in Moneragala District, the case study for the thesis. Particular attention will be paid to the analysis of the relationship between rural elites and national elites. The actual level of participation by rural people in decision-making processes will be assessed, and the backwardness and dependent nature of Moneragala District in its relationship to the centre will be shown.

The concluding chapter will argue that decentralization strategies have not only failed to achieve the objective of rural development as projected, but also that they have served to promote the interests of the dominant elites in rural areas. The thesis will conclude that the main reasons for the failure of decentralization are (1) the weakness of the dependent political and economic structure of Sri Lanka, and (2) the economic and political inequalities of the society.

It will be argued that decentralization strategies and development policies, particularly since 1977, have served to reinforce central control and thus have created contradictions and conflict between the centre and the periphery. Slater argues that "What has emerged in Sri Lanka in the guise of decentralization is a form of central party control" (Slater,
1989: 78). Among other things, the thesis will conclude that there is a conflict between the political and economic interests of the ruling elites, on the one hand, and the government’s ideological commitment to decentralization in Sri Lanka on the other. It will make some suggestions as to how this conflict may be avoided and thus how rural development may be promoted through genuine decentralization.

The thesis will conclude, however, that drastic structural changes such as land reform and increased economic redistributional strategies must be made concurrently with the implementation of genuine decentralization strategies in order that both rural and national development in Sri Lanka can be achieved. Finally, the thesis will compare the Sri Lankan experience with that of other third world countries and will discuss the extent to which its conclusions are applicable generally.
CHAPTER TWO

THEORETICAL FRAMEWORK

This chapter is divided into two main parts. In the first part, I will discuss the meaning of decentralization including the different forms and degrees of decentralization, particularly the difference between deconcentration and political decentralization or devolution, and the evolution and meaning of rural development in the third world. At the same time, "Development administration, dependency theory and comparative public administration are related to each other and to the study of public administration in the third world in positive as well as negative ways" (Subramaniam, 1990: 5). Therefore, I will discuss the theory of the post-colonial state and dependent development in third world countries in the second part. This discussion will more clearly show the nature and problems of underdeveloped countries like Sri Lanka.

The Meaning of Decentralization

Decentralization is a popular concept in almost all developing countries. But the term "decentralization" is, however, a very complex one for it means different things to different people, organizations and countries. Since the focus of this thesis is decentralization for rural development, it is important at this point to define this concept in respect to this thesis.

In a general sense, the term is used to describe the
transfer of power or functions from a higher level to a lower level, as from the national to the local level of government. As Subramaniam explains:

Thus decentralization is often taken to mean the distribution of power and control geographically all over the country in several centres while centralization means the concentration of power and control in one capital city (1978: 763).

However, in the literature, there are two main meanings: (1) deconcentration, or administrative decentralization, and (2) devolution, or political decentralization.

A variety of terms is used to describe different types of decentralization....Particularly common is the distinction between devolution, which usually means the legal transfer of powers to a locally elected political body, and deconcentration, which is the transfer of powers by administrative means to local representatives of the central government (Commonwealth Secretariat: 5).

Deconcentration or administrative decentralization means that government ministries and departments delegate some functions to their respective local district or regional administrative units. Deconcentration "refers to the transfer of administrative authority from central to more local administrative units. It implies extending the reach of government machinery deeper into the countryside both at urban and rural levels" (Tepper in Jain, 1989: 334). It is important to note that the final decision-making power is with the central government machinery, not with the local administrators.

Political decentralization, or devolution, is broader than administrative decentralization. It means the establishment of local self-government units with legislative power and financial
independence from the centre.

Devolution requires that local governments be given autonomy and independence and be clearly perceived of as a separate level over which central authorities exercise little or no direct control. Local governments should be given clear and legally recognized geographical boundaries over which they exercise authority, and within which they perform public functions (Rondinelli and McCullough, 1989: 75).

In the words of Elliot L. Tepper, devolution "refers to the transfer of governmental authority from a central agency to local bodies." He further defines decentralization as a term that "combines the other two terms [deconcentration and devolution]. It implies a mixture of the two forms of authority, transferred to levels closer to the general population. It means both local government and rural administration" (Tepper, 1967: 334-335).

These definitions refer to different forms, degrees and levels of decentralization. The most important aspect of decentralization is the amount of power transferred or delegated to the local level. A second important aspect of decentralization is the legitimacy of the transfer of power to the local level, that is, the power that was granted or transferred to the local authorities must be legitimized within the constitution of the central government. A third consideration is the local level to which power or functions are transferred. Finally, it is important to understand who the power holders are, whether they are elected officials or not.

Decentralization has become a common and popular strategy
for rural development in many Asian and African third world countries, including Sri Lanka. "Throughout the third world decentralization has long been regarded as a necessary condition of economic, social and political development" (Smith, 1985: 185). Although decentralization measures have had a long history, it is only since the early 1970's that both the governments of third world countries and international aid agencies have made decentralization strategies a priority of development and administration.

In the literature, the central argument in favour of decentralization is that a system of centralized authority which places political and administrative power in the hands of political and bureaucratic elites will lead to an increase in the inequality between rich and poor and between urban and rural areas. As one commentator puts it, with reference to Africa:

From the point of view of equity, past centralized development efforts, however well-intentioned, were marked by their failure to benefit the rural poor, who constitute the majority in Africa's present circumstances (Olouwu, 1989: 202).

Simply put, centralization works against the poorer and less privileged sections of society, those sections that comprise the majority in third world countries.

The primary objective of a strategy of decentralization is, therefore, to accelerate rural development and thereby to promote national development. In other words, it has been argued that decentralization strategies will provide better opportunities for the rural poor to improve their quality of
life through their participation in the decision-making process at the grassroots level according to their own needs.

Development is seen as requiring a measure of political autonomy to be devolved to institutions which local people may participate in and control...decentralization has been seen as particularly relevant to meeting the needs of the poor. It is argued that if development is to mean the eradication of poverty, inequality and material deprivation it must engage the involvement and mobilization of the poor (Smith, 1985: 185-186).

This will lead to greater development in rural areas and finally to national development.

Decentralization is in particular seen as a means of, first, improving the planning and implementation of national development -- especially those concerned with rural development -- and, secondly, facilitating effective popular participation in the process of development in a more profound way than envisaged in the earlier decentralization programmes (Conyers, 1983: 99).

It is believed that decentralization strategies will generate increased production and employment and improve the quality of life in rural areas by enlisting the participation of the local people in the planning and implementation of the development of their own locality.

In this context, decentralization has been seen as a way of increasing the effectiveness of rural development programmes by making them more relevant and responsive to local needs and conditions, allowing greater flexibility in their implementation and providing a means of coordinating the various agencies involved at the regional or local level (Conyers, 1983: 99).

The main argument used by the proponents of decentralization is therefore as follows. Programmes for the development of the rural community can yield better results if
political and administrative institutions are decentralized so that substantial power is given to local decision-makers. Such institutions, it is argued, will be able to make faster, more effective decisions and act in response to the needs of the community.

What is significant about the current interest in popular participation is a concern for more direct participation in decision-making, particularly on the part of the mass of the rural poor who have received little or no benefits as a result of earlier approaches to development (Conyers, 1983: 100).

The rationale behind the decentralization strategies is to provide more of what Smith (1985) calls "accountability" to the people; this accountability "brings government closer to the people to provide better service to client groups [and thus] it promotes liberty, equality and welfare" (4-5). The ultimate objective of decentralization strategies is rural regional or local development. The primary and underlying objective of decentralization is to improve the quality of life for the rural poor, those who have been left out of the process of development since independence.

However, deconcentration or administrative decentralization has been the most common form of decentralization throughout the third world countries. Most governments of third world countries have failed to politically decentralize (devolve) state power to local councils. Also, the various forms of decentralization for more than two decades have not resulted in benefits to the rural poor. In other words, decentralization strategies, in particular those intended to improve the quality
of life of the rural poor through increasing their participation in decision-making and promoting their liberty, equality and welfare, have failed to achieve their projected objectives. Instead, local and central powerful groups have gained from the decentralization.

However, it is a recent phenomenon with regard to rural development. During the colonial period and in the post-independence and right on up to the early 1970s, the dominant development approach was centralization. Most third world countries have retained a centralized system of government despite efforts to achieve decentralization. The next section, therefore, will explain the main reasons for centralization.

The Reasons for Centralization

It is important to understand the rationale behind centralization tendencies in the developing world. There are several reasons. First, during colonial rule, a highly centralized system of government was established because such a system favoured the colonists’ economic and political objectives. It was easier to maintain law and order and to promote their own economic interests with a central system of control. As a result of the colonial legacy, many third world countries inherited centralized forms of government. Second, the development policies of independence governments further reinforced centralization tendencies, thereby creating an even
more centralized system of rule than that of the colonial rulers. Immediately after independence, the national governments assumed a greater role in economic development; that is, the state became more involved in the development of infrastructures and other activities in order to promote economic growth. Because of the weakness of the private sector, the state was forced to become involved in the promotion of economic activity, usually through investment in public corporations. A centralized planning system was considered to be the best arrangement in this regard.

Moreover, in the 1950s and 1960s, industrialization and urban growth strategies were implemented to encourage overall economic growth. A centralized form of government was essential to implement these programs as well. Therefore, these two factors -- building strong independent governments and the provision of a strong foundation for economic development -- reinforced the centralization tendencies created by colonial rulers.

Third, since many of these countries are heterogeneous in terms of ethnic nationalities, fear of emerging nationalisms in different parts of a country and the resulting upheaval and disintegration promoted a further trend toward centralization. As Slater states with respect to Sri Lanka,

Alternatively, in societies where there are very real possibilities of a territorial disaggregation or disintegration of the state, based for example on ethnic-regional cleavages, the bipolar nature of the centralization/decentralization issue can become the predominant focus of social conflict. This would
certainly seem to be the case in Sri Lanka, where discussions of the territorial reorganization of state power have been generated by the expression of Tamil ethnic identity and separatism in the form of insurgency and guerilla war (Slater, 1989: 505).

Fourth, the uneven distribution of limited natural resources within the countries led to the creation of a centralized planning system to ensure that resources would be used efficiently and effectively. Fifth, the lack of skilled manpower in the rural areas also contributed to centralization. Trained and qualified personnel from the urban centres are often reluctant to relocate to the remote and backward rural areas. In other words, the lack of qualified administrators in rural backward areas and the inefficiency and incapacity of the local bureaucracy encouraged centralization tendencies in third world countries. At the same time, the development of organizational concepts such as hierarchy, division of labour and co-ordination, new communication and information facilities, and the specialization and technical nature of knowledge -- all these were made possible and promoted centralization.

Sixth, international aid agencies and transnational capital (whose influence was powerful due to the weakness of private sector and local capital formation) also encouraged a strong centralized government in order to protect their investment in third world countries. In Slater’s words:

with trends towards increased concentration and transnationalization of capital, reflected in the operations of both industrial and banking corporations (Lipietz, 1987), the local and regional organs of the state have tended to be weakened. The accelerated spatial mobility, and transnational nature, of capital
tends to reinforce the mediating role of the central state, although, as a result of continuing economic crisis, even this nodal point of power is being eroded in many parts of the third world (Slater, 1989: 503).

Seventh and finally, the influence of left-oriented political parties encouraged a centralized system of authority, particularly through nationalization policies, mainly because centralization would be favourable for equitable growth where regional income inequalities exist.

There has been a widespread belief that political centralization and the existence of a strong central state able to preside over policies of nationalization and the development of the productive forces would be conducive to the construction of socialism (Slater, 1989: 505).

All these factors one way or the other have contributed to reinforce the centralization tendencies in third world countries like Sri Lanka. In Subramaniam's words "...the centralizing factors are much more powerful, in fact, against the purely rhetorical factors in favor of decentralization" (Subramaniam, 1978: 769).

Although the governments of third world countries have been advocating decentralization for regional and rural development, one must understand that the colonial legacy and its impacts, together with post-independence development strategies and other local circumstances of third world societies, have been major barriers for decentralization. As Subramaniam puts it:

...both in Africa and Asia, British rule first created its own pattern of administrative centralization and consequently unleashed a rival tendency towards centralization on the part of educated Africans and Asians...The new drive towards economic development has placed the ruling elite of these countries in an
ambivalent position. On the one hand, they need all the local initiative and, on the other, much local subservience to central allocation of resources; consequently they praise decentralization and practice centralization (Rowat, 1980: 583; emphasis mine).

Although there is a strong need and demand for decentralization in third world countries, the economic and political interests of the wealthy classes, together with centralizing factors that we have already discussed, have not facilitated decentralization in reality. It is important to understand this rationale behind centralization in third world countries when we come to analyse the failure of decentralization.

The Concept of Development

Development means different things to different people. There is, therefore, no universally valid definition of development. Since development has many meanings, different social scientists and policy-makers view development differently. More specifically, the debate on the causes of underdevelopment emerged from the term "development". Social scientists and policy makers have serious disagreements about appropriate strategies for development. It is clear, however, that Western development models have dominated development policies and strategies throughout third world societies as a result of the influence of economic growth theory and the development patterns of Western societies. It was believed that the development path followed by Western society could be
achieved by third world societies. As Nef and Dwivedi explain:

Academics and political leaders alike held the belief that with proper tools—financial, technological and organizational—the poorer countries could achieve a level of material progress compatible with those of the industrialized first world (Nef and Dwivedi, 1982: 59-60).

Therefore, third world countries adopted Western development models and patterns, in particular the modernization approach, without first considering their internal structures, resources, capabilities and cultural factors and the immediate needs of their people.

In the first development decade, after World War II, development was considered to be synonymous with economic growth. In the earliest approach, industrial and technological development received first priority. Nation building, capital formation, and the quickening of economic growth were considered to be key objectives of development policy; consideration for the lives of the people involved was secondary. These development policies were supported and encouraged by international aid agencies. At the same time, direct state involvement in capital formation and development planning was significant. This was because private sector is weak in investment. W. Rostow and other proponents of modernization advocate the importance of foundation for the economic development. Their main focus was on savings and investments which would promote economic growth. The basic tenets of the theory are outlined by Blomstrom and Hettne, who conclude that, modernization policies (implying a rationalization and
effectivization of economic and social structures) are not only seen as elements of a development strategy but as the working out of universal historical forces...which bears a strong resemblance to the transition from feudalism to capitalism in western economic history.... Thus, there are among the modernizers both fundamentalists, who believe in development as a basically repetitive process, and less rigid proponents who see modernization merely as one aspect of social change (Blomstom and Hetlne, 1984: 20).

The proponents of the modernization theory believed that "modernization was a universal process characteristic of human societies rather than a concrete historical process taking place in specific societies" (ibid.). Underdeveloped societies "should initiate those institutions that were characteristic of the western countries" (ibid.: 21-22). Therefore, the economic and social problems of the third world were analyzed on the basis of western development patterns, models and values.

With the influence of the modernization approach, many third world countries began to apply mechanically the methods and approaches of western development models to their situation of underdevelopment. The problems became more serious due to the fact that most of these countries did so without considering their own internal structures, cultural premises, and the needs and resources of the country.

After two decades, however, at the end of the 1960s, it was clear that the modernization approach and development strategies were not capable of solving the problems of third world countries. More important, even when economic growth was achieved, it did not trickle down to the poorest in these
countries. As a result, the majority of the population of third world countries did not receive the benefit of development policies. The problems that plagued third world societies, particularly poverty, unemployment and social inequality, were in fact more serious than ever before:

It was clear that neither development as economic growth nor as modernization was having the expected wider ranging effect on the standards and conditions of living of the majority of individuals in many third world countries....More than ever before, development as modernization has exacerbated income inequalities between individuals, between regions of a country and between urban and rural areas (Mabogunje, 1989: 39).

As a result of worsening living conditions for the majority in third world countries since the early 1970s, the policy makers of those countries, along with international aid agencies, began to pay increasing attention to strategies for the redistribution of wealth. In Mabogunje’s words,

This situation in underdeveloped countries coincided with the anxiety in the advanced industrial countries about environmental pollution and the fear of rapid depletion of global natural resources. The United Nations Conference on the Human Environment, held in Stockholm, Sweden in the summer of 1972, dramatized worldwide concern for equity and social justice in the distribution of national and international resources and for the negative externalities that sometimes result from their mindless exploitation (Mabogunje, 1989: 46).

Widespread poverty, hunger and other related problems of rural areas in third world countries, which were exacerbated by unbalanced development policies, caused both national and international policy-makers to shift their focus to the importance of rural development in the early 1970s. These years became a period when strategies of redistribution with growth
and a basic needs approach were advocated (Killick, 1986: 100-105). The World Bank and the International Labour Office (ILO) were the main actors in this new policy direction. The importance of "Integrated Rural Development", the development of subsistence-level agriculture, the need of labour intensive technology, and the improvement of both productivity and the quality of life in rural areas were stressed by governments as well as by international development agencies (Ibid., 1986: 100-105).

Since then, various alternative development strategies have been introduced with the assistance of international aid agencies to promote rural development. Policy-makers believed that the basic problems were the lack of resources in rural areas and the institutions' incapacity to cope with rural problems. Therefore, administrative changes and special projects have been introduced.

It was later recognized that the rural people themselves would have to be involved in the decision-making process in order to solve their problems effectively and efficiently.

The people, one way or another, must be involved in setting the goals of any development program for any particular place and for any particular time (Grant, 1979: 13-14).

Thus, policy-makers recognized that the participation of the people in projects to solve the problems of development in their communities was an effective strategy. Yet the hardships for the rural poor remain. Policy-makers have failed to alleviate their suffering because they have not recognized or addressed
the underlying, fundamental problems of rural areas. Policy makers have focussed on some important aspects of these problems, but the deeper economic realities of rural life have not been addressed. To date, third world countries have experimented with virtually all possible development strategies and policies. Over the last four decades, policy-makers have attempted industrialization, import substitution, export promotion, public enterprise, private enterprise, centralization, decentralization, the basic needs approach to welfare policies — and the list goes on. Despite these experiments, the problems of third world countries that persist today are not very different from those at the beginning of the post-war period. In fact, some problems, including social inequality, unemployment and rural poverty, have grown during the process of so-called development.

Some important questions remain to be asked today: (a) Why are most of the people in rural areas still living in poverty? (b) Are rural areas inherently poor? (c) Why has the gap between the relative wealth of rural and urban areas remained or increased? (d) Why have the various policies, programs and institutions failed to change for the better the situation of the rural poor in third world countries? A broad, in-depth analysis of the third world countries and their economic and social makeup needs to be undertaken so that the failure of policies of decentralization and rural development can be explained and perhaps corrected.
At this stage it is important to clarify what we mean by the concept of development, specifically rural development. As used in this thesis the term development, whether rural or national, means improvement in the quality of life of all the people through their utilization of the resources available to them.

As discussed in a broader sense above, rural development can be defined as the full mobilization of all rural people, utilizing all available resources for their own betterment. This process focusses on human development in order to recognize the initial causes of the developmental problem. The recognition of the problem provides fuel for the continuing process of developmental change. Development cannot be brought to people; they must instead learn the need for it and achieve it themselves. Once they recognize the problem, they may then decide the most appropriate ways to solve it. Sirisena Tilakaratna recognizes three aspects to the process of rural social development: "animation", which focusses on helping people develop intellectually, "facilitation", which helps them cope with pragmatic problems, and "progressive redundancy", which plays a catalytic role that allows people to control their own development (1989: 87). Grant also sees the need for the people to control their own development. "Development can be considered as the interaction of people with the natural resources available to them -- that is, people's utilization of their resources" (Grant: 9). As Masahiko Honjo sees it,
"Development takes place through a continuous process of change that results from the interaction between man and nature and among men themselves" (1980: 34).

The development process and the interaction between men and nature have produced unbalanced development throughout the world. Clearly, development patterns and most of the development strategies have favoured dominant groups -- landowners, businessmen and other social elites. But the purpose of development should be to improve the welfare of the population as a whole, rather than to aggrandize some elite portion of the population; whether military, political, religious or caste -- or the state itself (Grant: 10).

Because development is a continuous process of change, policy-makers must be able to understand the changes and their potential to utilize available resources to improve life for all.

The policy makers of the third world have either failed to understand the problem of underdevelopment in their societies, or they have not properly addressed it and its relationship to attempts at development. As Akin L. Mabogunje explains,

This close interrelation between development and underdevelopment, [is] clearly underlined in the Marxian conceptualization of development as socio-economic transformation....(Mabogunje, 1989: 45).

Mabogunje further elaborates this analysis of the interrelation:

It has three implications. First it emphasizes that development is essentially a human issue, a concern with the capacity of individuals to realize their inherent potential and effectively to cope with the
changing circumstances of their lives....Second, the development involves the total and full mobilization of a society....Third, development represents a redefinition of a country's international relations. It involves a shift from an outward-oriented dependent status to a self-reliant position with regard not only to the processes of decision-making, but more importantly the pattern and style of production and consumption (Mabogunje, 1989: 46).

As Mabogunje correctly points out, most third world countries have within their boundaries those basic resources such as productive land, water, and, most important, human resources for development. Therefore, the development process is the application of rational thought to the mobilization and utilization of these resources to improve the quality of the lives of the people as a whole. In this sense, the mainstream policy-makers' major assumptions that the lack of resources and the weakness of institutional capability were the main reasons for underdevelopment have little validity. As a result, their policy approaches have produced little benefit to developing societies. As Dennis Rondinelli explains regarding assistance to underdeveloped countries:

previous assistance policies were attacked not only for their ineffectiveness in promoting economic progress but also because they reinforced those arrangements in the international economic system that worked to the disadvantage of poor countries. Development assistance was seen by many third world political leaders as an extension of Colonialism and Imperialism. It was designed to attain the economic and political objectives of rich countries rather than to alleviate poverty or promote growth in developing nations (1983: 10).

Development strategies have not addressed the problems of underdevelopment, whether rural or national, and they have
failed to stem the increase of poverty, hunger and unemployment, mainly because they have neither mobilized nor utilized a people's re-sources towards self-reliant development. As Rondinelli points out,

the methods of planning and administration employed by governments in developing countries and international organizations have nearly always been inappropriate to the nature of development problems (1983: 11).

As a result, third world economies have failed to meet their governments' development objectives, despite the continuous implementation of strategies geared toward development since World War II. Naomi Caiden and Aaron Wildavsky express this in greater detail:

If formal planning fails not merely in one nation at one time, but in virtually all poor nations most of the time, the defects are unlikely to be found in untalented planners....Rational behaviour would be to adopt policies and follow procedures that lead to more desirable outcomes in the world. If that world includes the poorest countries, the theory and practice of government action must be adapted to their circumstances. If they are poor, uncertain and unstable, then planning must not argue those conditions away, but rather make them the central focus (1985: 288-289).

Since development is a continuous process of change, policy planning and development policies and strategies must become integral parts of the process of development. In this sense, they cannot be separated from, or analysed without consideration of, the nature of underdevelopment and its relationship to the world capitalist system. Development and "Development Adminis-tration cannot be divorced from a political economy and a theory of development" (Dwivedi and Nef: 62). Development and underde-
velopment must be considered as two different sides of the same coin.

The next section of this chapter will be devoted to explaining and analysing the nature of the post-colonial state in third world countries.

**The Nature of the Post-Colonial State**

In this section, I will explain the nature of the social formation in post-colonial societies, with particular reference to the situation in Sri Lanka, and the dependent nature of third world countries in their relationship to the world capitalist system. This analysis will attempt to explain the problems of development, rural or national, and what I perceive to be the main cause of the weak, stagnant economy in these countries. It will also show the interconnected nature of the external and internal forces which affect development in a third world country. As Hagen Koo has said:

Dependency mechanisms, for example, cannot be specified until we have investigated the ways in which external forces are linked to internal class structure. Similarly, class relations in a peripheral nation can not be adequately understood unless we consider the influence of international capital and core states. Finally the role of the state in economic development cannot be fully understood without its being situated in the context of class structure and world economic system (Deyo, 1987: 165-166).

I will begin by discussing the nature of the state in third world countries, which are often said to have a post-colonial state and society, with particular reference to the notions of "overdeveloped superstructure" and "relative autonomy of the state".
Many of the present-day theories regarding third world, post-colonial societies stem from classical Marxist and neo-Marxist analyses and theories of the "state". According to the classical Marxist view, the state can be defined as a part of the "superstructure", which rests on the economic base; it is an instrument of the capitalist class. Neo-Marxists, however, claim that the state is relatively autonomous and that it disorganizes the subordinate classes, because it has objective relations with the capitalist class. Ralph Miliband extends this notion of an autonomous state to the point that the state is said to be independent of and superior to all social classes; it is not an instrument of a ruling class, but a dominant force (Miliband, 1983: 58). Nicos Poulantzas argues that the state is a product of class conflict and that it promotes dominant class interests. He analyses, therefore, the state on the basis of class struggle, as Marx does. As Martin Carnoy puts it in a more detailed manner, "his [Poulantzas'] work focuses on the nature of social classes, the role of the state in shaping and defining class conflict and the effect of this conflict on the state itself" (Carnoy, 1984: 97). However, the application of Marxist theories of the state to third world countries is debatable. Differences in the development of the capitalist state in industrial societies and the development of post-colonial states in the third world gave rise to debates concerning the Marxist theory of the state.

To explain the dynamics of post-colonial political and
economic structures, Hamza Alavi proposes a model adapted from Marxist theory. He attributes the structural changes that occur in post-colonial societies to a re-alignment of the classes with respect to the political and administrative "superstructures" that are lost when independence is gained. He identifies the struggle, in Marxist terms, as taking place among three classes: a) the indigenous bourgeoisie, b) the metropolitan and neocolonialist bourgeoisie, and c) the landed classes. Alavi's thesis is that a colony tends to develop a strong bureaucratic-military superstructure under colonial rule, while the indigenous bourgeoisie remains underdeveloped (Alavi, 1972: 61). Thus, when independence is achieved, the relatively weak indigenous bourgeoisie is unable to subordinate completely the better developed and stronger bureaucratic-military apparatus to its class interests (Alavi: 60).

The metropolitan bourgeoisie remains in the struggle for dominance in spite of the fact that its direct control came to an end at the time of independence. This class continues to hold indirect control through political and economic influence, since the post-colonial society remains economically tied to the imperial colonial system of trade and influence (Alavi, 62). The landed classes too are naturally involved in the struggle, since they do not wish any changes in government policy that will damage the privileges they obtained under the imperial system.

The struggle for dominance of the state apparatus takes
place among the three main classes, but no one class is powerful enough to gain clear control. The metropolitan and neo-colonialist bourgeoisie are too powerful to be ignored by the indigenous bourgeoisie, but cannot take full control of the state apparatus and still claim that the colony is independent (Alavi: 62). The relatively well developed bureaucratic-military apparatus, however, gains a relative autonomy, since it is not clearly an instrument of any one of the three major dominant classes. This relative autonomy of the state apparatus gives rise to what Alavi calls a "bureaucratic-military oligarchy", which is to say that the state apparatus has some power to decide what happens within the wider polity through 'mediating' the competing interests of the classes contending for power (Alavi: 60). The role of the local politician becomes complex and his or her relationship to the bureaucratic-military oligarchy is ambivalent.

In an analysis of post-colonial Uganda, John Saul expands and modifies Alavi's basic theories and argues that the metropolitan and neo-colonialist bourgeoisie maintain control over the bureaucratic-military apparatus. Saul agrees with the notion that the indigenous bourgeoisie, which he calls the "petty bourgeoisie", has direct control of the bureaucratic-military apparatus. He reminds us, however, that the "petty bourgeoisie" are not simply the class of "small capitalists", but also "those who look to the bourgeoisie as their model." Since the latter group tends to form the "educated stratum" and
to occupy "the salariat which staffs the machinery of the state," the state apparatus itself will remain, to a certain degree, "subservient to those by whom it was created" -- the metropolitan bourgeoisie (Saul, 1979: 353).

According to neo-Marxist theorists, the indigenous bourgeoisie in post-colonial societies are also strongly affected by the relative strength of the proletariat, which in third world nations is often a peasant class. Goran Hyden takes up this line of thought in his discussion of the African peasant class and shows how this class has managed to maintain its autonomy with respect to the state. The hegemonic process of exerting influence over the peasant class is a difficult one when such a large class is not tied directly to the means of production established during the colonial period. Yet the peasant class cannot be ignored, since it often has "control of the means of subsistence" and is not dependent on the state (Hyden, 1980: 11-12, 29). Hence, to win the support and favour of the peasant class and to draw them into the capitalist structure of the state, the main political manoeuvre open to the indigenous bourgeoisie is the offering of favours and gifts, a system of patronage and clientelism (Hyden: 216).

Saul argues that the "petty bourgeoisie" suffer from a weakness of position since they are "strung out between bourgeoisie and proletariat", and are unable to organise politically (Saul: 354, 363). He goes on to claim that

it is precisely this class which assumes formal 'political power' in the postcolonial phase. And
since, in turn, ‘political power’ in postcolonial Africa means staffing a state at the very heart of the neocolonial production process -- a state which is at once overdeveloped and relatively autonomous -- this class’s weaknesses... are quite often particularly clearly exposed in practice (Saul: 355; emphasis mine).

Saul is careful to keep the distinction between class power and state power, thus arriving at a conclusion similar to Alavi’s by pointing out that when the dominant class is "a relatively unformed one... the possibility of ‘state power’ assuming a particularly vital importance within the social formation is substantially enhanced". Given this condition, "the fraction or fractions of the petty bourgeoisie which have managed to establish control over the state can hope to place their own stamp upon events" (Saul: 365). That is to say, the indigenous, or petty bourgeoisie, do not have control by virtue of their class dominance. However, if small groups within the larger class have access to control of the state apparatus, it can gain a relative autonomy from the three dominant classes by virtue of that control, usually resulting in a bureaucratic-military oligarchy. This, of course, does not negate completely the influence of the other competing classes, unless the bureaucratic-military oligarchy pushes for a truly revolutionary break with the preceding economic and political system, which is always a possibility (Saul: 365). Generally, those who gain control of the state apparatus seek more privileges within the existing political and economic system, but the three main competing classes would retain some influence.
The theories that Alavi and Saul have presented to explain tendencies within post-colonial societies have been criticised. W. Ziemann and M. Lanzedorfer claim that Alavi is mistaken in his assumption that "the colonial structure is separated from the metropolitan" once independence is gained. They maintain that "[the] economic structure remains unchanged, only the superstructure is separated" (Ziemann and Lanzendorfer, 1977: 145). Alavi does, however, address this point and claims that it is precisely because of these circumstances that the metropolitan bourgeoisie retains its influence and is involved in the struggle for dominance. Were the metropolitan bourgeoisie severed from the newly independent state, it would have no influence; it loses, therefore, only direct control of the state apparatus and not its ability to influence (Alavi: 62).

More serious, and less easily refuted, are the arguments against Alavi's concept of an "overdeveloped state apparatus". Ziemann and Lanzendorfer question whether a state can be overdeveloped, since state and society "condition and complement each other" in a dialectical relationship (Ziemann and Lanzendorfer: 152). How then can a state develop beyond the society of which it is a part? Ziemann and Lanzendorfer seem to believe that the problem arises from external influences, because the society itself is "peripheral" within the global economy. "The result of this economic interweaving is the development of the capitalist and peripheral-capitalist social formation", so it is the society that is weak and dependent and not the state that is
overdeveloped (Ziemann and Lanzendorfer: 155). The notion of a "peripheral state", however, also gives rise to a problem in that it is difficult to define because of the lack of anything more than an embryonic general theory of the state (Ziemann and Lanzendorfer: 150). Therefore Ziemann and Lanzendorfer wish to anchor their analysis in "dependency theories" and a more classical Marxist approach (Ziemann and Lanzendorfer: 152-153). Their major concern with Alavi's theories is that they are too broad to be of any real use in the analysis of post-colonial societies and that they lack the rigour of a more complete analysis.

R. Munk, in his discussion of Brazil, also attacks the notion of "increased relative autonomy" of the state apparatus in post-colonial society. He claims that Alavi's and Saul's analyses oversimplify the relationships they discuss (Munk, 1984: 209-210). While Alavi and Saul name the metropolitan and indigenous bourgeoisie as separate groups, they do so because they wish to differentiate between the two groups, but they do not see them as polarized or mutually exclusive. Indeed, it is the convergence of their no longer contradictory but competing interests that "allows a bureaucratic-military oligarchy to mediate" and thereby gain a relatively autonomous role (Alavi: 60). Alavi and Saul are not, therefore, discussing a clear-cut dichotomy; they are looking at the two groups as two aspects of a dynamic complex.

Interestingly, Munk undertakes a discussion of the "Bona-
partist state", wherein the government raises itself above classes to gain complete autonomy. He claims that Trotsky's assertion of a weak national bourgeoisie as the cause of "relative autonomy" is more fruitful than attributing the problem to the "heterogeneity" of the ruling class (Munk: 218-219). But this does not necessarily invalidate Alavi's arguments, since Alavi too claims that a weak national or indigenous bourgeoisie is the cause of the relative autonomy of the state, and that the heterogeneity of the ruling class is a contributing factor to and a problem of that weakness, which is also "relative".

As we have seen in this discussion, the problems of development of a third world country cannot be understood or analysed without discussing the influence of the world capitalist system on internal social relations and the resulting integrated dependent relationships. As Hegan puts it, "development in a third world country is shaped by the interplay of state, social classes and world system" (Koo, 1987: 165).

What Alavi has attempted to show is that the impact of colonial rule in third world societies has created a particular social formation in which imperial power can influence the economy to a significant extent through economic and political relations. At the same time, since the economic and political structures that were created in the third world during the colonial era have been favourable for local dominant groups, these groups do not wish to implement changes in government
policy which will be harmful to their own economic and political interests. In short, colonialism established a particular social formation that benefits not only the metropolitan and local bourgeoisie, but also other dominant groups. In this set up, there are both capitalist and pre-capitalist social formations.

I find Alavi’s analysis, which focused on the nature of the post-colonial state and of the social formation in Pakistan and Bangladesh, useful for understanding the reality of the social formation in Sri Lanka. Therefore, I will employ Alavi’s theory to explain the nature of the post-colonial state and Sri Lanka’s dependence on the world capitalist system. We may note, however, that while there are common features in all post-colonial states, there are also features specific to each state. Alavi’s portrayal is based on the feudal legacy of Pakistan and its working relationship with the military-bureaucratic machine. Sri Lanka inherited a very literate population, an economy more export-oriented than any other colonial state, an Indian working class partly insulated from the political mainstream and several other specific features. We will discuss these features and their bearing on the post-colonial state in Chapters Three, Four and Five.

The dependent economy, which is stagnant as a result of insufficient capitalist penetration and the exploitation of surplus, is economically and politically tied to the world capitalist system. Although the theory presented by Alavi
explains the nature of mixed social formation and its interaction with the external forces in post-colonial societies such as Sri Lanka, it is important to understand the dependency relationship with the capitalist centre in greater detail if we are to fully understand the development problems of a country like Sri Lanka. Furthermore, Alavi undoubtedly sides with dependency theory. For this reason, I will now move on to a discussion of dependency theory.

Dependency Theory and Development

Many third world countries have shown little industrial and economic progress and political development since they gained their independence. Some social scientists have held that this is because the countries are still dependent -- subordinate within the economic hierarchy controlled by the imperialist capitalist centres that originally colonized them. This "dependency theory", as it came to be called, grew mostly from discussions of political and economic development in Latin America, but nevertheless was soon used to explain the general lack of development in the third world. In this portion of the chapter, I will discuss the brief history of dependency theory, examine the main arguments and some of the main criticisms of it, and will then look at how these criticisms have affected its recent developments. Of the numerous and varied participants in the dependency theory debate, only those considered central to our approach in this thesis will be chosen for discussion here.
As we have noted in the discussion on "development", the failure of the modernization paradigm and its policies led social scientists to rethink the roots of the social and economic problems of the third world. In Subramaniam’s words: "The perceived massive failure of the development decade of the 1960’s brought into prominence its most relentless opponent, dependency theory" (Subramaniam, 1990: 5). Scholars began arguing that the conventional modernization paradigm failed to understand and even ignored the impact of colonization and neocolonization as well as the internal indigenous social formations, which had been linked to imperialism. On this basis, dependency theory attempted to explain the problems of underdevelopment by focusing on the impact of colonialism and imperialism in third world countries. However, it is important to note here that dependency theory is not a homogeneous theory, because there are at least two different perspectives within the dependency school: (1) underdevelopment was totally a product of the expansion of international capitalism; (2) underdevelopment was a product of both international capitalism and internal factors, such as class structure and social formation, and their links with the external factors.

Underdevelopment can be defined as a product of both integration and alienation under colonialism: peripheral economies and the local bourgeois classes were integrated into the imperialist chain, forming a link which benefited both the metropolitan and local bourgeoisie, but lead to a lack of
accumulation in the periphery and a stagnant economy. The capitalist mode of production was induced by the imperialist power before it emerged within the society; it is therefore not a self-centered development but rather a dependent development. Thus, colonialism created a particular social formation which served the interests of both the metropolitan and local bourgeois classes.\textsuperscript{2}

First, I will start with the argument of Andre Gunder Frank who is the father of the dependency theory and who places all the emphasis on the external factors (international capitalism). For Frank "development and underdevelopment are two sides of the same coin" (Blomstrom and Hettne, 1984: 67). In Frank's words "[the]...present underdevelopment of Latin America is the result of centuries-long participation in the process of world capitalist development" (Frank, 1966: 21).

Thus, Frank argues that the world capitalist system tends to develop industrialized countries while it produces underdevelopment in the third world. In his conclusion:

...underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary underdevelopment was and still is generated by the very same historical process which also generated economic development -- the development of capitalism (Frank, 1966: 23).

Basically, Frank argues that underdevelopment can only be understood in the context of a country's relations with the world capitalist system. Clearly, Frank's theory has severe shortcomings. As we have seen, Frank attached too great an
importance to external factors and neglected the internal ones. This is because Frank recognized one single, all-pervasive universal capitalism. As the theory is not conducive to application in this study, it will serve primarily as a lead-in to the contrasting views of the Cardosian "dependentist" outlined below.

Theotonio Dos Santos goes further than Gunther Frank in explaining dependency theory. In particular, he focuses on the structure and the different forms of dependence, namely: (1) colonial dependence, (2) financial-industrial dependence; and (3) post-war new dependency (technological-industrial dependence), focusing on the internal factors including the role of the state in dependent development. His analysis is based on the influence of imperialism. He stresses that external factors established a particular economic and social formation of a dialectical nature.

These different forms of dependency - financial, technological and industrial - became dominated by the multinational companies and their interconnections. An important factor that contributed to this trend is the impact world capitalism had on the local social structure and economy. This is corroborated by leading dependency theorists such as Colin Leys, Peter Evans and some others. Patankar and Omvedt explain this cogently and thoroughly:

...they [Multinational corporations] control a structure within which the local bourgeoisie can have a role, can even bargain for a higher share, can use the local state to put pressures on foreign companies - but still remain tied
to the entire production process which is oriented to a world market dominated by advanced capitalist countries and small third world elites, which is structured in a way contrary to the needs for development of the home market (1980: 29-30).

Hence, the nature of dependency relations are much more complex than Frank would have us believe. Since the development of capitalism is not self-centered, the local bourgeoisie is weak in capital accumulation. Regarding the three forms of dependence that he describes, Dos Santos says:

Each of these forms of dependence corresponds to a situation which conditioned not only the international relations of these countries but also their internal structures: the orientation of production, the forms of capital accumulation, the reproduction of the economy, and simultaneously, their social and political structure (Dos Santos, 1970: 232).

Thus Dos Santos does recognize the relevance of internal factors to underdevelopment. He further elaborates the fact that the existing pre-capitalist elements or relations in the third world societies are a major obstacle to the growth of an internal market economy (ibid., 235). This is an important point which was further elaborated by many others. Although the capitalist mode of production is the dominant one, pre-capitalist relations or elements still exist in third world countries. Patankar and Omvedt hold that:

The third world countries are not only dominated social formations but also represent mixed formations that contain feudal or other precapitalist elements along with the capitalist mode of production (1980: 29).

As we discussed in the section on the post-colonial state, the mixed social formation and the existence of pre-capitalist relations undermine the dynamics of the capitalist mode of
production and the potential to develop the home market. This is an important internal reason for underdevelopment in third world countries. Although Dos Santos' approach gives more weight to the external factors, he does recognize the importance of internal factors which are interconnected with the external ones.

Fernando Henrique Cardoso and his stream of theorists, including Enzo Faletto, Peter Evans, and Colin Leys, explain and analysed dependency and the problems of third world development in a much broader perspective than early dependency theorists.

To analyse development properly, we must consider in their totality the "historic specificities" both economic and social, underlying the development process at the national and international levels (Cardoso and Faletto, 1979: 13). Their focus is thus on both the external and internal structural conditions and their links, and on the way in which the social relations and "development" in third world countries are determined (Ibid., 14). Unlike Frank, they explain the problem of dependence in terms of "internal manifestation".

These links [internal and external links] should not be understood in terms of a mechanical and immediate determination of the internal by the external: it is important to delineate the interconnections between these two levels, suggesting the ways through which external factors are interwoven with internal ones (Cardoso and Faletto, 15).

Clearly, Cardoso and Faletto do recognize the potential impact of internal factors on underdevelopment. Their focus is on the interconnections between the dominant classes and their interests. Such an analysis would be the only way to explain
the nature and structure of dependency and its relations and links with the development problems of the third world countries:

...the power interests and the alliances to guarantee the hegemony of internal and external groups and class factions have to be considered if the situation of diversification of the economic system is to be explained (Cardoso and Faletto, 175).

Thus, they emphasise the internal and external dominant class interests as well as their interconnections. It is important to understand that the imperial power made a strong alliance with the local dominant classes and the local bourgeoisie, which, according to Patankar and Omvedt, has become part of the imperialist chain (Patankar and Omvedt, 1980: 30).

A similar statement has been expressed by Cardoso and Faletto: "Dependent development occurs through frictions, accords and alliances between the state and business enterprise" (Cardoso and Faletto, 199). Clearly, a myriad of forces are at work in a vast network of interconnections, as the following quote suggests:

In the industrialized countries...the state embodies an alliance between the interests of the internationalized sector of the bourgeoisie and those of public and entrepreneurial bureaucracies. The local bourgeoisie links itself to these sectors. In part, the state in dependent capitalism generates its own social base, since its productive function is to assure capital accumulation, and since in performing this function, it creates a sector of public entrepreneurs (Cardoso and Faletto: 209-210).

Since the local bourgeoisie are weak in terms of capital accumulation and reinvestment, they need the alliance of trans-national capital. Moreover, dependent development would not be
viable without the support of imperialism (Deyo, 1987: 14). The local bourgeoisie indirectly influence the state to make the economic and political climate one that encourages transnational capital. Because of its relative autonomy, the post-colonial state is able to mediate the dominant class interests, in particular those of the metropolitan and local bourgeoisie. It is, therefore, imperative to understand the dominant role of the post-colonial state in capital accumulation, dependent development and the reproduction of the neo-colonial relation of production.

As Von Freyhold puts it:

The colonial and the post-colonial state are both the agents of parts of the metropolitan bourgeoisie, but the ways in which they fulfil their functions and the tasks they have to perform are rather different and require a substantial transformation of the state in the process of decolonisation (Von Freyhold, 79).

At the same time, crisis within the imperialist centres can:

...be understood in relation to two major developments. On the one hand, increasingly transnational organization of capital is combining with the relatively successful industrialization strategies of certain third world states to bring about a significant alteration in the global location of manufacturing activities (Mahon, 1983: 150)

Here Rianne Mahon explains that economic crisis is a function of global restructuring activity which is due partly to rising money wages in capitalist economies and also to the resulting attraction of low-wage economies.

Chossudovsky echoes this view:

The development of transnational corporations in the post-war period has contributed to the internalization of capital through the depression of the productive activity of multinational consortia on a world level (1980: 18).
Thus, both factors, crisis within imperialist centres and the economic and political climate of third world countries, contributed to the alienation of both the metropolitan and the local bourgeoisie. Their extreme exploitation is based on "capital accumulation in the periphery...an underconsumption and low wages" (Chossudovsky: 26). Thus, state involvement in economic activities and development has been not only significant in dependent third world countries but also in states that are actively involved in a capital accumulation process.

An outcome of this situation, however, is that multinational companies have dominated the most profitable sectors of the economy. As these sectors include some industrial production for the local market, the local petty bourgeoisie have little chance to compete.

State involvement in the subsistence economy is not always the priority. The local economy - the needs of the poor - are neglected by the state. As Peter Evans explains:

This means that organizational capacity and the relative power of the state vis a vis private domestic elites is the focus rather than the state's overall ability to realize its economic goals (Evans and Skocpol, 1985: 194).

The state plays a major role in mediating this dependent development. That is, state policies, particularly export promotion and industrialization, not only favour the dominant classes, but also actively involve the state in capital accumulation through public corporations.

The priority of the state, therefore, is to promote plantations crops for export, or industry, which relies on the import-
ation of raw materials and machinery. This benefits both the multinational corporations and the local dominant classes. There is very little incentive, then, for the peasant majority to develop subsistence agriculture, or to build up a home market for mass consumption.

Cardoso and his stream thus attempt to explain the way in which the international capitalist system is linked to the internal class structure and to discuss its impact on the social formation of dependent third world economies.

The metropolitan bourgeois class retains indirect control through economic links which ensure that the economy remains dependent. The internal bourgeois class is also in favour of external alliances because they benefit from the dependent economy and its integration to the world capitalist system.

The important point to note here is that the Cardosian analysis centers on the role of the state, the internal social classes and on their alliances with the world capitalist system. As Cardoso and Faletto explain, the system is much more complex than Frank's description of it:

...there is no metaphysical relation of dependence between one nation and another, between one state and another. These relations are made possible through a network of interests and coercions that bind some social groups to others, some classes to others. This being the case, it is necessary to determine the way in which state, class, and production are related in each basic situation of dependence (Cardoso and Faletto: 173).

Thus, the Cardoso stream correctly explains that underdevelopment involves a complex interweaving of imperial capitalist penetration and internal factors such as class relations, social
formations, and their links with the external factors.

In summary, as we have seen in our discussion, rejecting the conventional modernization theory of development, dependency theorists in spite of their differences seek to provide an alternative explanation of the causes of underdevelopment. As Subramaniam puts it "...dependency theorists generally agree on the unimportance, or irrelevance, of public administration to the whole issue of development" (Subramaniam, 1990: 5). Clearly, dependency theory is neither a single-minded nor a homogeneous theory. Frank, for example, argues that the underdevelopment of third world countries was a product of the development of the world capitalist system. His key argument is that during the colonial and imperial rules, third world countries integrated into the world capitalist system in which surplus was absorbed by the developed countries through profit and other transfer payments, thereby creating underdevelopment at the periphery and a dependent relationship with the world capitalist system. Even though countries became politically independent, economically they are tied and integrated into the world capitalist system through colonial economic integration and neo-colonialism. That is, the development of the capitalist centre occurs at the expense of underdevelopment at the periphery. Thus, Frank totally ignores the internal factors such as the role of the state and class relations.

However, later dependency theorists such as Evans, Dos Santos, Cardos and Faletto recognize the impact and importance
of internal factors and the "state as a significant actor in the alliance for dependent development" (Kohli, 1986: 16). Thus, the dependency theory was modified and developed, and accepted the fact that both external and internal factors are the causes of underdevelopment. As Blomstrom and Hettne conclude, the following four major ideas of dependency theory can be identified as common to the school:

(1) underdevelopment is intimately connected with the expansion of the industrialized capitalist countries; (2) development and underdevelopment are different aspects of the same universal process; (3) underdevelopment cannot be considered as the original condition in an evolutionary process; and (4) dependency is, however, not only an external phenomenon but is also manifested in different ways in the internal (social, ideological and political) structure (Blomstrom and Hettne, 1987: 5-6).

Finally, the critique of dependency theory was primarily directed at the way in which dependency theory overestimated international factors, while underestimating class relations, internal contexts, and historical specificity. The non-marxist critiques stress the weakness of institutions, incompetent and corrupted bureaucracies, and party politics as the main causes of underdevelopment. Neo-Marxists correctly reject as unsatisfactory the explanation that underdevelopment results from the exploitation of the periphery’s economy by the world’s capitalist centre. The flow of surplus from the underdeveloped country may be a contributing factor to underdevelopment, but the structure of the internal social relations is the main one. Thus, neo-Marxists correctly insist that a more rigorous analysis in the tradition of historical materialism, concentrat-
ing on the historical specificity of the underdeveloped nation, is necessary to explain the lack of development. Dependency theory tends to be economistic in the sense that social classes, the state, politics, and ideology receive very little attention. Clearly, a mechanical separation of internal and external factors ignores the fact that the situation is a "dialectic interplay".

After all, then, what is the contribution of dependency theory? In my view, dependency theory can make an important contribution to the understanding of developmental problems in third world countries like Sri Lanka. It rejects the disproved modernization assumption that development can be achieved if the countries modernize according to the western patterns of development. More importantly, dependency theory shows that the development path achieved in the West cannot be copied simply because colonization and neo-colonization made significant changes, creating a new social formation and an economic system favourable for the developed industrialized countries.

Thus, dependency theory shows that development is not a repetitive process which can be applied to any society. The development problems of third world societies can only be understood in terms of the historical development of capitalism and its incorporation and integration with the third world. In Kohli's analysis, dependency theory does contribute to the study of development significantly:

(1) it recognizes that contemporary developing countries differ in important respects from the indus-
trializing western countries of the past; (2) it draws attention to world economic conditions as constraints on contemporary developing countries; and (3) it focuses on the interaction of political, social and economic variables in the systematic study of development (Kohli, 1986: 15).

Thus, although dependency theory does not provide a complete explanation of the causes of underdevelopment in third world countries like Sri Lanka, still it has much validity.

**Conclusion**

Recent refinements of dependency theory reveal that the post-colonial state and its interaction with the international and local classes determine and shape development in a third world country. Thus, the causes of underdevelopment and the problems of development lie largely beyond the boundaries of the country itself. In this sense, the assumption of mainstream social scientists that the main problems of third world countries have been their lack of resources and the incapacities of their institutions, loses a good part of its validity. The practical failure of the modernization approach to solve the problems of third world society also illustrates this. The failure of decentralization measures as an institutional strategy is part of this overall failure.

Capitalism did not emerge in the third world countries as an organic process. It was brought to and induced in third world countries by the imperial powers during their colonial rule. At the same time, colonial rule did not destroy all the pre-capitalist mode of production, and this blocked the complete
development of capitalism. The prevalence of the pre-capitalist elements partly undermined the development of capitalism in the third world. The development of capitalism was also restricted deliberately by the imperial power. Therefore, an important cause for underdevelopment in third world countries has been some existing elements of the pre-capitalist mode of production and the slowness of capital accumulation, which is necessary for the development of capitalism. At the same time, the pre-capitalist elements may stagnate because they are cut off from the development process of capitalism.

The effects of colonial capitalist penetration were different in different colonies, depending upon their own socio-economic state of development. In many African countries, with communal modes of production, local capitalism was asphyxiated, with Indian or Lebanese capitalists dominating commerce. In India, where capital accumulation had already started, it was channeled away from productive industrial investment into money lending and commerce in India and outside. In Sri Lanka, colonial investment in the export of tea and rubber with imported Indian labour was virtually insulated from all other economic activity. In a sense it indirectly condemned the rest of the economy to stagnate in pre-capitalist modes of production.

To sum up, both capital accumulation and the local bourgeois class have been weakened. This situation has created two main complications: (1) there is a need to provide transnational
capital to the local bourgeoisie, thereby renewing the cycle of domination of the most profitable production in third world countries by multinational companies; and (2) peripheral economies cannot fully develop capitalism because local capital accumulation is lacking due to international exploitation; peripheral economies are tied to production of raw material or primary product commodities for the advanced capitalist countries at a cheap price. Therefore, the main priority of the state has been and is to develop and maintain this export commodity production rather than to develop subsistence agriculture, which produces for the local market needs and is the necessary base for a healthy economy. This factor -- giving priority to the export of primary products and not to the essential subsistence agricultural economy -- and not the lack of resources or institutional weakness, has been the main cause of economic and developmental stagnation.

Since a policy of production for export promotes the interests of both the international and the local bourgeoisie, their combined forces prevent the state from devolving power to the rural areas because this would risk the abandonment of that policy. Since the post-colonial state is relatively autonomous and has objective relations with the dominant classes, the state would not take measures that threaten the interests of the dominant classes of the society. The state's immediate priority is to secure the interests of the bourgeoisie. Devolution of central state power to districts or provinces is thus highly
unlikely. Instead of decentralizing the central power, therefore, ruling groups have reinforced the centralizing tendencies in the third world countries like Sri Lanka in order to secure and reinforce the interests of the dominant classes in society. There would be a threat to the ruling interests at the centre if there were decentralized units of government which had decision-making powers for planning and implementation, along with financial capabilities to collect taxes or spend money according to their own priorities. Therefore, in order to find out the main reasons for the failure of political decentralization in Sri Lanka, attention must be paid to the role of the state in economic development, the nature of Sri Lanka's social formation and the international capitalist system. Only by such an analysis, as we have seen in our theoretical discussion, can we provide a comprehensive explanation for the failure of decentralization in Sri Lanka.

Thus, it appears that the most recent and sophisticated form of dependency theory and the theory of the post-colonial state will be very useful in explaining why decentralization and development measures (or strategies) have failed in Sri Lanka.
Endnotes

1. In the event of an unwritten constitution, this is not always the case. In the U.K. for example, local autonomous governments supply what could be considered part of Britain's *unwritten* constitution as a balance to the centralized power in the parliament.

2. Compared to the capitalist development history in the west, the modernization approach argues that slow of economic, political and social development are the causes of underdevelopment. As we have discussed, their focus is, therefore, to modernize the economy by investing and modernizing the institutions. Thus, they neglect or ignore the impact of colonialism and neo-colonialism. Frank and other dependency theorists explain the underdevelopment as following the impact of colonialism and neo-colonialism. For Frank "...underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries" (1966:17). A similar explanation has been made by Walter Rodney,

All of the countries named as "underdeveloped" in the world are exploited by others; and the underdevelopment with which the world is now preoccupied is a product of capitalist, imperialist and colonialis exploitation (1974: 14).

As we have shown, underdevelopment is a product of both world capitalism and internal factors such as class structure, social formation and their interconnection with international capitalism.
CHAPTER THREE

EARLY APPROACHES TO RURAL DEVELOPMENT IN SRI LANKA

This chapter will provide evidence from the case of Sri Lanka to support the argument that the nature of a dependent economy and the political power of the ruling class favours centralization. I will discuss Sri Lanka's political economy, particularly the colonial legacy and its impact, political power and class structure, and early post-independence approaches to rural development in Sri Lanka. The discussion of political power and class structure, together with early post-independence development strategies will show that the ruling class has not made any significant structural changes to solve the major problems in rural areas.

The chapter is divided into several parts. First, I will outline the socio-economic and political setting of the country, the main communities, the caste system and the nature of politics. Second, I will analyse political power and the class structure of the country. Third, the colonial administration and post-independence district administration in Sri Lanka will be described. Fourth, I will discuss the impact of colonial rule and the nature of the dependent economy, and, finally, the failure of the early post-independence development strategies.

The Socio-economic and Political Setting

Sri Lanka, known as Ceylon until 1972, became independent in 1948. It is an island of 25,332 square miles (64,456 square
km) in area, approximately the size of Ireland. In mid-1989, the total population was 16,806,000 (Sri Lanka Socio-Economic Data - Central Bank of Sri Lanka, 1990: 1).

The country has more than 2500 years of recorded history. Her proud ancient civilization goes back to the fifth and sixth centuries B.C. In James Jupp's words:

Knowledge of the great civilizations of Anuradhapura and later Polonnaruwa strengthen the belief that Sri Lanka was a major culture while the British were still primitive farmers (Jupp, 1978: 27).

More than 400 years of colonial influence and imperial rule upset the history and changed the country's economic, political and social relations dramatically. In short, the British imperial power introduced capitalism to Sri Lanka and thereby integrated the dependent economy that they created into the capitalist world market. This economy has been highly dependent on three primary commodities. Also, the peasant subsistence economy and industrial development were totally neglected.

By the time Sri Lanka gained independence, there was national consensus on the need to change the existing export-import dependent economy.

At the time of independence (and even before) all shades of opinion in the country were united in the need to change this particular import-export structure based on a plantation economy of diversifying local production to import substitution and hopefully in the future search for new exports (Economic Review, June 1982: 4).

Against this background, all successive governments since independence have focussed increasing attention on national development, and on rural development in particular. "After
independence [rural] development became an important strategy for the political parties vying for power," as was the case in other third world countries (Economic Review, Feb. 1987: 3). The governments have been reform-minded, trying different approaches to attempt to solve the pressing problems of the country.

There are four main reasons for different strategies being used at different times. First, major disagreements about appropriate strategies and policies for development have arisen from time to time between the two major political parties, which have come to power alternately since 1948. Second, various international aid agencies such as the International Monetary Fund (IMF), World Bank and others have influenced the development of the country at different times. Third, serious disagreements about strategies among social scientists and, fourth, the dominance of western economic growth models have further complicated proposals for development in third world countries. Sri Lanka is not an exception.

During the last four decades, governments in power have experimented with various alternatives, such as institutional changes, industrial development approaches, agriculture development approaches, centralized planning or decentralized budget planning, import substitution strategies or export oriented development strategies, and both inward-looking strategies and outward-looking strategies. As Satchi Ponnambalam put it:
The different governments have engaged in a seemingly endless variety of political and economic experiments. A Republican constitution was adopted in 1972, an executive presidential form of government in 1978, and even a further constitution which declares Sri Lanka a Democratic Socialist Republic in 1978. These governments have adopted centralized budgets and decentralized budgets; District Political Authorities and District Ministers. They have resorted to centralized macro-economic planning and decentralized "grass-roots" planning. There has been a long term plan (the Ten Year Plan, 1958-68), a medium-term plan (the Five Year Plan, 1972-76), a short-term plan (the short-term implementation program, 1962-64). There has been the import substitution period and the export-promotion phase; a multiple exchange rate system and a devaluation-liberalization "package". Veritably, the measures taken by the post-independence governments have been so many and varied that Sri Lanka today stands out as a vast laboratory and storehouse of political and economic experiments (Ponnambalam, 1981: 172).

Despite this variety of institutional and policy experiments, the country's major social and economic problems have grown even more severe than they were four decades ago. As Ponnambalam pointed out in 1981:

To recapitulate, Sri Lanka today faces the highest rate of unemployment in its history (over 20% of the labour force), galloping inflation (30% annually), and a soaring cost of living, increasing income inequality, poverty, degradation, and a miserable existence for the more than 40% who constitute the poorest people in the country. These people do not eat rice -- the staple food. At the poorest level, food habits of the villagers change and rice becomes a luxury (Ponnambalam, 1981: 172).

This situation is worse now due to the political instability of the country since the early 1980's. True, there has been a remarkable increase in life expectancy (69 years) and in the literacy rate (87%) compared in particular with countries of South Asia, and in general with other third world countries.
Despite these improvements, however, inequalities between the poor and the rich have increased and the social and economic gap between rural and urban areas has widened. The Governor of the Central Bank of Sri Lanka emphasized in 1988:

We cannot be happy if only a minor fraction of the population in any society remains affluent and economically powerful while the great majority ekes out a living that is far below accepted nutritional standards.

He further explained:

...the lowest income groups find it difficult to raise their production levels because economic growth trickles down to this group in highly disproportionate amounts when compared to upper income groups. ...The massive problem of poverty must be tackled immediately (1988: 8-10).

More than 40 years of development history have passed since Sri Lanka achieved independence. Although the strategies and policies have changed over time, the most prevalent direction has been toward international trade. Sri Lanka’s economy is extremely dependent on foreign trade.

Import substitution has taken place over the past 30 years, but imports of machinery, industrial products and food items will continue. On the export side, the foreign exchange earning power of traditional primary exports (tea, rubber and coconut), which in the past contributed more than 90% of total export earnings, has fallen substantially since the late 50’s. As a result, the governments of the late 1970’s shifted strategies towards export promotion.

In 1978, the economy was liberalized drastically and Free Trade Zones (FTZ) were created allowing the multinational companies to invest with unprecedented incentives (Economic
Review, June 1982: 9). Foreign direct investment was also encouraged through various types of incentives. As a result, the composition of export earnings has been changing since the late 1970s (see Appendix 1). Many of the industries which were established were for textile garments; and they are highly dependent on imported intermediate products. In 1989, although the new industrial exports contributed 50.7 percent to foreign earnings, the total value of intermediate goods was 56.4 percent of total imports (see the Appendix for details). Also, as Bastion points out:

...an analysis of the ownership pattern of joint-ventures approved by the GCEC and FIAC shows that almost all of the local collaborators belong to the top bourgeoisie of the country. Thus, the recent increase in foreign capital inflow has given this class further opportunity for expansion providing access to foreign technology, marketing know how, and cheap and easy foreign financing (Bastion, 1984: 44-45) (See also Athukorala, 1985: 29; emphasis mine).

However, most of their policies, industrial policies in particular, led to an increasingly dependent relationship with capitalist countries. Almost all successive governments have ensured the provision of free health services, free education, including university education, and a wide range of consumer subsidies. As a result of these welfare measures, Sri Lanka's standard of health is significantly higher than most third world countries.

Despite these improvements, there are three major economic and social problems in the country today: a low level of economic growth, unemployment and underemployment, and the
perpetuation of poverty together with increasing inequalities between rich and poor and urban and rural areas. These problems persist because most of the governmental strategies to date have been for the benefit of the rich central and local elites. Even when economic growth is achieved, it does not "trickle down" to the poorest.

This chapter will therefore focus on identifying the reasons why the dependent structure that was created by the imperial power has not changed and why the dominant groups are still in favour of the existing social relations. It is important to understand the power structure of the society and the nature of the social relations in order to understand the reasons for the lack of structural changes and devolution. Before discussing this, I will first discuss the background of Sri Lanka’s socio-economic situation, particularly the ethnic communities and caste system, in order to understand the complexity and diversity of the economic and social problems of the country.

Sri Lanka’s Ethnic Communities

Today, there are four main ethnic communities (see the table). The Sinhalese, who came from North India during the fifth and sixth centuries B.C., are the largest one, comprising 74.0% of the population. They speak Sinhala and are predominantly Buddhist.
Composition of Population (Census 1981)

<table>
<thead>
<tr>
<th>By Ethnicity</th>
<th>%</th>
<th>By Religion</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinhalese</td>
<td>74.0</td>
<td>Buddhist</td>
<td>69.3</td>
</tr>
<tr>
<td>Sri Lankan Tamils</td>
<td>12.6</td>
<td>Hindus</td>
<td>15.5</td>
</tr>
<tr>
<td>Indian Tamils</td>
<td>5.5</td>
<td>Muslims</td>
<td>7.6</td>
</tr>
<tr>
<td>Moors</td>
<td>7.1</td>
<td>Christians</td>
<td>7.5</td>
</tr>
<tr>
<td>Others</td>
<td>0.8</td>
<td>Others</td>
<td>0.1</td>
</tr>
</tbody>
</table>


The Sinhalese are subdivided on the basis of geographical concentration into low-country Sinhalese and upcountry Sinhalese or Kandyan. Upcountry Sinhalese live largely in hill country while low-country Sinhalese live along the southwest coast. A significant number of both upcountry and low-country peasants migrated to the dry zone (north central province), particularly to the Anuradhapura and Polonnaruwa areas, where the first two Sinhalese kingdoms existed. The southwest coastal region, where the low-country Sinhalese live, was subject to colonial influence after the Portugese arrival in 1505. During the colonial era, some low-country Sinhalese, particularly the dominant groups (feudal lords and others) converted to Christianity and studied English through missionary schools. Since then, therefore, upper-strata and middle-class Sinhalese have been involved in trade and commerce, the plantation economy and professional jobs.

The Tamils, who are the largest minority, comprising 18.1%, speak Tamil and are predominantly Hindu. Tamils too are subdivided into Sri Lankan Tamils (12.6%), who came from Southern India during the same period as the Sinhalese, and the
Indian Tamils (5.5%), who were brought to Sri Lanka by the British for the plantation sector as cheap labour, between 1850 and 1940. Most of the Sri Lankan Tamils live in the Northern and Eastern provinces. Like low-country Sinhalese, Sri Lankan Tamils were subject to colonial influence after the early 16th century. As a result, a significant number of Tamils converted to Christianity and learned English through missionary schools.

Together with richer peasants, they provided many of the recruits to the island civil service created by the British, who deliberately promoted a Tamil influx into the colonial bureaucracy and police in order to batten down the danger of rebellion by the Sinhalese, who constituted the majority of Ceylon’s inhabitants.... The British were able to use the ethnic divisions of the island, crystalized in the pattern of the labour force, to defuse any threat of serious struggle for independence (Halliday: 61).

English was the official language of the colonial government (and also of the independent government up to 1956). Therefore, colonial policies were favourable in several ways for the upper class of Tamils who were fluent in English, and so a lot of them moved to Colombo, particularly those involved in professional jobs and business, and still live there.

Indian Tamils, who work in the plantation sector, are the most underprivileged and underrepresented community in the country. Nearly half of them are illiterate (Jupp, 1978: 32-33). The first post-independence government passed special legislation denying Indian Tamils citizenship. In 1964 an agreement was made between India and Sri Lanka: the Indian government agreed to accept 525,000 of the total 975,000, and the Sri Lankan government granted citizenship to 300,000. The
Sri Lankan government later granted citizenship to more than they had originally agreed. However, there are still nearly 100,000 stateless Indian Tamils in Sri Lanka (Ponnambalam, 1983: 77-81).

The Moors or Muslims, who practise Islam, comprise 7.1% of the population and mostly speak Tamil. Their origin can be traced back to the medieval period and they were from India and Arab countries. Most live in west coast cities, and main urban areas, while one-third of the Eastern province population are Muslims. In general, most Muslims are involved in trade and commerce.

In the last category, under the "others", there are Burghers, Indians, Chinese and Malays. The Burghers, who speak English, are of mixed European and Sri Lankan ancestry and practise Christianity. Most of them live in the Colombo area and are part of the elite chain.

Caste and Politics

Sri Lanka is not only divided by language, religion, culture and custom, it is further divided by its hierarchical caste system, which is common to (but not the same for) both Sinhalese and Tamils. In the Sinhalese caste system, Goyigama (cultivators) is the dominant caste and composes more than half of the community. Sri Lanka's electoral politics has been dominated by the Goyigama caste. All the prime ministers since independence have been from the Goyigama except Mr. Ranasinghe
Premadasa, who became prime minister in 1978 and is now the President of the country. The next important lower castes are Karawa (fishermen), Salagama (cinnamon peelers) and Durawa (toddy tappers), which exist only among low-country Sinhalese. Although they have been involved in electoral politics to a lesser extent than the Goyigama caste, the dominant elite of these castes have been dominating public and private sector professional jobs, the plantation economy, and trade and commerce. In fact, the dominant local capitalist classes in the country are from these castes. However, most of the leaders of the Marxist parties have also been from the low castes, and Marxist parties have strong support from the low-caste low-country Sinhalese (Jupp, 1978; Baxter, Malik, Kennedy and Oberst, 1987). The lowest castes of the hierarchical system are the Whampura (juggery makers) and Butgam (of uncertain occupation). Also, there are a few more castes which are not mentioned here and are less privileged than the dominant castes.

Another important aspect is that, like upcountry and low-country Sinhalese, Sri Lankan Tamils and Indian Tamils have particular caste groups who live in certain villages or particular regions of the country. Therefore, all political parties take into account the geographical concentration of the caste system when they nominate their candidate for elections. This is because, like ethnicity (e.g., minority Tamils or Moors), the caste factor is very strong in areas where one particular caste is overwhelmingly concentrated.
The Tamil caste system is also hierarchical, but it is stronger than the Sinhalese because it has untouchables. Like the Sinhalese Goyigama caste, the Vellala (cultivators) is the dominant caste socially, economically and politically (Oberst, 1985: 16). The Kovigar (domestic servants), the Karayar and the Mukkuvar (both fishermen castes), are second and third in the hierarchy. In addition, there are four untouchable castes, namely the Palla (agricultural labourers), the Nalava (toddy tappers), the Ambattar (barbers) and the Paraya (scavengers) (Oberst, 1985: 16). Indian Tamils are overwhelmingly from low castes.

Political Power and Class Structure

The colonial imperial purpose and total commitment was to develop the plantation economy and to achieve and safeguard imperial interests. During the more than 400 years of colonial rule, the nature of Sri Lanka's feudal system, kingship pattern and finally the whole social structure changed significantly. Plantation industries, particularly tea plantations, were owned and controlled by the metropolitan bourgeoisie, mainly British investors (Zeglanicus, 1970: 155). "In 1947, it was estimated that approximately 80 percent of the tea estates were either in the hands of European proprietary planters, Sterling companies or Rupee companies operating in Ceylon" (Jacob, 1973: 108-109). In addition, it was predominantly foreigners who managed and controlled the trade, commerce, financial and commercial
activities of the country while "the proportion of import trade in 'foreign hands' was about 90 per cent of the total" (Jacob, 1973: 109-110). In this set-up, the indigenous bourgeois class controlled most of the rubber and coconut industries. "In rubber, the Ceylonese shares were more than they were in the case of tea. As for the acreage under rubber in 1949, 39 per cent was owned by Sterling companies, 3 per cent by the Rupee companies and 58 per cent by the Ceylonese" (Jacob: 109). Since independence in 1948, the ownership of plantation estates by the British has been declining partly as a result of Ceylonization policies. However, the involvement of transnational capital and the domination of multinational corporations in most profitable and productive sectors of the economy is very significant, even though the British rulers have withdrawn and post-independence governments have nationalized British capital. The establishment and development of the plantation economy in colonial times not only created the metropolitan bourgeois class, but it also provided opportunities for internal dominant groups, particularly those who worked for or supported the British, and those who had the land for plantations, to become indigenous bourgeoisie investing in import and export, and investing in the plantation sector. At the same time, there were small traders and businessmen (petty bourgeoisie) who benefitted from the newly emerged commercial activities and through joining the British colonial bureaucracy in the country.

The present class structure of Sri Lanka, therefore, is
diverse in nature and unique and complex, as in many other third world countries. As James Jupp points out:

While caste is a 'boundary line of commercial life', there is also a well developed class system which no longer corresponds to traditional or feudal hierarchies even in the Kandyan villages (1978: 41).

However, it is clear that, unlike many other third world countries, the Sri Lankan indigenous bourgeoisie class is relatively well developed. As Mike Moore explains:

Sri Lanka constitutes a glaring exception to the generalization that in less developed countries 'the domestic bourgeoisie is usually quite weak'...Sri Lanka has long had a highly developed bourgeois class, with a firm base in the ownership of the means of production rather than simply, as in many developing countries, in the occupation of professional and public service posts and in trading (1985: 205-206).

However, these explanations do not necessarily negate Alavi's argument that the third world indigenous bourgeoisie class is weak in relation to the metropolitan bourgeoisie class, because the Sri Lankan indigenous bourgeoisie appear to be still weak in comparison. His argument is probably still valid for Sri Lanka because of its colonial legacy, dependent economy, and the weak nature of its class formation.

Sri Lanka's indigenous bourgeoisie are a mixture of several groups, including low-country Sinhalese, upcountry Sinhalese, Sri Lankan Tamils, Moors (or Muslims) and Indians. In speaking of post-independence Ceylon, Tissa Fenando had this to say in 1973:

To understand Ceylon politics it is necessary to go beyond the impressive parliamentary give-and-take and ask more fundamental questions such as who really wields power and what their relationship is to those
who do not....the island has been governed throughout by a numerically small elite the composition of which has cut across political, religious, ethnic and caste divisions (1973: 370).

The situation has not changed much since that time. It is important to note that class structure is connected to the caste system. That is, regarding both the Sinhalese and the Sri Lankan Tamils, members of the dominant castes, such as the Goyigama, the Karawa, the Salagama, and the Vellala are members of the governing upper class. As Moore explains:

Castes become important not only as a point of identity for voters, but as an element of continuity with a feudal past which is still far from dead. It further helps to bind together politically and socially powerful families by virtue of endogamy. Wealth and power are preserved within a large but carefully controlled family circle of caste members (Moore, 1985: 39).

While the Goyigama (cultivator) caste has been dominating electoral politics, three castes, namely the low-country Sinhalese Karawa, Salagama and the Durava castes have been the obvious capitalist class in Sri Lanka. They own the low-country plantations, particularly the rubber and coconut industries (Jupp, 1978: 41). This is partly because low-country Sinhalese have been exposed to the influence of Europeans more than the upcountry Sinhalese. Also, upcountry Sinhalese have been holding paddy (rice) lands in addition to relatively small-scale plantation activities (and rubber and coconut plantations to a lesser extent as compared to the low-country Sinhalese). Their base is basically feudal. In addition to this, upper-class upcountry Sinhalese have been involved in import substitution
industries (Moore, 1985), thus becoming "a fraction" of the capitalist class.

Sri Lankan Tamils are largely public and private sector professionals, but a significant number of them also own and are involved in trade and commerce businesses, as are Moors and others. Thus, dominant groups of almost all communities, Sinhalese, Tamils, Indians and Moors have been involved in trade and commerce since independence. Another feature of Sri Lanka’s class structure is that a significant number of professionals, particularly middle-class bureaucrats, have been able to hold and maintain either paddy lands or plantations. In Jupp’s words:

It is almost invariably true that the higher professionals are also landed estate owners and it is this which gives them a rural political base. The lawyer, teacher or public servant is thus not simply an urbanized salary earner, but may still exercise some political authority on his estate (Jupp, 1978: 42).

It is interesting to note here that members of the indigenous bourgeois class, whether they are upcountry or low-country Sinhalese, Tamils, Moors or Indians, are generally westernized, English speaking, live in Colombo and have very few interests at the periphery.

Since this factor is closely related to one of our main arguments, that there is a lack of political will for genuine political decentralization in Sri Lanka, it is important to demonstrate that there is a dominant cohesive group who think and act alike. One researcher, B.S. Wijeweera, who has held
very prominent government posts, such as Government Agent, Chairman for a Public Corporation and Secretary to the University Grants Commission, knows very well the nature of this cohesive group and its links. In his words:

If one looks at the major decision-making bodies that are in Colombo and their individual members fairly closely, one cannot fail to notice, by and large, the social homogeneity that binds them together whether they come from the political sector, bureaucratic sector, academic sector or the private sector. They form a closed corporation - a sort of confraternity - in which the members share common attitudes and values. We are not denying that among them, especially among the political elite, there are some who either by birth, upbringing or inclination have their roots firmly grounded to the soil. But even in these instances, whatever their private philosophies may be, the cumulative effect of having to live in the metropolis, to be in constant contact with each other both at official and informal gatherings, of having cut off, to a greater extent, the rural and rustic element from their lives due to the nature and pressure of their work, is that, they become very much [more] the unfortunate victims of this society than its masters (1974: 22; emphasis mine).

In Mike Moore's words:

The widespread engagement of the elite in plantation ownership played a useful ancillary role, providing a milieu for indulgence in a lifestyle in some respects analogous to that of the English squirearchy. The price -- at least from the traditionalist rationalist viewpoint -- of the apparent homogenization of the elite around the model of the English upper classes was a loss of national culture....Colombo appeared in a cultural sense a city cut off from the rest of the Island (Moore, 1985: 208).

As A. Haroon Akram-Lodhi explains with reference to the Sri Lankan Tamil bourgeois class:

The Jaffna economy was not fully integrated into the economy of Sri Lanka and as a result dominant Sri Lankan Tamil classes based in Jaffna had a regionally specific sphere of power (see Sivanandan [1984]). The Sri Lankan Tamil community in the Sinhalese heartland
were however full actors in the island's economy. By early 1983 Colombo-based Sri Lankan Tamils controlled nearly 70% of the island's trade and 40% of the island's real estate market. (see Jayawardena [1983]) (1987: 182; emphasis mine)

Several scholars have claimed that there is a single bourgeois class in Sri Lanka which includes all the ethnic, religious and caste divisions; and that they live in Colombo. As Tissa Fernando put it:

...the elite treat the masses just as the British treated all Ceylonese, patronizingly and contemptuously...the national elite of Ceylon is an urban elite, it is in the cities (in fact in Colombo and one or two other towns) that elite employment is available, and important economic and political decisions are made (1973: 374).

Added together, the dominant groups represent a small minority of the total population, but have appropriated nearly half of its national income. The following table supports this contention, and also shows that the gap between rich and poor has widened since 1973.

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Top 10 percent</td>
<td>30.0</td>
<td>39.1</td>
<td>41.7</td>
<td>49.3</td>
</tr>
<tr>
<td>Middle 50 percent</td>
<td>22.2</td>
<td>18.1</td>
<td>17.4</td>
<td>12.6</td>
</tr>
<tr>
<td>Bottom 40 percent</td>
<td>15.1</td>
<td>12.1</td>
<td>11.8</td>
<td>7.1</td>
</tr>
</tbody>
</table>


Table 2 shows that the rural sector's share of total income in Sri Lanka was below its share of the population in 1985 and had declined since 1981/82. Much of this income goes to wealthy people.

Table 2: Sectoral Distribution of Total Income
### Share of Total Income

<table>
<thead>
<tr>
<th>Sector</th>
<th>1981/82</th>
<th>1985</th>
<th>% Share of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Sector</td>
<td>28.1</td>
<td>35.6</td>
<td>22</td>
</tr>
<tr>
<td>Rural Sector</td>
<td>67.2</td>
<td>59.4</td>
<td>72</td>
</tr>
<tr>
<td>Estate Sector</td>
<td>4.6</td>
<td>5.0</td>
<td>6</td>
</tr>
</tbody>
</table>


As I pointed out in the introductory chapter, most of the people are rural peasants, who do not have ownership of the land, or to permanent employment in the public or private sector. "The creation of a class of landless labourers has as its corollary the acquisition of land by all who can afford it" (Jupp, 1978: 41). "Possibly two thirds of Sinhalese peasants own no rice producing paddy land, with about half of these share-cropping on various traditional tenures" (Jupp, 1978: 42). The wage workforce in Sri Lanka is considerable due to the development of welfare activities and public sector corporations and other state involvement in economic activities. The condition of the wage workforce is relatively better compared to rural peasants because they (both urban and rural groups such as petty bourgeois and public employees) have managed to appropriate and own the rural land and other small-scale economic activities in Sri Lanka. Most public officials, professionals, businessmen, even school teachers and clerks, who live either in Colombo or one or two other urban centres, own paddy lands or plantation crops such as tea, rubber or coconut in rural areas. This is the major difference between the dominant groups and the powerless, landless rural peasants in
rural areas.

In the villages the growing problem of landlessness, which dates at least from the plantation period if not before, divides the peasants into two distinct groups, those who work for others and those who work for themselves. In one Kandyan village, Bryce Ryan found that 'there is no caste bitterness...but there is intense bitterness of the landless towards the landed' (Jupp, 1978: 41).

This unequal distribution of land has created not only inequalities, but also the problem of unemployment. In general, the lowest of the low-caste groups of both upcountry and low-country Sinhalese and of the Indian Tamils are the most underprivileged section of the society in terms of landlessness and powerlessness.

During the colonial era, sons and daughters of the upper Sinhalese and Tamil class had an opportunity to absorb the western values, lifestyle, politics and institutions through western education. Many of the very rich were able to study at Oxford or Cambridge University in England. They were the dominant political figures until very recently, and still are to a lesser extent. Other members of the upper class studied elsewhere in the U.K. or followed external London examinations including secondary and high school levels. (Even after independence, very rich people sent their children to England for their education; see appendix two and three.) These western-educated people served the interests of the British Empire.

As in India, so in Ceylon, the imperial power itself created this educated class to provide administrative and professional services in the colony. This class, and particularly its upper strata, steeped in western
and advance the island according to the interests and ideals of the British...they were loyal to the government and resembled their colonial masters so much in outlook, manners and social habits that they were sometimes called "Brown Sahibs" (Zeylanicus, 1970: 147).

Moreover, as Haroon Akram-Lodhi points out:

During the initial development of the export-oriented colonial economy in the first half of the nineteenth century, the British formed alliances with indigenous dominant classes in order to consolidate political rule and facilitate economic expansion (Haroon Akram-Lodhi, 1987: 162).

Thus, the alliance and coalition established by the imperial power not only changed the local economy and class structure but also created western political institutions and patterns which were absorbed by the loyal local bourgeoisie class. At the beginning of the nineteenth century, British rulers felt that the local upper strata would not cause any harm to their economic and political interests, and therefore some locals were given the chance to become involved in politics and top-level administration.

Then, in 1931, the British introduced the Donoughmore constitution and provided a limited self-government. This gave an opportunity for the indigenous bourgeoisie to become involved in politics. Since at this time there were no political parties in the country, the dominant people of both main communities, Sinhalese and Sri Lankan Tamils, became involved in politics. At this time, the only local organization was the Ceylon National Congress (CNC), which was composed of both Sinhalese and Tamils. The CNC was largely, however, a representation of
low-country planters, who were the richest and benefited most from colonial rule.

Through the low country products association, founded in 1908, they [the low-country planters] built up considerable solidarity which was to be transmitted into political power by the Ceylon National Congress and [since 1946] the United National Party (Jupp, 1978: 41).

From pre-independence until the present time, the United National Party has been the dominant party in Sri Lankan politics.

The chance to become involved in politics prior to independence was a good experience for the indigenous bourgeois class, and the British were able to hand over their political institutions to their "brown sahibs" in 1948.

In Ceylon, the United National Party (UNP) which took over power from the British, represented a thin layer of conservative and highly westernized elite who had had intimate knowledge of the west and its traditions through education abroad either in the imperial capitals or in institutions established in western traditions elsewhere (Jacob, 1973: 23).

After independence, then, the country was governed by this western-educated or highly westernized upper strata of the society. "The political consequences of neo-colonialism were traceable to the fact that power had been handed over by the British to those who had worked for them and whose interests lay in preserving their institutions" (Jupp, 1978: 305).

The competitive political parties - the right-wing UNP, the less conservative Sri Lanka Freedom Party (SLFP), and the Marxist parties - emerged on an ideological basis. The UNP and SLFP have been the two most important political parties and have
governed the country. The UNP has been the dominant Sinhalese party which represents the interests of the local bourgeoisie in the country. The UNP governed the country from independence to the mid 1950’s, from 1965 to 1970, and has done so since 1977. Thus, it has been the most powerful dominant party in Sri Lankan electoral politics since the beginning of party politics. This is not surprising since, before party politics emerged, its precursor, the Ceylon National Congress, represented the local capitalist class. The SLFP was the product of more liberal, if not left-wing, elements of the UNP, and it emerged in the early 1950’s.

To be sure, the UNP represents the country’s most powerful dominant interests, particularly low-country planters, metropolitan bourgeoisie and other privileged groups who gained dominance during colonial rule. Colonial rule was particularly unfavourable for the upcountry Sinhalese who lost their forest land to, first, the European planters and then, to a lesser extent, to the low-country Sinhalese. Therefore, they are weak in terms of ownership of the plantation sector of the economy, which was the most profitable until the early 1960’s, and which was the most developed sector of the economy. “In the Kandyan highlands, relative to the rest of the island the peasantry was less anglicized, more consciously Buddhist, in a poorer economic situation and characterized by a growing land hunger” (Lodhi, 1987: 166). Thus, Sinhala-speaking Buddhists, particularly upcountry, suffered on the periphery of colonial rule.
The first leader of the SLFP, S.W.R.D. Banderanaike, was aware of this, so he broke away from the UNP and established the SLFP. The SLFP mainly represents the Sinhalese-speaking Buddhist interests of both upcountry and low-country lower caste Sinhalese. Therefore, in their periods of power, particularly the 1950's, the SLFP attempted to redress the imbalance of power of the Sinhalese Buddhists. As Moore analyzes this difference in the impact of the two dominant political parties:

...the periods of SLFP rule have seen the birth of a 'new bourgeoisie', commonly termed as a 'national bourgeoisie', as opposed, in the Marxist idiom, to the 'comprador bourgeoisie' represented by the UNP. A standard Marxian formula is often applied: this 'national bourgeoisie' is said to have its material base in the limited import substitution industrialization fostered by the semi-autarkic economic policies of SLFP governments (Moore, 1985: 212).

Generally, the SLFP has governed the country as a coalition from the mid 1950's to mid 1960's and early 1970's to 1977, with the support of the Marxist and left-oriented parties. The SLFP was always defeated when it was not in a coalition with left-wing political parties. Thus, the UNP and SLFP have alternatively dominated the political arena. The UNP policies have been more biased towards metropolitan interests, and, particularly since the late 1970's, towards foreign investment, while SLFP policies have been biased towards import substitution industries, public sector involvement, and towards more welfare-oriented policies. Lodhi sums up the impact of the UNP's ascent to power in 1977 as follows:

...greater assistance from both international agencies
such as the International Monetary Fund (I.M.F.) and from transnational corporations was advocated by the bourgeoisie... In that [the UNP's] liberalization would open up new avenues of accumulation, it is not coincidental that restructuring would further the relative ascendancy of the Sinhalese bourgeois class... The above policies were instituted by the incoming U.N.P. government following 1977. [this is because]... the U.N.P had consistently been a more market-oriented party than S.L.F.P. (Lodhi, 1987: 180).

Regardless of which party is in power the dominant classes such as land owners, particularly owners of the plantation sector, businessmen, and other powerful groups such as middle-class bureaucrats and professionals are the key figures in politics and decision making. At the same time, since the indigenous bourgeois class is still weak in capital accumulation and investment as a result of the colonial legacy and dependent economy, rulers have to rely on transnational capital and on foreign aid. Therefore, multinational corporations play a significant role in the economic sphere, and international financial institutions such as the IMF and World Bank also play a large role in economic activity in the face of a stagnant subsistence sector and a dependent plantation economy which relies on prices on the world market. Thus, "the dominant influences continue to be the World Bank and the I.M.F." (Fernando: 67). Therefore, the most important productive sector of the economy, the subsistence sector, has been stagnant, because the priority of the state has been to secure and promote the plantation economy and industrialization, and thereby to represent the interests of the dominant groups of the society.
Even when the SLFP was in power,

...essentially the low country planters, the English speaking professionals, Indian businessmen and British tea companies still dominated those facets of society which Marxists considered important (Jupp, 1978: 293).

These ruling groups have not been prepared to make drastic changes which would conflict with their interests.

The centralized political, economic and social system that was created during the colonial era, and which was further reinforced during the post-independence era, was the best form of control system to maintain the mutual interests of the economically and politically dominant classes. Therefore, political decentralization would be a threat if not an end to their domination and mutual interests. I believe that this threat caused a lack of political will to create a system of genuine political decentralization in Sri Lanka.

Although the country's economy was converted to a capitalist economy through more than 400 years of colonial rule, still its subsistence economy is significant because more than two-thirds of the population, who produce staple rice and other foods mainly for their own consumption, live in rural areas. Among this population, poor peasants, ordinary workers, fishermen, and agricultural labourers have been excluded from the mainstream or gained very little, if at all, from the capitalist economic system. This is because post-independence development policies have strengthened the dependence of the economy on the outside capitalist world. The dominant classes or groups benefit from the existing system and they do not want
to make changes which would be harmful to their interests.

It cannot be denied, however, that the centralized administrative system created by the British paved the way for the centralized political system that developed after independence, and contributed to the difficulty of creating a genuine decentralization of power. For this reason it is desirable now to discuss the system of administration inherited from colonial rule.

**Colonial Administration and Its Impact**

Both the Portuguese who arrived in 1505 and the Dutch who arrived in 1676 were only able to control coastal areas of the island. Sri Lanka became a British crown colony in 1833, the first time the British rulers had established a unified system of administration under the leadership of a governor. This system was effective until 1931. Under the governor there was a colonial secretariat which controlled, administered and coordinated all the bureaucracy on the island. During this period, the country was divided into five provinces, and the provinces were further subdivided into 22 districts (see map). A Government Agent and Assistant Government Agent (all British officials) were responsible for the administration of provinces and districts respectively. Thus, a highly centralized system of administration was established. Since its main purpose was to provide law and order and to collect taxes, the British established an efficient system that was clear and simple.
However, after 1833 Sri Lanka underwent significant economic and political changes, and by the late 1920’s it was felt that the existing system of government and administration was not suitable for the country and its economy. Therefore, in 1931, the Donoughmore Reforms were introduced and "changed radically, among other things, the administrative structure that had been in existence for almost a hundred years" (Wijeweera, 1988: 9). Under the Donoughmore constitution, Ceylonese were given some sort of influence in the decision-making process through elected ministers who were members of an elected legislature (the ministerial system). Still the governor and the three "officers of state" -- British officials -- were the most important figures in the final decision-making process. As Leitan explains:

The new constitution was hierarchical in nature: the Governor was vested with considerable reserve powers and certain "reserved" subjects were placed under British government officials, our three 'officers of state' (the 'watchdogs of the constitution' as they came to be called), while the other functions of government were given over to elected ministers (Leitan, 1977: 13).

After 1931 the number of departments was increased as a result of (1) increasing involvement in development activities and welfare, (2) increasing demands by the local political leaders for greater government involvement in economic and welfare activities, and (3) the desire to expand ministerial power through increasing the number of departments (Wijeweera, 1988: 9-14). At the same time, centralization tendencies were further strengthened at the ministerial level, though the
centralized power was divided among many ministries. The establishment of the ministerial system led to the weakening of co-ordination and coherence at both the central (Colombo) and the peripheral (district) levels. As Wijeweera explains:

If the situation in Colombo was described as a lack of coherence, then the affairs at the district level reflected confusion (Wijeweera, 1988: 12).

Under the system created in 1833, a Colonial Secretary was responsible for co-ordination and control of all the departments at the centre. The Donoughmore constitution of 1931 shifted this responsibility to the ministers. Individual ministers were attempting to increase their power and paid less attention to the district level. This "resulted in a transfer of functions away from the G.A. [Government Agent]" (Leitan, 1978: 19).

Thus, the Donoughmore reforms encouraged vertical departmentalization and thereby further strengthened centralization. Gradually, departments were established and expanded their subunits at the provincial and district level. As Leitan explains:

....The Donoughmore system inevitably strengthened the tendency towards vertical organization. The organizational pattern at the centre came to be reflected in increasingly centralized, vertically arranged departmental field structures, and the heads of these departments began to function through their representatives independent of the Rachcheris [district offices] (Leitan, 1978: 21).

After Independence in 1948, all national governments directed their attention to rural development, using various approaches. Initially, increasing government involvement in development activities served primarily to develop welfare
facilities such as free health care, free education and food subsidies at the district level. The administrative structure that had been introduced by colonial rule was not changed significantly until the early 1970's. For more than three decades, the national government's policies for rural development were directed by the existing administrative system at the district level. It is necessary, therefore, to discuss the district administrative system, which has been the backbone of the administration for rural development for more than three decades.

Post-Independence District Administration

The main administrative unit at the district level after independence was (and still is) the Kachcheri system, which was headed by the Government Agent (GA), the chief representative of the central government for the district. The Kachcheri was the administrative head office at the district level. It is still the same. In addition to this, there were some functional departments which operated vertically as separate entities to ensure national "uniformity in the application of central policies at the district level. In this administrative system, all the district departmental offices of the central ministries were located together at the Kachcheri, and the GA was their administrative head. He was responsible for the co-ordination of activities at the district level for all development projects of the various government agencies.
The GA did not have formal authority to control, but rather co-ordinated the activities of functional departments such as health, education, irrigation, buildings, forests, posts and telecommunications, and many other departments and public corporations.

In this administrative system, the co-ordinator role of the GA was weak for several reasons. First, the heads of functional departments at the district level had direct links with, direct authority from, and responsibilities to their head office in the capital of Colombo, not to the head of the district. This is because "functional departments have been stimulated towards specialization of activities ensuring national uniformity in the application of central policies with a view to enhancing efficiency and national integration" (Sivananthan, 1977: 24). Second, in most cases, the district heads of the functional "departments were relatively senior in service within their own ranks in relation to the GA" (Sivananthan, 1977: 26). Third, the combination of these two factors resulted in the loyalties of the district heads being directed to the centre, not to the GA. As a result, administration and co-ordination at the district level were weak.

The conflict between the district heads and the GA was essentially that of specialists versus generalist (Sivananthan, 1977: 27). This is a twofold issue. On the one hand, there has been a need and a tendency for growth of the functional departments at the district level as the importance of various
services for agriculture and rural development have increased.

As Sivananthan explained:

Due to the functional manner in which governmental activity is organized through various departments the inputs for agriculture are scattered amongst a number of departments. For example, extension services and provision of seeds is the responsibility of the agricultural departments; agricultural credit and marketing that of the co-operative departments; tenurial problems the responsibility of the department of agrarian services; crop insurance that of the crop insurance board; water issues that of the irrigation department; and finally the purchase of his produce that of the paddy marketing board or the department of marketing (Sivananthan, 1977: 27).

On the other hand, the growth of functional departments has been a challenge to the co-ordination of administration at the district level.

In order to overcome the problem of co-ordination, district co-ordinating committees were set up and the GA was made the chairman of these committees. First, in 1948, District Agriculture Committees were created in order to co-ordinate, guide and promote agricultural activities. Then, in 1953, District Co-ordinating Committees were established to co-ordinate and supervise all departmental activities at the district level (Leitan, 1983: 9). Finally, in 1964 and 1966 respectively, the GA was given formal authority as the deputy head of the departments which were related to agricultural development (Wijeweera, 1988: 15).

However, these committees were weak and failed to achieve the objective of promoting development at the district level. A main reason for their failure was the weakness of the district
administrative system, which was controlled at the centre. The first priority of the functional departments was their own projects, not general activities at the district level (Sivananthan, 1977: 28). Therefore, both the central and district offices of the functional departments were not fully co-operating for the purpose of co-ordinating activities at the district level. In short, the co-ordinating committees were merely an institutional set-up which was not capable of solving the problems of the centralized system of authority.

In the circumstances it is no surprise that the institution of the District co-ordinating committee lost its glamour as an instrument of planning and implementation (Sivananthan, 1977: 28).

At the same time, public bureaucracy was subject to increasing political interference and influence. Administrators were less and less able to take decisions independently. As Wijeweera says, "...this is a point that is not often realized, owing to the politicization process that had been progressing all the time within the bureaucracy" (Wijeweera, 1988: 17). As a result, the district co-ordinating committee lost its credibility as an administrative instrument for rural development. The lack of rural development cannot be attributed solely, or even mainly, to the weakness of the district administrative system, however. Other powerful factors were at work, as we shall see below.

The Colonial Legacy of a Dependent Economic Structure

Before the British occupied the island, Sri Lanka’s economy
was agriculture-based and the social organization was almost feudal. Basically, lands had three owners: the king, the feudal aristocracy, and the heads of the Buddhist temples. The feudal mode of production was the dominant mode. Under this system, a certain amount of production (usually paddy) was given to the feudal lords and Buddhist monasteries. In addition, people supplied a certain amount of their labour to the king to build temples, artificial water reservoirs, tanks, parks, monuments, art work, etc. For over a thousand years, Sri Lanka had been able to provide basic sustenance for her large population, based on a subsistence economy. Prior to British colonial rule, rice cultivation was the main subsistence crop. History shows that the country had not only been self-sufficient in rice, but also that it had been able to export rice for some time. The development of irrigation schemes, and the ancient ruins, parks, monuments, tanks, etc., still prove the capacity of the ancient technology and the systematic planning abilities of the people.

British rule transformed this feudal agriculture-based social and economic system into a dual economy with the introduction of the plantation system. Obeysekara elaborates:

...the British destroyed the largely self-sufficient agricultural economy. They introduced systematic cultivation of commercial crops such as tea, rubber and coffee, [and then later coconut instead of coffee] and created a predominantly export-import economy. They confiscated peasant land and sold it to British planters for as little as a shilling an acre....In such a way the British disrupted Ceylonese society (Obeysekara, 1973: 369).

Three plantation crops, tea, rubber and coconut, not only
accounted for almost all export earnings, they dominated the economy as a whole and determined the structure of Sri Lankan society. As Premachandra Athukorale has pointed out regarding the state of the economy in the whole period since independence until very recently:

The growth momentum of the economy was heavily dependent on the fortunes of the three primary export products: tea, rubber and coconut. These three items together accounted for about 97 per cent of total export earnings. They directly contributed about 40 per cent of the Gross National Product (GNP) while their indirect contribution via associated supportive services was substantial. Nearly 50 per cent of Government revenue came from export taxes (Athukorale, 1984: 4).

The purpose of this type of colonial economy was to build an economic foundation that would satisfy the needs of the imperial power; it was not intended to develop the interests of the indigenous people.

Thus, the pre-colonial subsistence economy, which was based mainly on the cultivation of rice and other food crops and on small cottage industries, was largely ignored by the British. An export-oriented primary production system was developed which neglected the peasant subsistence economy. In Sri Lanka, as in many other third world countries which underwent imperial penetration during this period, a highly imbalanced economy, heavily dependent on exports and foreign goods, was imposed. Inevitably, an import dependent economy was created.

However, the severe shortage of imported goods during World Wars I and II and the pressure of the national bourgeoisie to develop the local economy, especially local industry, led to the
establishment by the colonial government of some essential import substitution (IS) industries such as cement, steel, and fertilizer. At the time of independence, then, a number of industries had already been established by the colonial government mainly in order to solve the scarcity and shortage of production in the local market due to World War II. Aside from this, the colonial rulers virtually ignored the development of small-scale rural industries and subsistence agriculture. It was the lack of rural development that caused the post-independence governments to try to frame policies to remedy the situation.

**Development Policies in the 1950's**

Unlike many other developing countries, immediately after political independence Sri Lanka's development strategies were not directed toward industrialization because, at that time, the plantation economy was more profitable (Athukorale, 1985: 22). Instead, the national government that ruled from 1948 to 1956 focussed on agricultural development and the provision of welfare. The aim of the UNP government was to direct its policies at the rural population in order to win mass support in the general election.

The IBRD (International Bank for Reconstruction and Development) also stressed the importance of subsistence peasant agriculture, and the development of the plantation economy, small-scale industries and infrastructure facilities
(Karunaratne, 1973: 6). The UNP government became actively involved in the provision of infrastructure facilities for both industrial and agricultural development. For example, the establishment of institutions such as the Ceylon Institute of Scientific and Industrial Research and the Development Finance Corporation encouraged the private entrepreneur and small-scale industrialist (ibid). The government of the first decade of independence made no significant changes in development priorities, though it did recognize the structural weaknesses of the economy.

Until 1956 there were no significant policy changes, because the British were replaced by English-educated, anglophile, elitist, local leaders who could see little reason for structural change (Swan, 1983: 135).

J. Obeysekara elaborates further:

The UNP leaders had aped their British predecessors. They conducted their business in English in a country where 92 per cent of the population did not read or write that language. They maintained the former economic patterns and traditions. Except for the fact that they now had brown—instead of white-skinned rulers, "independence" had brought little change for most people (Obeysekara, 1973: 374).

The government did, however, provide free education, free health services and subsidised food for all people, with the aim of increasing the literacy rate and improving general health and life expectancy. These policies were maintained by successive governments, primarily, it seems, as part of a strategy to win votes. They realized that reducing funding for the popular welfare programmes could very easily result in their party losing the next election (Marga, 1974: 13-30). As a result of
these welfare policies, Sri Lanka has achieved the highest rate of literacy and life expectancy and the most reduced rate of mortality of any South Asian country (Baxter, Malik, Kennedy and Oberst, 1987: 301-302).

The United National Party (UNP), which was in power immediately after independence in 1948, represented the commercial interests of the big plantation landholders and did not want to introduce policies that would initiate industrialization or impose major structural change. As one research study points out:

The U.N.P. Government itself based as it was on the commercial and plantation interests felt no internal pressure from the local entrepreneurial group for a more positive programme of industrialization....In fact, the local capitalist group preferred to invest their profits in the plantation sector (Marga, 1974: 14).

Also, in the first few years after independence, though the UNP government took some measures to improve welfare, it took none to alleviate poverty and social inequality, nor to eradicate their causes (Swan, 1983: 135).

Although the country became independent in 1948, the ruling class did not make significant changes in order to address rural problems and to bring the majority into the political and economic process. For instance, they did not make provision to change the official language from English, which was spoken by only 8% of the population, to Sinhala and Tamil which were spoken by 92 percent of people. Thus, independence did not bring major changes to the majority who suffered during the colonial rule.
A leading UNP Minister, Mr. S.W.R.D. Bandaranaike, understood that and broke away from the UNP and established the SLFP. He entered a coalition with other Marxist parties and united with them to defeat the powerful UNP. In the 1956 general election, he received a huge majority and came into power. This change was the first real shift in Sri Lanka's political structure. As Wriggins points out:

The 1956 election was remarkable in that of all elections held in Ceylon since 1931, and in India and Burma since independence, it alone resulted in a marked transfer of political power from one segment of population to another. This shift in the locus of power was accomplished without bloodshed, mass corruption, or intimidation of the electorate by violence. It was not the elective confirmation of a coup d'etat, but a genuine change in leadership effected by the cumulated choice of hundreds of thousands of individual voters (1960: 326-327).

The general election of 1956 brought about a significant change of government policy, particularly for rural development. As A.S. Gunawardena puts it, "1956 marks a water-shed in socio-political development in Sri Lanka. The 1956 electoral change was a protest against social inequality denying economic opportunity to rural masses" (in Abdul Hye, 1985: 200). The first coalition government, which included Marxist parties and the Mahajana Exsath Peramuna (MEP) party, came to power in "a sweeping electoral victory" to represent the interests of five major social groups: the peasants, wage workers, Buddhist monks, school teachers and ayurvedic physicians (local medical doctors) (Siriwardene, 1987: 3).

Although the government did not alter the structure of the economy drastically, it made some important changes, such as the
expansion of welfare services and education and health facilities, in the rural periphery. Important acts such as the Paddy Land Act were passed in order "to give tenant cultivators of paddyland security of tenure" (Swan, 1984: 142). Also at the village level, cultivation committees were set up with substantial powers to improve and control the standard of cultivation. As Swan points out, "In the rural sector it aimed at increased productivity with social justice and grassroots democracy" (Swan: 142).

In the mid 1950's, the coalition government emphasized the importance of the direct involvement of the state in "commanding height" (key) industries. It established large state-run public enterprises, particularly in the industrial sector, on the recommendation of leading international economists.

The key role of industrial development in planned economic development was worked out on the advice of famous economists like Kaldor, Lange, Myrdal, Mrs. Robinson, Galbraith who were consulted by the Government in formulating a development plan. The Ten Year Plan that was formulated announced the long-term development strategy: "The plan calls for a tremendous extension of economic activities of the state. This extension is not merely the outcome of a heightening of activities of the traditional fields - irrigation and power, roads and railways, ports and harbours and so on, it is more significantly the result of direct government participation in the most important of the new sectors [where] the future development will create industry (Karunaratne, 1973: 16; emphasis mine).

As Donald Rowat points out in "Comparing Bureaucracies in Developed and Developing Countries", which compares total public sector employees as a percentage of population in nineteen developing countries, Sri Lanka has the second highest
percentage - 8.16 per cent (1990: 218). It is outdone only by Mauritius with 8.19 per cent. The reason is because Sri Lanka's public corporation sector, as a percentage of population (5.14 per cent), is by far the largest of the nineteen countries (ibid.). Thus, Sri Lanka is unusual, if not unique, among third world countries. One of the major reasons for Sri Lanka's public corporation sector being one of the largest is the active state involvement in economic activities. Since the local capitalist class is weak the state must be actively involved in infrastructure development even in the industrial and service sectors.

The official language of the country was, up to this point, English; in 1956, Sinhala became the official language of Sri Lanka. Up to this point, too, the language of instruction in all universities was English. The coalition government established two universities, in Kelaniya and Nugegoda, where for the first time the medium of instruction was (and is) Sinhala (G. Uswatte-Aratchi, 1974: 294). It is important to point out that this change in language policy, from English to Sinhala, was only favourable to the majority Sinhalese. It was particularly unfavourable for Jaffna-based Sri Lankan Tamils, a considerable number of whom were fluent in English and who had a relatively higher proportion of public sector employment. However, the Bandaranaike government attempted to make at least some kind of compromise, and in 1957, it attempted to form the "Bandaranaike-Chelvanayakam Pact (B-C Pact)", an agreement on
some kind of autonomy, which Nasir Islam states, "would have safeguarded the interests of both groups" (N. Islam, 1990: 19). Clearly, then, the failure of this accord was and remains lamentable. As well, the government also expanded educational facilities and other social services throughout rural areas. As a result of these policy changes at the national level, significant changes occurred in rural areas. For the first time in history, rural people had access to free education and other facilities. While the main beneficiaries of these policies have been the rural elite, or middle class, the rural poor have also benefitted, though not to the same degree. This is because the quality of education in rural areas is very poor compared to the cities, and poor children in rural areas do not have access to high schools in Colombo and other main urban areas. Nevertheless, over the last 35 years, as a result of these fundamental policy changes, children of peasants and rural workers have been receiving secondary and even higher education in their own language and have entered the wage work force, the public sector in particular.

The New Government was as dependent as the previous on the international capitalist marketing system for its economic survival and was not in a position to solve that problem. However, it attempted to formulate an approach to internal development that gave the proletariat a great sense of self-respect and of participation in the decision-making process (Swan: 142).

Thus, changes made by the coalition government provided the opportunity for the rural people to enter the political system.
However, it is important to point out here that, although the power structure was significantly changed with the establishment of the 1956 coalition government, it was an attempt to satisfy the aspirations of the rural dominant elites. Although these elites lost their privileged status during the colonial rule, they are still the dominant forces who own the means of production at the rural level. They mobilized the rural masses against the UNP government, and thereby shifted the power structure of the country (Siriwardene, 1987: 3). As Bhargarh views it:

The MEP promised dethronement of the English language, Christian religion and western culture. The party found support in the traditional power structure at the village level, the feudal remanents, landlords, money lenders, Sinhala school teachers, local physicians and Buddhist clergy. The vast majority of the poor allied with the traditional power structure (1987: 264).

Nevertheless, neither the UNP nor SLFP coalition government changed the import policies, which were inimical to economic growth and to the development of subsistence agriculture in the country. Agricultural products like rice, potatoes, chilies, lentils and a variety of food stuffs were imported and were sold at reasonable prices (Marga, 1974: 20). These import policies not only discouraged the peasants from growing these crops, but also used up a large amount of foreign exchange for consumer products which could have been easily produced locally. As Marga’s study concludes:
The fundamental weakness in the social programme of the fifties and the early sixties was that it attempted to solve the problem of poverty through redistributive measures that neglected the structural changes and economic measures that would have raised the output, productivity, and the income earning capacity of the traditional sectors where the problems of poverty were most acute (Marga, 1970: 21).

Thus, the lack of a planned and balanced framework which could have developed subsistence agriculture and saved foreign exchange resources proved to be a major weakness in the first decade of Sri Lanka's independence.

The Trends of the 1960's

Since the mid-fifties, Sri Lanka's export income for the three primary crops -- tea, rubber and coconut -- had decreased from 1,940 million in 1955 to Rs. 1,733 million in 1961, while tea production had grown by twenty-four percent and that of rubber by six percent (Marga, 1970: 21). Declining export income, the cost of importing and a consequent foreign exchange crisis, led to the end of "open economic policies" and brought about an import control system (ibid.).

In response to the foreign exchange crisis, and to other problems such as growing unemployment, the government began to apply development policies that were then prevalent in all third world countries. In this period, emphasis was placed on capital formation and on economic growth, especially for industrial development. The emphasis was on active state investment in economic activity. The main strategy of the government was focussed on inward-looking policies such as import substitution
and industrial development. Limited foreign exchange resources were spent to import machinery and equipment and other essentials for industries. Thus, new industries were established, which made significant changes in the economic structure. However, these capital-intensive industries were highly dependent on imported intermediate inputs, machinery and equipment. As a result, the actual benefits of import-substitution industries were not significant (ibid.; 23). As Premachandra Athukorale notes:

...the newly-established industrial sector had made the economy even more dependent on the traditional export sector. These industries showed an overwhelming reliance on imported machinery and new materials while their added value and foreign exchange earnings were negligible (1984: 4).

It was apparent that the benefits of new industries were marginal. In the mid-sixties, the balance of payments became the dominant problem of the economy, not only because of import expenditure, but also due to the continued decline of export prices.

In this crisis situation, the UNP came back to power in 1965 and governed until 1970. During this period, the government placed emphasis on subsistence agricultural development while continuing its import industrial policies. The purpose of developing the agricultural sector was to reduce dependence on imported food, particularly staples such as rice, sugar, and wheat flour. The government was following a trend supported by many third world countries at that time: the "Green Revolution". The import of some consumer products was reduced
and this led to a shortage of locally produced basic food stuffs. At the same time, policies were made to encourage local production such as rice, potatoes and chilies (Marga, 1974: 24). Thus, the traditional agricultural sector received active government involvement and was integrated into the process of economic growth. "The peasant and his economic activity was for the first time reviewed at the highest national level by a cabinet committee on food production" (Marga, 1974: 24).

Since the mid-sixties, emphasis has been placed on export diversification through various government incentives for non-traditional exports such as gems and handcrafts.

Despite these policy measures at the end of the 1960's, the country's economic and social problems were in a state of crisis unparalleled in the history of Sri Lanka. ["By the late 1960's the import-substitution development strategy had reached a crisis point" (Athukorale, 1984: 4)] Both the foreign exchange situation and the rapidly increasing rate of unemployment reached crisis proportions during this period. Government policies which created capital-intensive industries and capital-intensive agricultural activities actually contributed to serious unemployment and underemployment in rural and urban areas rather than solving these problems. By 1970, there were approximately 550,000 persons unemployed in a labour force of 4.5 million, a rate of over 14%, high by any standard. The free education system which was introduced in the mid-1940s served to worsen the situation. In particular, it created a large number
of educated unemployed youths, mainly in rural areas, almost eighty percent of whom are between the ages of fifteen and twenty-four (Marga: 1974: 26). Pyatt and Roe see the problem as one of distance between income from exports and from imports.

The widening gap between export income and import payments which was a feature of the 1960’s assumed major proportions during the latter part of the 1960’s. In 1969 and 1970 the external resource gap exceed Rs.1100 million. On the one hand, incomes for the primary exports (tea, rubber and coconut) were declining dramatically. On the other hand, despite the increased food production, growing population and increasing demand for essential food contributed to the emergence of a very large import bill for basic foodstuffs. [Nearly half of the total import bill was for rice, sugar and flour]. (Pyatt and Roe, 1977: 32).

In the midst of such a situation, the UNP was replaced in 1970, by a socialist government, with an overwhelming majority, headed by Mrs. S.W.R.D. Bandaranaike, in coalition with two Marxist parties.

Summary and Conclusion

Pre-colonial Sri Lanka’s social formation was feudal. The economy was based on agriculture, mainly the production of paddy as the staple food. Since the land belonged to the king, feudal lords, and Buddhist monasteries, the peasants paid a certain amount of their production as rent. The king used their labour to build irrigation systems and water reservoirs, temples, etc. This feudal system was able to provide basic sustenance to the people.

The agriculture-based feudal social formation was
drastically changed by the four and a half centuries of the colonial era. British rule introduced and encouraged the development of plantations for tea, rubber and coconut. These are still the main plantation crops in Sri Lanka. Today, these plantation industries are the largest in the country and account for more than 80% of its foreign exchange. Instead of developing the domestic economy, the British introduced an export and import-consumption pattern. The main feature of this export-import economy was, and still is, dependence on the world market, which cannot be controlled by a single country. In short, they created a high level of external dependency and seriously distorted the native economy. The three export commodities determined the structure of the whole society.

Although Sri Lanka formally became politically independent, it is still economically dependent on the plantation economy which is connected to the world capitalist system. During colonial rule, feudal lords and other dominant groups further strengthened their economic and political power, supporting the British metropolitan bourgeois class. Although the local bourgeoisie were weak compared with the metropolitan capitalist class, they were able to invest in the plantation economy and later (after independence) in trade and commerce. The colonial rulers ignored the importance of the subsistence economy, and as a result it has stagnated. At the same time, capital accumulation has been weak in the country. This is not only because of the nature of the stagnant economy, but also because
the colonial rulers did not reinvest their capital in the economy. Also, they deliberately discouraged industrialization.

The British handed over the government to the indigenous bourgeoisie who would not harm either their own or the British interests. Immediately after independence (1948-1955), the ruling class did not make any drastic structural changes, particularly because the plantation economy was favourable to the indigenous bourgeoisie. However, the social welfare policies continued, partly as a strategy of party politics. In 1956, a new coalition government came into power and made some important changes, such as new welfare policies and the adoption of the Tenant Paddy Land Act. Also they adopted Sinhala as the official language, though they failed to make Tamil an official language at the same time.

Since the mid-1950's the price of plantation export commodities has been declining, while import costs have been increasing greatly. As a result, the coalition government paid more attention to direct state involvement in development, particularly in import-substitution industries. Its policies were favourable to the newly emerged local petty bourgeoisie. These capital-intensive policies were supported and encouraged by international aid agencies. It is true that after 1965 the UNP government placed increasing emphasis on subsistence agricultural development, which was a common strategy of third world countries under the "Green Revolution" at that time. But clearly, the post-independence governments directed their
attention to the problems of rural areas without changing existing structures. Their predominant approach to development was merely to support it, and this perpetuated an extremely dependent economy.

Regarding the administration of development, the governments did not change the existing district administration system in any meaningful way in order to implement their rural development policies. Yet, the increasing government involvement in welfare and development activities in rural areas complicated the administration at the district level.

As we have seen in this chapter, the colonial legacy in terms of the distribution of political power and the class structure, the dependent nature of Sri Lanka's political economy, and the development policies of the independent government provide the basis for strong centralization and the lack of political and bureaucratic will for genuine devolution. It is true that other factors have contributed to the apparent need for and value of centralization, such as (1) the deep divisions and tensions between the Sinhalese and Tamils and the consequent fear of disintegration of the country, (2) the ease with which a small island country can be controlled from its centre (Colombo), and (3) the unequal distribution of resources within the provinces. These factors support the maintenance of centralized control, but my argument is that they are not the most important underlying factors.

Both main strategies, the coalition's import substitution
and the UNP's subsistence agricultural development, were highly
capital intensive, mainly because international aid policies
were biased towards capital intensive technologies. As a
result, at the end of the 1960's it was realized that the
problem of balance of payment and foreign exchange problems had
worsened due to both industrialization and agricultural
policies. Also, the growing unemployment problem was a major
issue, particularly in rural areas.

This serious crisis led in 1970 to the defeat of the UNP
government and the reduction of its representation in parliament
to only seventeen members. Thus a new coalition government
supported by two Marxist parties and headed by SLFP leader Mrs.
Bandaranaike came into power with an overwhelming majority. The
first major reforms of this government and its successors in the
direction of decentralization and rural development will be the
subject of the next chapter.
CHAPTER FOUR

THE FIRST MAJOR REFORMS IN THE DIRECTION OF DECENTRALIZATION AND RURAL DEVELOPMENT

As we have discussed in Chapter Three, in the early 1970s Sri Lanka's socio-economic conditions were in a state of unprecedented crisis. The problems of unemployment, soaring inflation, domestic and international debt, and severe shortage of foreign exchange together with the balance of payment problems created seriously unstable social and economic conditions. In the late 1960s, this developing crisis had led not only to the defeat of the UNP government, reducing its parliament seats to seventeen, but also to a landslide victory with a two-thirds majority for the coalition government which came into power in 1970.

In chapter three we discussed the first and most important post-independence changes which had taken place in Sri Lanka in the mid-fifties: the official language was changed from English to Sinhala (though the government failed to make Tamil an official language), more welfare-oriented development policies were implemented, and changes were made in the (1958) Paddy Land Act. As noted above, the second important change which took place in the political and development history of Sri Lanka after independence was the establishment in 1970 of a coalition government which included two marxist parties. For the first time in the history of Sri Lanka, the following radical policies were developed: 1) a Five Year Plan for the period of 1972 to
1976, 2) a Land Reform Policy, 3) creation of a district political authority (DPA) system, and 4) a decentralized budget (DCB) system. Moreover, divisional development councils were established by the coalition government in this period. Therefore, in this chapter we will discuss these new initiatives and their impact on decentralization and rural development in Sri Lanka.

One may ask why drastic changes such as the land reform policy, which limited total agricultural holdings to fifty acres per family, were made at this time.¹ Previous to the implementing of the land reform policy, there were many wealthy landowners who had more than a thousand acres. There was in fact no limit to the amount of land that an individual or family could own. As Fred Halliday explains:

In the late 1960's 30 per cent of the peasantry were landless labourers working on the plots of other peasants as sharecroppers. As the gradual dissolution of this non-plantation sector proceeded in the 1960's, successful capitalist farmers were able to expand by buying land from indebted peasants and hiring those they expropriated. (72-3)

Clearly in this situation a need for land reform policy was indicated. A compelling force which accelerated these drastic changes was the rise at this time of a grass-roots movement throughout most regions of the country, organized primarily by the rural educated unemployed youth. In Asoka S. Gunawardena's words:

The social distance between the rural youth and urban elite had widened, resulting in the youth's insurrection of 1972. While the insurrection failed to challenge existing social and political institutions, it did bring
about the concern for and recognition of the "rural problem", which development policy and administrative strategy took recognition of (1985: 200-201).

This grass-roots movement was partly a by-product of the past centralized development policies which were urban biased and capital intensive, and which led to unemployment, landlessness, and widespread poverty throughout the rural areas. The free education system which created a large number of unemployed educated youth and the slow growth of the economy which was unable to absorb the educated youth were also important causes of the insurrection.

The socio-economic survey of 1969-1970 shows the severe and widespread social and economic crisis in Sri Lanka:

40 per cent of the households in Ceylon earned less than Rs. 200 [less than US $5] per month. A further 40 per cent of the households earned between Rs. 200 and Rs. 400 (The Five Year Plan: 2).

In short, 80 per cent of the households of the country earned less than US$ 10 per month. The same survey indicated that "31 per cent of households in Ceylon did not have any sort of latrine, while another 40 per cent had only the use of a cesspit" (Five Year Plan 3). All these facts show how widespread poverty was in the country. Yet, as already shown in Chapter Three in this period of socio-economic crisis, a tiny, privileged portion of the society controlled the whole economy, moving it in the direction of a dependent market economy.

The grass-roots movement opposed governmental policies which seemed to intensify the social and economic problems of the country.
In April 1971 a revolutionary insurrection exploded in Ceylon. Unanticipated by imperialism, and unexpected by revolutionaries elsewhere, sections of the rural masses rose in organized rebellion against the very government they had voted into power in the previous May (Halliday 55).

The youth movement that protested against the living conditions of the rural poor was violently suppressed by this same government in 1971, leaving at least 1200 people dead according to the official estimates. However, according to the Amnesty International reports, the actual death toll was as high as 50,000 youths (Fernando 368-9). In spite of government suppression, the youth movement influenced the introduction of the land reform policy, the Five Year Plan, Divisional Development Councils, and similar policies which were designed to benefit the rural people. It is therefore important to discuss the objective of the Five Year Plan and its implementation in terms of the government's priorities, policies and programmes for economic and social change.

**Objectives of the Five Year Plan**

The primary objective of the Five Year Plan was to promote the economy and to solve the major economic and social problems, particularly the problems of unemployment and under-employment, balance of payments, and foreign exchange. The policy makers of the coalition government realized the importance of both agricultural and industrial development. Since agriculture is the most important productive sector of the economy, particular
attention was paid to the development of both the subsistence sector and the traditional export economy. The objectives were as follows:

a) Increase in output in the traditional export sector in tea and rubber;

b) Replanting uneconomic tea and rubber lands with other crops;

c) Rehabilitation of the coconut industry with special programmes for fertilizer application, for increasing productivity in small holdings, for replanting and for more intensive use of coconut land with intercropping;

d) Increasing paddy production to achieve self-sufficiency in 1977;

e) Increase in production of subsidiary food crops such as chilis and onions;

f) Agricultural diversification with horticultural crops. This will not only supplement rural incomes but also contribute to export earnings;

g) Special programmes for the following crops: cotton, manioc, soya bean, kenaf, timber, sunhemp, which are all inputs for agro-based industries;

h) The rehabilitation and expansion of the sugar industry;

i) Supplementary programmes for increasing the supply of vegetable oils for export as well for domestic consumption by the cultivation of soya beans, ground nut, sunflower and cotton for cottonseed oil (Five Year Plan 37).

Thus, special attention was paid to the development of both subsistence agriculture and export plantation. More importantly, the Plan gave very high priority to the agricultural import substitutes such as paddy rice, chilis, onions, potatoes, soya beans, and other essential consumer products which can be grown easily in the country. The primary
purpose was to reduce the consumer import bill while developing subsistence agriculture. The government introduced credit facilities, subsidies and favourable pricing policies for subsistence crops, encouraging farmers to produce these essential consumer crops.

At the same time, the government recognized the vital importance of industrial development of the economy, and the Plan announced several important provisions to develop the small scale industries that use indigenous raw materials and labour-intensive techniques. The new industrial policies were designed to take "into account the following pressing needs of the economy":

- the need to create employment opportunities;
- the need to expand the production of essential commodities for mass consumption to meet the increase in demand consequent to the planned rising incomes of the low income groups;
- the need to establish the basic industries capable of providing the inputs for other industries. This will establish the inter-industrial links and the linkage between industry and other sectors of the economy which is necessary for sustained industrial growth;
- the need to bring industry to the rural areas and thereby to supplement rural incomes by giving employment and providing a demand for raw materials originating in the rural sector;
- the need to minimize the foreign exchange commitment for investment and raw materials;
- the need to gear industrial growth to the export market (Five Year Plan 59-60)

In short, the plan emphasized the need to develop small-scale industries which were less capital intensive and located in rural and undeveloped areas. The government used the plan to generate employment that would make rural areas more attractive
to the young. Also, the industries which use indigenous raw material and equipment were given high priority because such industries not only use locally available resources but also save the limited foreign exchange which can be used for other important purposes. The attempt was made by the government to diversify the export pattern because traditional primary commodities were and are subject to declining prices on the world market. Moreover, the government paid very great attention and gave high priority to the cultivation of arable land for paddy and other agricultural crops.

The land reform policies, and other new policies such as a decentralized budget, Divisional Development Councils and the District Political Authority system, which we will discuss later in detail, were set up to promote the people's participation and to utilise locally available resources more productively and more efficiently.

During the Plan period, there were signs that the implementation of the new policies was bringing about substantial progress. Large acreages were brought under paddy cultivation, and subsidiary food crops such as soybeans, cowpeas, yams, chillies, and onions were becoming popularized in rural areas. The import policies were highly favourable for small-scale industries which provided employment opportunities and used high levels of local input. Under the re-formulated export policies, non-traditional exports such as gems and industrial products such as ceramics and handicrafts increased.
However, the objectives of the plan were never fully realized. There are several reasons for this. First, unprecedented increases in oil prices in 1973 and increased import prices of intermediary inputs and consumer products were major constraints to the implementation of the planned policies and programmes. Second, in 1975 the coalition government began to break down mainly due to differences of opinion between the conservative and leftist members of the SLFP. The dominant Sri Lanka Freedom Party (SLFP) under Mrs. Bandaranaike threw out the representatives of the LSSP party (a major Marxist party), including the Minister of Finance and other crucial cabinet members. By February 7, 1977, the SLFP had thrown the other leftist party, the CP, out of the coalition. The political uncertainty during this period was one of the main reasons for the failure of the government plans and policies, mainly because the Marxist parties of the coalition government were the key proponents of the new initiatives. Third, unexpected adverse weather conditions exacerbated problems with domestic food production. Fourth, the lack of managerial skills among government officials and political authorities, particularly in rural areas, was another major reason for the failure. Fifth, political and administrative corruption was rampant, due to the scarcity of imported goods, limited production and drastic changes in almost all sectors of the economy. In order to save the limited foreign exchange and to solve the problem of balance of payments, the government restricted the import of commodities
including essentials like food items and clothes. Moreover, heavy duties and taxes were imposed on luxury goods. As a result there was a drastic shortage of imported goods in the local market. This shortage led to an increase in black market activity and an accompanying price escalation. Even though the government distributed a limited amount of essential consumer goods through co-operatives, unions and marketing departments, this did not alleviate the scarcity of goods. Siriwardene describes the situation:

...at the village level, there was a tendency for the official bureaucracy, the dominant economic groups and the political appointees to have preemptive access to inputs to the village. Consumption items like hard-to-get maldive fish, milk powder, etc., which were distributed by the co-operatives were often shared out by this group through informal networks of distribution. Likewise access to farm inputs including credit was disproportionately shared among these groups (1987: 4).

Thus, the system at that time was designed to benefit only a fraction of the people, and many were still unable to obtain the basic goods and services.

Sixth, the people became frustrated by the severe shortage in food production, particularly in urban areas, and by rising inflation and black market prices. The people, in both urban and rural areas, rose against the government, staging large-scale strikes, demonstrations and other actions, which were backed by the trade unions and the Marxist parties which had been thrown out by the government.

Finally, the dominant elites including the landowners and big businessmen, particularly those involved in the export and
import economic activities, pushed for change. This is because:

The capitalist state system underwent a radical transformation during the period of the United Front regime (1970-77) and the traditional supporters of the UNP - the landowners, big businessmen and other elements of the national bourgeoisie - were weakened.

So far we have discussed the new economic policies of the coalition government. In the next section we will discuss the institutional reforms that were introduced to promote rural development.

**District Political Authority (DPA) System**

Up to 1973, at the district level, the people's representatives had little power or say in the co-ordination and administration of development activities in their region, and no direct influence in decision-making. This is because government officials, and not the members of parliament, played the key role. The people's representatives were subordinate to the bureaucracy. But, at the centre, the ministers control the bureaucracy and the administration.

Therefore, the introduction of the DPA system was an attempt to politicize the administration at the district level and thereby to co-ordinate and supervise the district activities according to the priorities of the people's representatives, with the support of the bureaucracy.

The establishment of the DPA system was a consequence of several factors. It was created in response to two main immediate circumstances: (1) the food production campaign,
which was launched by the coalition government in response to a food shortage resulting from import restrictions and internal adverse weather conditions as well as changes of government priorities in early 1970's in the country; (2) the Decentralized Budget system, which was initiated in 1973 together with the DPA system to invest money within the district according to the priorities of the district needs.

Whatever the immediate reasons were to create the DPA system at the district level, it was in fact created as a result of broader, longstanding political as well as economic conditions in the country. As V.T. Navaratne put it:

The growing social and economic crisis in Sri Lanka's development, reflected in the emergence to power of a socialist coalition in 1970, followed by the Youth Insurrection of 1971, set the background to a significant emerging dimension of the organization and administration of district development. (1985; 25)

As we mentioned, the primary purpose of the DPA was to give political leadership at the district level and thereby strengthen the co-ordination which was weak due to the nature of the district functional departments which were more responsible to the centre than to the district.

Up to 1973, it was very difficult for district members of parliament, particularly for back-benchers who did not have experience and who could not speak English well, to get their work done or to make requests through the district bureaucracy, because district administrators derive their authority from the centre (Colombo) and they are always accountable to the centre. As a result, there had been increasing demand for greater
political control over bureaucracy at the district level. In fact, the back-benchers did not have power at either level, district or centre (Colombo). As Wijeweera has explained:

Political parties themselves have tended to recruit into parliamentary membership increasing numbers from among [candidates with strong rural ties] in order to boost their popular image. The outcome has been a steady polarization, within the government parliamentary group, of a small westernized leadership holding the reins of power and a large "swabasha"[native]-speaking group of back-benchers without much formal power at the centre (1988, 88).

Therefore, although the existing circumstances such as the coalition sponsored "food production campaign", Decentralized Budget and the Five Year Plan and its requirements for implementation, were immediate reasons to create the DPA, it was a product of long and broader political demands of rural backbenchers. As Cyril Gamage and Martin Minogue explain:

The attempt to create a formal district political leadership in 1973 was not an exercise in a vacuum. It was rather the culmination of a number of forces that had been at work in the politico-administrative process since the grant of independence in 1948.(1978:274)

As Wijeweera explains:

The social forces that surfaced in 1956 had a lasting impact on the nature of political parties in Sri Lanka. Thereafter almost all parties aspiring to governmental power had to adapt themselves to the aspiration of the rural, Sinhalese middle-class.(1988:88)

Therefore, the creation of the DPA was a result of a long-standing demand of rural backbenchers who have obligations to or ties to rural areas but do not have power in decision making at the district level. The DPA was introduced in 1973 by the Prime Minister. As A.P.B. Manamperi, Tissa Devendra, Lal Wijayapala
and Candrananda de Silva explain:

The new system was set up more or less over the telephone by the co-ordinating secretary of the Prime Minister, with barely any reference to the Ministry of Home Affairs whose representative is the government agent. (Fernando and Perera, 1980: 15).

Therefore, because it did not have constitutional provision giving it formal power and authority, this led to many instances of conflict and confusion between the Government Agent (GA) and the DPA regarding their power, authority and responsibilities (Fernand and Perera, 1980: 15). A senior member of the ruling party, in most cases a deputy minister, was appointed as the District Political Authority (DPA) by the Prime Minister.² Twenty DPAs were appointed; of these, three were ministers, twelve were deputy ministers, and the rest were senior backbenchers. With one exception, each DPA selected had been elected from the district. One DPA was appointed for three districts. The DPA of Anuradhapura was appointed also as the DPA for Vavuniya and Mannar.

In order to implement the DPA properly, a co-ordinating secretariat for the Prime Minister’s office, under the direction of the Prime Minister’s daughter, was established to co-ordinate and supervise the DPA. This institution was assisted by the deputy minister of planning and economic affairs, the deputy minister of defence, the army commander, and the director of the division of national planning of the ministry of planning and economic affairs. Such an institution was needed mainly because the creation of the DPA had been unplanned and the DPAs were not
given clear directions or guidelines. Apart from the objective of directing the DPAs, the purpose of the secretariat was to give directions to, and to get support from, the central ministries in order to implement the food production campaign, the Five Year Plan and the Decentralized Budget (DCB). The creation of this secretariat involved the Prime Minister's office in policy making, whereas previously the function of this office had been primarily ceremonial (Wijeweera, 1988:118-141).

The DPA was responsible for the determination of development priorities within the district. It is important to note here that the Government Agent (GA), who had been in charge of all administrative activities at the district level, became at this point subordinate to the DPA and served as the accounting officer for financial matters and as a secretariat to the DPA.

As Wijeweera pointed out:

[The] device of appointing District Political Authorities as deputy ministers has two important advantages. Firstly, it could provide for the formal co-ordinating at a district level of multi-disciplinary programmes such as food production, which cut across departmental and ministry boundaries (and jealousies) and which entail problems of co-ordination. Secondly, it would fix precisely the position of the District Political Authority in the administrative hierarchy and its relationship to functional ministries and departments (Wijeweera, 1974: 14-15).

The DPA did not have any legal authority, however. This is because the DPA was introduced by a prime ministerial fiat.

There are two important points to be taken into account in an analysis of the extent to which the DPA decentralized the
system of decision making. First, the DPA became the chief of the local policy-making process, dominating the bureaucratic administrators who were not direct representatives of the people.

Hence, local pressure groups which had hitherto been lobbying in Colombo in ministries and departments either through their members of parliament or other contact men, for small anicuts [irrigation dams], tanks, v.c. roads, school buildings, etc. now find themselves in the position of having to lobby the District Political Authority... Members of Parliament... now find themselves to be an integral part of the very decision-making body which has the power to authorize these items (Wijeweera 1974, 15)

Second, the DPA provided a more decentralized system of planning and a more effective co-ordination role in policy-making, particularly with functional departments which have direct links with the central ministries and departments in Colombo. The DPA was the first attempt to create an institutional mechanism at the district level which would:

provide an institutional base for interaction between the administrators and non-administrators in planning, implementation, monitoring and evaluation for both district councils and divisional development councils (Navaratne 1985, 26)

However, functional departments which had central authority were not prepared to accept these dramatic changes and opposed them whenever possible. This situation created a conflict in the loyalties of the field officers in these departments towards the DPA of the district and the head office of their department or Ministry in Colombo.

As we have seen, since the creation of the DPA system was not a planned or genuine strategy to decentralize political
power to the district level in order to promote rural
development, its implementation and its outcomes were not very
productive. As Wijeweera explains:

The obvious lack of enthusiasm for it at the topmost level,
and the reluctance on the part of most ministers to
delegate to the DPAs a fair share of their administrative
responsibility reduced its effectiveness and cramped its
style once the period of crisis was over. The lack of
clear governmental instructions, defining the scope of
activities falling within the purview of the DPA and his
relationship to line ministries, made the working milieu
confusing (1988, 118).

Moreover, the power, authority, functions, and boundaries were
not clearly defined by the legal constitution. Also, the lack of
understanding about the new process and the lack of training of
the administrators to deal with the new initiatives created
confusing and complex problems.

The confusion was compounded, however, when, early in 1974,
the "Jana Vegaya" (People's Force) group began to influence the
PM, who herself had decided to extend her control beyond the
delegated time. The opposition, who saw this collaboration as
a move towards dictatorship, moved "to investigate an alleged
conspiracy to destroy the sovereignty of the people" (Wijeweera:
125-126). The claim of the opposition leader was that:

the Janar Vegaya group and the members of the Prime
Minister's family in it constitute the real government
of this country. They form an inner cabinet, with the
Prime Minister in the background, in which most
ministers are only figureheads. The former government
which consists of the Cabinet exists only in name
(Wijeweera: 126).

Unfortunately the antagonism between these rival forces (the PM
and the opposition) resulted in a serious setback to both the
DPA system and the Decentralized Budget. In 1974, the monetary allocation to the decentralized budget was reduced from 175 to 125 million Rupees (Wijeweera: 127).

Although the decentralized budget was introduced as a result of then existing circumstances, the powerful central Ministers who represented the urban dominant interests of the country were not very much in favour of it. The antagonism between the rival forces fuelled these powerful Ministers, and their influence contributed to the reduction in the allocation to the Decentralized Budget (Wijeweera, 1988: 128).

The Divisional Development Council (DDC)

As mentioned earlier, there are twenty five districts in Sri Lanka. These districts are subdivided into three hundred and twenty-five divisions. The Assistant Government Agent (AGA) is the chief administrative officer for the division; his activities are supervised by the GA. Divisional Development Councils (DDC) were set up in each divisional authority under the AGA. The DDC’s were comprised of both senior government officials and state sponsored institutions and organizations such as people’s committees, the village committees, the cultivation committees, and cooperative societies. This system is a link between the network of government departments and the people and their local organization. An assistant planning officer was appointed to each council by the ministry of planning because the development projects proposed by the council were evaluated and funded by the ministry. The main
function of the councils was to formulate divisional development plans, to identify suitable projects and to co-ordinate development activities.

An entirely new structure for planning is being established... (within which) each local authority area will be the focus for development planning and plan implementation. Popular participation will be secured through Divisional Development Councils in which the elected organs of the village, the cooperative society, the cultivation committees, the village council, will have a planning and co-ordinating role in the over-all development of their area (N.M. Perera, qtd. in Richards and Gooneratne 1980, 132)

Thus it was argued by Richards and Gooneratne that the rural people were given an opportunity to participate in decision-making on their own development work at the grass-roots level. Since the DDC's had financial resources to carry out small agricultural, industrial or fisheries projects, there were many new DDC projects which were administered and controlled through a co-operative system. As Peter Richards and Wilbert Gooneratne explain:

Many of the projects initiated have been strongly criticised for poor initial choice of product or, for agricultural projects, of area and for subsequent mismanagement. The overall programme was criticised certainly for failing to create significant additional employment and precisely for a surrender of control by the central co-ordinating ministry. It is clear that many projects have suffered from a variety of ills, sometimes due to poor management (not laying in sufficient raw materials or paying sufficient attention to marketing), sometimes due to restrictive control of management and e.g., insufficient working capital, sometimes due to lack of enthusiasm by co-operative members, and, of course, sometimes to poor project choice (1980: 133-134).

In general, the operation and implementation of projects were poor due to unnecessary political interference and party
politics, corruption, mismanagement, poor selection of projects and lack of working capital.

Decentralized Budget (DCB)

Together with the above-mentioned changes, the government introduced a decentralized budget (DCB) system in 1974. The main objective of the system was to provide an opportunity for local people to have decision-making authority over development projects at the local (district) level. It was argued, therefore, that the budget system would provide the opportunity for people's participation in decision-making, thereby bringing local knowledge and experience into the process of policy making for rural development. The intention of the decentralized budget was "to generate increased production and employment in the rural sector by enlisting the participation of local people in the planning and implementation of development projects" (Weerakoon, 1976: 64).

The primary purpose was to provide money for rural development through increasing agricultural productivity and employment. The funds were supposed to be allocated for irrigation and needed infrastructure development at the district level, and also to utilize available local resources, particularly human resources through *shramadana* (volunteer work). The argument was that, unlike in the past, priorities were to be decided by the members of parliament, not the bureaucrats. This was the key objective of the DCB, because
M.P.'s now had finance within the district. As anyone can easily understand, this system was much more flexible and efficient in terms of project identification, formulation, implementation and evaluation. The DPA not only had authority to allocate money for capital works on the basis of their priority, but also to monitor and evaluate them, or even to reallocate the money or to provide extra money if needed.

In 1974, Rs.175 million was collected for the purpose of the DCB from various ministries, and then the funds were allocated to the districts on the basis of the need and the size of the district. Each district was supposed to prepare district plans in order to get funds from the planning ministry. At the beginning, a large proportion of money was allocated to agricultural development, such as irrigation and the building of agricultural productivity centres, because the primary objective of the DCB was to implement the food production campaign. In 1974, district plans requested over Rs. 300 million. The ministry of planning and economic affairs had authority to transfer unspent money to districts that had overspent.

Thus, the main purpose of the DCB was to bring the administration close to the local people and to mobilize their experience in planning and implementing development projects. Under the DCB, the government provided a lump sum of money for each district which could be used for capital works such as irrigation projects and the construction of buildings. The projects were selected, administered and implemented under the
leadership of local representatives of the people in the area. Initial proposals were presented by local organisations such as the Rural Development Societies to the DPA. If the DPA approved the project, the local field office of a functional department such as the irrigation department, department of rural development, department of small industries or agricultural department, carried out the project.

There was, therefore, no need to get approval for the project from a central ministry in Colombo. It was argued that this system of budgeting was appropriate for rural development simply because it provided more flexibility and speeded up the processes, avoiding the delays and other potential shortcomings of project implementation. Development priorities and the needs of the people were to be determined by the people within their own district. It is important to note that all departmental activities at the district level were co-ordinated by the GA, the administrative head of the district and the accounting officer for the DCB. This was not decentralization of the national budget, but a specific allocation of money for each district for the specific needs of the district.

However, it has been argued by eminent scholars that the objectives of the DCB were not achieved as projected. As Wanasinghe points out, in practice DCB operations and "decisions are based on partisan political considerations" (1985: 253). That is, members of parliament decide priorities in "consultation with political party branches and the village
level institutions which, in any event, are also the nominees of the P.M." (1985: 253).

The funds were not allocated on the basis of the actual requirements of the electorate, i.e., the nature of undevelopment or backwardness in the electorate. Even though the DCB was a new budgeting system, there was no formal training in budgeting, planning and implementation for the bureaucracy, which was used to a centralized system of administration and planning. More importantly, as one can easily understand, although the policy makers at the district level now had the opportunity to make their decisions according to their priorities, at least to some extent, this system of budgeting was totally dependent on the central annual grants. Theoretically, the allocation of the funds was supposed to be according to priorities of the district. But, in practice, the opposite was the reality: the allocation of the funds was done by the members of parliament as they wished, particularly according to their political priorities.

In practice, the powerful and influential or active members of parliament were able to use a large proportion of DCB money in their own constituencies. As a result, the money which was allocated to the district was reallocated to each constituency on the basis of need. Therefore, the M.P. had authority to allocate the money according to the constituency plan which was prepared after consulting the RDS and other rural institutions with the cooperation of the divisional officials and the GA
(Weerakoon 1976, 62-3). The local non-government organizations, such as Rural Development Societies, had an opportunity to check the implementation of the electoral plan which was prepared on the basis of their priorities. A hidden purpose of the DCB was to encourage voluntary work and the contribution of the shramadana or any material resources. For example, if Rs. 20,000 were needed to build a small irrigation project, and the available money for that was Rs. 15,000, the balance could be made up by shramadana and encouraging the resources and volunteers of the shramadana (Weerakoon, 1976).

Fortunately, the progress of the construction projects was monitored. That is, each department which carried out the construction sent a progress report to the district planning unit at the kachcheri (district head office) and the planning unit prepared progress reports concerning all the constituencies, and sent copies to the DPA and the relevant M.P.'s. Thus, M.P.'s were provided with all the information about the progress of projects, before they came to the DPA meeting, which was held on the Monday of the third week of the month, and thus had a chance to evaluate progress and to make recommendations for correcting weaknesses, if any (Weerakoon, 1976).

In practice, government members of parliament had much influence over deciding priorities and spending. As Weerakoon explains, "Government M.P.s were able to pressure for a larger share of the DCB, while opposition constituencies were
neglected" (1982, 5).

Despite these shortcomings, the DCB attempted to avoid or reduce the weaknesses of the central budgeting system, that is, delays, underexpenditure and the difficulty in getting approval for projects from the treasury and central ministries in Colombo. Even in the implementation stage, the progress and evaluation reports were supposed to be sent to the centre (in Colombo). Now the DCB reversed this process. The development projects and proposals were identified or recognized by local institutions such as Rural Development Societies and Cultivation Committees, which would then submit them to the DPA, and if a project was approved by the DPA, funds would be allocated to carry it out. Unlike in the past, the progress and evaluation of the project was reported to the DPA, not to the centre. In this process, the project identification was much more meaningful because it was done by the non-government officials, divisional officials and the M.P.'s. More importantly, the local members of the voluntary organisations were aware of the actual needs of the people. At the same time, this system provided valuable opportunities for local people to evaluate their own projects. As Sivananthan explains:

As the approval too is granted locally, the time lag between identification, formulation, approval and commencement of implementation is very little, and the project is not, therefore, lost sight of by its sponsors (1977, 33).

Thus the DCB provided greater flexibility and more meaningful use of resources, compared to the centralized budgeting and
planning system. As Siriwardene explains:

The emergence of the 'decentralized budget' resulted in a degree of responsiveness to local development demands and facilitated work in the provinces; while to some extent popular participation in decision-making in development increased. But it was observed that political participation even in its limited form was being restricted to those closely allied to the government in power, and left out large sections of the population from the participation process (1987: 4).

Thus, both positive and negative effects of the decentralized budget are evident. Despite the optimistic projections of the proponents of decentralization, the participation process was found to be defective.

Conclusion

As we have seen, the coalition government came into power in 1970 when the country’s social and economic conditions were in a crisis. For example, more than 80% of the households of the country earned less than US $10 per month. At the same time, an affluent minor fraction of the society (less than 10 per cent) appropriated nearly half of the country’s national income.

A survey conducted by the Treasury in the early 1970s found that out of a total investment of Rs. 275 million in industrial undertakings each with a capitalization of over Rs. 1 million, Rs. 205 million (or 75%) was held by eleven family groups (Budget speech 1973: 35). Moreover, out of the total number of companies which were formed during this period more than 84% were private companies reflecting the increased concentration of wealth (ibid). In 1966, the top 6.2% of the firms accounted for 63.3% of total industrial output. In 1974 the top 7.5 per cent of the firms accounted for 89% of output (Athukorala, 1985: 29; emphasis mine).
During the election campaign, the United Front promised to solve these economic and social problems, paying particular attention to the problems at the rural level such as unemployment and widespread poverty. The United Front, through its two Marxist parties, was committed to socialism, at least theoretically. The extreme disparity between the rich and the poor as well as the severity of the poverty in both rural and urban areas was the focus of the United Front, which stressed the failure of past capital-intensive and urban-biased development policies, and promised a socialist approach to remedy social and economic ills. However, the youth insurrection in 1971 led the coalition government to make some drastic changes such as those brought about by the land reform policy, the Five Year Plan, and the decentralized budget system.

The main objective of the Five Year Plan was to solve rural problems such as unemployment and underemployment, to improve the income of the rural poor, and to improve the quality of life. Therefore the government paid great attention to the problems of rural areas, subsistence agriculture and small-scale industries, to reduce the import bill for food items and cloth, etc. Price incentives and loan facilities and other agricultural subsidies were provided for the farmers. The small-scale industries which used local raw materials were given high priority. At the same time, after 1973, very high priority was given to increasing the local food production because there was a food shortage in the country due to restricted import
policies and discontinuation of the previous government's agricultural policies. Since the government was heavily dependent on the earnings of traditional primary exports, it paid attention to increasing the output by replanting unproductive tea and rubber estates, at the same time promoting non-traditional exports such as gems and handicrafts.

However, the objectives of the Plan were not achieved for the following reasons: 1) the increase in world oil prices in 1973; 2) the increased import prices of consumer and other industrial inputs; 3) implementation problems such as lack of managerial skills and lack of understanding of the new process; 4) the political and administrative corruption due to the scarcity of resources and the drastic changes; 5) limited financial and other resources; 6) the breakdown of the coalition government in 1975 as a result of conflict and difference of opinion between the conservative members of the SLFP and the leftist MP's; and 7) unexpected adverse weather conditions. However, rural people did benefit from the agricultural, land reform, small-scale industrial, and other related policies.

The introduction of the DPA and DCB, although they had limitations, was another important policy initiative in the right direction made by the government. The DPAs became important policy makers at the district level. The immediate purpose of the creation of the DPA was to strengthen district co-ordination in achieving the goals of the food campaign which was launched in 1973. As we have seen, the district
coordination was very weak and the GA was unable to get the support of the functional departments at the district level because they were loyal to the centre rather than to the district. Moreover, the members of parliament, particularly the back-benchers, did not have power at the district level because the functional department and the GA had the formal power and authority. Therefore the purpose of the DPA was to politicize the district administration by giving the DPA political authority over the district administration and development.

The DCB system provided an opportunity for local representatives of the people to decide their own priorities on the basis of their own needs and resources within the district. The primary purpose of the DCB was to provide employment opportunities for rural people, to generate increased production, and to utilize available local human and material resources more efficiently and effectively, and to get involved rural people into decision-making and implementation of development projects at the rural level. The DPA had not only decision-making power to decide priorities within the district, but also to implement projects without lobbying the centre for approval. However, the reluctance of the central ministries to delegate power, their inability to adjust to the new system, and the lack of clear definition of the DPA's authority, as well as the lack of constitutional provision for the DPA, hindered the effectiveness of the new system. This situation created conflict between the DPAs and the functional ministries. The
actual implementation of the DCB was carried out by the DPAs on the basis of party politics and sometimes on the basis of their own personal opinion. Therefore the priorities of the political parties and supporters of the political parties were the main criteria, not the actual needs of the people of the district. The DCB was allocated on the basis of nature of the the electorate and not on the basis of the priorities of the district. Moreover, the funds were allocated mainly to road-building and public buildings such as public bus stands which can easily get the public's attention, rather than to actual priorities. Also, the lack of training for the public officials to adjust to the new system and process was a major obstacle to implementation of the new policies. The Divisional Development Council system was set up to identify, formulate, coordinate and implement divisional development plans. Though it had limitations and weaknesses itself, such as lack of capital, mismanagement and unnecessary political interference, it was an attempt to give rural people the opportunity for policy making at the grass-roots level.

The introduction of the DPA, DCB and DDC was an important policy initiative mainly because it provided not only the local representative an opportunity for decision-making but also avoided problems of delays, under-expenditure and need to lobby the centre for approval. This new initiative was partly a response to existing circumstances such as the 1971 insurrection, the food shortage and the food campaign. In
short, it was not a genuine attempt to decentralize the central power. As S.S.A.L. Siriwardene explains:

This politicisation [District Political Authority System] soon extended to intermediate and village level appointments such as the governing boards of co-operatives, cultivation committees, agricultural productivity committees, etc. (1987: 4).

These village level organizations became "politicized" not only in their being dominated by the ruling party, but also in the way the assembly formed an informal coalition or network at the village level.

Examining the inter-relationships between peasants and officials, in 1976 Susila Ranaweera in a paper in the "Economic Review" indicated that at the rural level there existed a coalition of interests between the dominant groups in the village, the government officials and the political appointees. Runaweera's study found that perceptions of village level personnel fitted well into this coalition. For example, generally government officials, political appointees and the dominant groups were viewed by sections of the dominated as being good to each other, at the expense of the dominated (Siriwardene, 1987: 4).

Attempts at decentralization failed to achieve their proposed objectives. Included among the failures are the people's participation in decision-making, which failed because the political elite dominated the rural institutions and gained most of the benefits as a result of their politicization of the local institutions like co-operatives and cultivation committees.
Endnotes

1. According to the Land Reform Act of 1972, the maximum land holding is 50 acres, a maximum 25 of which may be paddy land.

2. The District Minister in Sri Lanka is an elected member of the parliament, not a "permanent secretary" as in Canada. He is nonetheless able to be appointed DPA in addition to his elected post.
CHAPTER FIVE
DECENTRALIZATION AND DEVELOPMENT, 1977-1986

In 1977, the coalition government was defeated and the United National Party came into power with a majority in parliament, unprecedented in the history of Sri Lanka, of five sixths of the total seats (140 out of 168). The main opposition party, the Sri Lanka Freedom Party (SLFP), was reduced to only eight seats, and the Marxist parties of the left lost all of the seats that they had previously held. Moreover, the Tamil United Liberation Front (TULF) became, for the first time, the official opposition with seventeen seats. The UNP was elected primarily on the basis of its campaign promises to create a "just and free society" and to provide a subsidised grain ration of eight pounds per family per week.

In this same year, 1977, riots erupted between the Tamils and the Sinhalese creating an emergency situation. The rivalry between these two groups has a long history.

While this thesis does not directly focus on the ethnic conflict in Sri Lanka, but deals with decentralization, it is nonetheless necessary to provide some historical background to these problems. This is important to discuss since the reasons for the attempt at political decentralization and their initiation lie in the ethnic conflicts between majority Sinhalese and minority Tamils. To analyze the relation between these two groups is to discover the reasons why decentralization became an issue. The historical basis of the ethnic conflict
thus forms a background to this thesis.

The ethnic conflict between the Sinhalese and the Tamils is highly complex and controversial. It is connected to several factors: (1) the historical polity, religion and culture; (2) the introduction of the capitalist system into the feudalist system; and (3) the impact of the post-colonial state and its policies on the ethnic conflict.

The history of the conflict goes back almost three millenia. Long before the colonial rule, the country was subject to South Indian invasions. As well, Sinhalese and Tamil rulers had been struggling for power throughout pre-colonial history. Therefore, both communities have long, bitter memories.

As we discussed in Chapter Three, when the Portuguese arrived in Sri Lanka in 1505, there were three kingdoms in the country: (1) Kotte, (2) Kandy and (3) Jaffna. However, most parts of the island were controlled by the Sinhalese kings who paid special attention to Buddhism and to Buddhist culture in general. Thus, the majority Sinhalese Buddhist ideology, which was established and advocated by the ancient feudal powers, has long been influential in the Sri Lankan polity. The influence of the Buddhist temple and the role played by the Sangha [community of Buddhist monks] was highly significant in many respects at the village level. As W. Howard Wriggins explains:

The Sangha had a fundamental role in the villages. The bhikkhu [monk] was usually the most highly educated member of a community; in many instances, he was the only one who could read and write. He was the
teacher who brought to the villages the wisdom of the Buddha as well as the skills of writing, language, and a knowledge of literature. Although it was against the Vinaya [monastic discipline] rules, some bhikkhus practised medicine, and it was to them that the villagers went for the relief of their ailments. The villagers also came for advice on domestic troubles or to present before the bhikkhu two sides of a village dispute for settlement. He controlled the village temple, the only public gathering place (1960: 181-182).

Moreover, some temples owned (and still own) large areas of land which landless peasants rented. It is true that this situation was changed significantly during the colonial rule. But still the influence of the Sangha and the leading Buddhist temples is important in Sri Lanka. The political leaders of the country are well aware of the influence and the aspirations of the Sangha. Therefore, political parties, in working to gain electoral victories, pay careful attention to the Sangha as a powerful factor to gain electoral support. However, during the colonial rule, Buddhism lost its privileges and status as the dominant religion. In fact, the colonial rulers not only ignored Buddhism and its culture, but they also introduced and advocated Christianity.

Most dominant groups, including many feudal lords, saw the need to adopt the colonial rulers' values and beliefs if they were to prosper. They converted to Christianity, and thus became the only ones to benefit from the colonial rule. However, a substantial proportion of the traditional feudal lords who were not integrated into the capitalist system, viewed the colonial rule as a threat to their long-held privilege and
prosperity. This is because, under the new system, they rose to become a lower middle class petty bourgeoisie, and were not in a position to compete with the dominant bourgeoisie. They were largely Sinhalese Buddhist, who lost their status and their privileges during the colonial rule. Since then, therefore, they have been struggling to regain their former status and privileges.

Meanwhile, three other factors have been significant: (1) universal adult franchise, which arose as a result of the limited legislative power, and was received in 1931; (2) the democratic institutions, which were introduced during the colonial rule, and (3) the system of free education, which began in the mid-1940’s. This system itself is a product of the universal adult franchise, and may never have been instituted if the limited power had not been granted. These benefits all resulted from the efforts of the National Movement, under which all the ethnic groups united to gain independence from the British. All these positive elements combined to enable at least the lower middle class and the petty bourgeoisie to enter the political arena. This uprise of new social powers was widespread:

The new social forces that were emerging saw the western-educated elite as an alien by-product of the colonial system. They sought to broaden the access to privileges that up to now had been largely confined to the English educated minority. At the same time, they attempted to define a national identity in opposition to the western ethos. One aspect of decolonization was seen as a renewal of the country's religio-cultural tradition (Gunatilleke, Tiruchelram and Coomaraswamy, 1983: 150).
The political elites who led the main political parties at that time realized the extent of the new-found power and began to mobilize the people on ethnic and religious bases. As James Manor explains with particular reference to Sinhalese chauvinism:

...many Sinhalese politicians in opposition - most of whom sought accommodation with the minority when in power - have seen Sinhalese chauvinism as a major political resource and have encouraged it as a means of regaining office (1984: 3-4).

Not surprisingly, some of the coalitions that have been made by the ruling class serve to worsen the plight of the Tamil minority:

The ruling class has consolidated its position by forging links with the traditional elements of the society - most importantly the Buddhist clergy that provide stability to their regime. In this process of state-formation they have purged the rights of the minorities - the Tamils (Bhargava, 1987: 211; emphasis mine).

Sinhalese Buddhist ideology, which was established and advocated by both the feudalist lords and the Buddhist monks, holds that Sri Lanka is a land that is only for the Sinhalese. They argue that the Sinhalese were Aryans, believe themselves to be the original inhabitants of India, and trace their ancestry to the north of the country. Moreover, there has been a strong ideological link between the Sinhalese and Buddhism. That is, the Sinhalese consider themselves protectors of Buddhism, as the following passage reveals:

The typical perception of the communal problem by the Sinhala majority has been based on the concept of an historical polity in which Sri Lanka is projected as the homeland of the Sinhala people, and the Sinhala
language, and the special sanctuary of the Buddhist religion (Gunatileke, Tiruchelram and Coomaraswamy, 1983: 150).

The Buddhist majority do not reserve their resentment solely for the Tamil minority. In fact, they were especially critical of the members of their own people who converted to Christianity for material benefit. As Kumari Jayawardena explains:

The economic, political and social advantages held by Christians were especially resented by the newly-emergent Sinhala Buddhist bourgeoisie, who financed the movement of Buddhist revival. The Buddhist petty bourgeoisie of small traders, white collar workers, writers, journalists and teachers, with the support of the Buddhist monks, also opposed the hegemony of Christians in colonial legacy (1985: 6).

As we discussed in Chapter Three, the problem of Indian Tamils was largely a product of colonial economic policies. Indian Tamils, who had been working in the plantation economy since the 1840's, were brought to Sri Lanka by the British during the colonial rule. The rationale is easily explained:

...wishing to run the estates along capitalist lines but lacking a force of rural proletarians, the entrepreneurs imported bonded Tamil labour from South India (Haroon Akram Lodhi, 1987: 162).

In 1948, the post-independence UNP government immediately...directed its axe first against the Indian Tamils of the plantations. By the Ceylon Citizenship Act No. 18 of 1948, all Indian Tamils, even those born or domiciled in Sri Lanka, were denied Sri Lankan citizenship.

One of the main reasons for such crude legislation was the UNP's fear of the powerful opposition marxist parties, which would get the support of the plantation workers. Thus, in denying the
Indian Tamils these basic human rights, the independent government created a problem that would continue to plague the country to the present day.

The ethnic problems were further exacerbated as a result of the uneven development of the dependent economy under capitalism and post-independence state policies. As a result of free education, free health and other food subsidies, the dependent stagnant economy has been unable to absorb the growing number of educated youths and other work forces. This stagnant situation has been particularly unfavourable for the Tamil minority, because the Sinhalese-dominated political parties have, since independence, been allocating most of the limited resources and the equally limited job opportunities to supply the demands of the majority Buddhist Sinhalese. With particular reference to the present UNP government, Bhargava points out the strong ideological base of the state:

...the Sri Lankan state is still under considerable influence of the Buddhist clergy, reminiscent of pre-capitalist structures. The religious fundamentalism propogated by such religious fundamentalists is utilized in urban areas to (a) mobilize people and (b) vent their demands for say preferred employment opportunities to the Sinhalese over the Tamils. The present regime has aligned itself with such Sinhala chauvinists to contain the class struggle (1987: 214).

The free food and health care programs, while they serve both to win elections and to alleviate starvation, do not ensure equal job opportunities or resource allocations. The problem is an ideological one:

The Sangha promoted a Buddhist identity with Sinhalese as its core symbol (see Phadnis [1977]). This complex
then became coherently expressed in the "Sinhalese nationalist myth" elucidated by the elite by the 1920s (see Moore [1983]). While the myth has no basis in concrete history, its ideological ramification was the engendering of coherence amongst Sinhalese community and resulted in the self-identification of individuals stopping at the level of immediate social group (see Wilson [1979]). The Sinhalese class force was in this way able to secure its relationship with the Sinhalese peasantry (Lodhi, 1987: 167).

There are several state-implemented policies which are designed to satisfy the demands of the leaders of feudalist elements, particularly those of the Sinhalese Buddhist religion:

Through the twin methods of gaining the support of the rural elite while at the same time making broad and emotive appeals to the Buddhist consciousness of the Sinhalese masses, Bandaranaike's "Buddhist socialism" was able to unify the industrial bourgeois fraction, the urban proletariat, the Sinhalese rural petty bourgeoisie and the Sinhalese peasantry (Lodhi: 175).

Tensions had been developing since 1956 when Sinhala had been declared the only official language. This tension mounted in 1972 when the Coalition government declared that Buddhism should be a state-protected religion, thus privileging Buddhism over the Tamil religion, Hinduism, even though the constitution guaranteed the freedom of all religions. According to the 1972 constitution,

The Republic of Sri Lanka shall give to Buddhism the foremost place and accordingly it shall be the duty of the state to protect and foster Buddhism while assuring to all religions the rights granted by Section 18(1)(d).

Even though freedom of all religions is guaranteed, Buddhist ideology is such that tolerance of other beliefs is difficult, if not impossible. The roots of this ideology are deeply embedded in Sri Lankan history. Moreover, the coalition
government had introduced a new controversial university admission system based on quotas alongside the merit system in order to create higher education opportunities for students from undeveloped districts. The admission system was based on three main things that took into account both merit and the special case of backwood districts. Thirty percent of the students were chosen on the basis of merit, 55% according to district population, and the remaining 15% came from the most backward areas of the country (Nasir Islam, 1990: 20). One result of this policy was that many qualified students from the urban areas, particularly Colombo, Galle, Jaffna, Kalutara, and Matara, where the education facilities were advanced, were barred from entering the university. It is important to note here that the majority of the students who entered the faculties other than humanities and social sciences came from English speaking families (less than 10% of the population) who lived in Colombo, Galle, Jaffna, Kalutara and Matara.¹

Students who entered faculties other than those of the humanities and social studies in 1967 mostly came from families where some member or members were literate in English: in medicine, 99 per cent; in laws, 95 per cent; in science, 93 per cent; in agriculture and veterinary science, 89 per cent; and in engineering, 86 per cent. From these figures it is reasonable to conclude that at least for the next generation English will hold its place as a language of privilege (G. Uswatte-Aratchi, 1974, p. 295; emphasis mine).

Districts such as Vavunia, Batticaloa, Moneragala, Polonnaruwa, Trincomalee, Amparai, Mannar and Puttalam were extremely backward and their students, who spoke either Sinhala or Tamil, did not have opportunities for higher education.
Therefore, the quota system was favourable for these students even though it limited admission of qualified students from the five relatively developed districts. A study conducted by the University Grants Commission of Sri Lanka shows that Colombo and Jaffna receive the lion’s share from the merit component of the three tier system (Nasir Islam, 1990: 21). It is true that it was unfair for the qualified students. But at the same time, the majority of backward districts needed either better facilities or a short-term strategy such as the quota system until the districts developed.

If the policy-makers are truly interested in developments, at least in the long run, they must focus on the areas where development potential exists and where the majority of the rural poor live. Unless such policies are made, the system will only benefit the affluent minority who comprise less than 10% of the population.²

Unfortunately, the Tamil students of Jaffna saw the new quota system as a racial policy directed against them in particular. As a result of this and the factors outlined above, tensions reached a point of crisis among the Tamils, and they began in the mid-1970s to demand that their region be made a separate state, to be called Eelam. This threat to national unity was the biggest problem faced by the new government.

For a long time, J.R. Jayewardene, the Prime Minister of this government, had been stressing the importance of strong leadership and stable government for the development of the
country. Therefore, mainly on the basis of his idea, the 1972 constitution was amended to establish the executive presidential system in which the President became the most powerful executive of the country, and the Prime Minister became a figurehead without political power. In this set-up the President is the head of the state, head of the cabinet, head of the parliament, and has power to appoint key public officials such as the Chief Justice and the army commanders. Mr Jayewardene became the new President, and his regime made drastic changes to the constitution in order to promote presidentialization and centralization, if not dictatorship. He himself held at least four or five of the most powerful ministerial portfolios and had direct authority over important public corporations. The democratic system was reversed by making constitutional changes enabling the executive president to expel disobedient MPs from the Parliament and to personally appoint MPs, thus bypassing the election process (Moore, 1990: 359). A system of proportional representation was introduced to make sure that the future elections would not give a two-thirds majority to one single party which would be able to change or amend the constitution installed by the UNP. As Moore explains

"...perhaps more importantly, the new 1978 constitution exacerbated this intra-party inequality. Generally 'Gaullist' in inspiration and content, the new constitution greatly strengthened the hand of the national party organization (not parliamentary party) vis-a-vis the MP" (1990: 359).

Also, the UNP realized that a system of proportional representation would be more beneficial for the single dominant
UNP than for other parties which always rely for their power on coalitions. Moreover, the constitution was amended to satisfy Jayewardene’s own MPs, including one of his own Ministers, by making provisions to expel all the members of Parliament who do not obey the constitution. According to the constitution, all the MPs must take a solemn oath that they will not request or promote the Eelam or separate state. As a result, all the seventeen Tamil MPs who represented the Sri Lankan Tamils living in the Northern or Eastern provinces, and who were in fact the official opposition in the parliament, lost their seats because they refused to obey the constitution. Thus, the UNP government effectively silenced the voice of the Tamil representation in the Parliament. Furthermore, a parliamentary election was not held until 1989 (for twelve years), as the duration of Parliament was extended in 1982 for 6 years by a nationwide referendum which was, however, highly fraudulent. Between 1977 and 1989 the constitution was amended at least thirteen times, including amendments to increase the supreme power of the president. As Moore explains, the outcome of this process has been

the concentration of power over the executive, the ruling party and parliament in the hands of J.R. Jayawardene and a small number of relatives, senior politicians, party officials and public servants — the line between the categories has become very blurred — on whom he chooses to devolve responsibility (1990: 359).

In fact, since 1978, the country has been governed by the executive President and his very close few agents. Some of the
President's close bureaucrats (Permanent Secretaries) are more powerful than cabinet ministers. Thus, Jayewardene and his government's initiatives led the country not only to a dictatorship but also the danger of civil war.

The outcome of this was an impeachment motion against the present President, who was charged with corruption and abuse of power by at least forty-one of his own MPs (out of 125), including several powerful cabinet ministers.

One of the most powerful cabinet ministers, Lalith Athulath Mudali, made a statement when he resigned in September 1991.

There are a great many challenges facing our country. The fear that the country cannot be alleviated without liberty. When men can speak freely, half our battles are won (Lalith Athulath Mudali, Hansard, 1991: 118-199; emphasis mine).

Let us now turn to the decentralization measures that the UNP government introduced after it came to power in 1977. It felt that reforms were necessary in local government and district administration for two reasons. First, the government had to make arrangements to resolve the demands of the Tamil minority in the north. Second, it had to find solutions to the severe economic problems in rural areas. It felt that the administrative and political system had to be decentralized in order to incorporate the people in the rural areas in the decision-making process. In view of this situation, the government made some changes in the political and administrative
system. The main changes were: a) the introduction of the District Minister System, which replaced the DPA; b) the introduction of the District Development Council system; c) the introduction of Pradeshiya Mandalaya and Gramodaya Mandalaya, which translate to Divisional Level Council and Village Awakening Council respectively. The remainder of this chapter will analyze these changes in the direction of decentralization and their impact on rural development.

The District Development Council (DDC) and District Minister (DM) Systems

In 1981 the government established a District Development Council for each district under the DDC Act (number thirty five of 1980) and amendment number forty five of 1981. With the introduction of the new DDC system, the previous local governments - the village councils and town councils - were abolished as such, the municipal and urban councils of the large urban centres were not affected by the new system. Existing village and town councils were integrated into the DDC system. When the local units which allowed representation at the most basic local level - that of the village - were abolished, the village voice was effectively silenced in the DDC system.

In 1978, prior to the establishment of this new system, a District Minister (DM) was appointed for each district by the executive president, in place of the existing District Political Authority. It is important to note here that in some cases the
District Minister was not the member of parliament from that particular district. For example, the DM appointed to Moneragala District was a member of parliament from Badulla District. For the Polonnaruwa District, a DM was appointed who was an elected representative of the Kaduwela District, which is very near to Colombo and far from Polonnaruwa. This demonstrated the fact that the UNP was not genuinely interested in rural development or decentralization, but was rather appointing DMs on the basis of political favour. The president appointed his closest and most loyal friends among the elected politicians, particularly those from the Western Province (home to the dominant elite), as cabinet ministers and deputy cabinet ministers. By 1979, twelve Cabinet Ministers out of twenty six were appointed from the Colombo district alone. They thus comprise 46 per cent of the Cabinet Ministers. This is but one district out of a total of twenty-five (Abeygunawardana, 1982: 144). From the remaining members of parliament, loyal members were rewarded with DM posts. In this way, more than half of the elected members of parliament were rewarded with ministerial posts of one kind or another.

This new DM system was a formal one created by law, unlike the DPA system which did not have legislative backing. As we have seen, the DPA system was the first step towards political decentralization in Sri Lanka. It provided at least some form of authority for the DPA, particularly to improve the district co-ordination through the district bureaucracy which was headed
by the Government Agent (GA). Thus, the GA became subordinate to the DPA and lost his authority to some extent as a result of the politicization of the district bureaucracy. However, the district administration structure was still the same. The GA became the secretary to the DM and the District Council. The political status of the DM was equal to that of the elected Deputy Cabinet Minister, but the DM, unlike the DPA, could not hold a cabinet ministerial post. As we have seen, in the previous system most of the DPAs were either Cabinet Ministers or Deputy Cabinet Ministers.

In sum, the new government created a strong link between central authority and the districts. Some authors argue that the DM was created to parallel the role played by the GA during the heyday of British rule on the island. They are compared because the DM and his executive committee are an extension of the power of the president and his cabinet to the district.

According to the District Development Council Act, the DDC was comprised of all the members of parliament of the district and several representatives of the district, who were elected for a period of four years and whose number on the council must not exceed that of the members of parliament. The chairman of the DDC was elected directly by the people. His status in the DDC was similar to that of the prime minister in the parliament, while the DM's status was similar to that of the president. The executive committee was the most important part or "inner circle" of the DDC. It consisted of the chairman of the DDC,
the DM as chairman, and two members of the DDC selected by the DM in consultation with the chairman and with the approval of the president. According to the DDC Act, the executive committee was responsible for the formulation and preparation of the annual plan, and for the budgeting and implementation of the plan. The committee was supposed to consider the various proposals which were submitted by the divisional level Pradeshiya Mandalas. Since the DM was appointed by the president, he was more responsible to the president than to the district to which he was appointed. This was simply because the DM derives his authority from the president, and the executive committee of the DDC was chaired by the DM. The DM's

derive their authority from the executive president, owe their tenure to him, are not recallable by the people of the districts they are ministers of, and on these counts, if they are agents of anyone, they are 'agents' of the governments at the centre rather than the people at the periphery (Wanasinghe, 1985: 253).

The DM did not necessarily represent the people of the district, although he was a member of parliament of the governing party. For instance, one third of the first group of DMs (eight out of twenty four) were not from the district to which they were appointed. "District ministers who had their constituencies outside the district tended to be removed from any feeling of constituent loyalty, and most often their primary orientation was to the centre" (Wanasinge, 156)

According to the Act,

The functions of a Development Council shall include -
(a) the approval of the annual development plan submitted to it by the executive committee;
(b) the implementation of such plan through the executive committee;
(c) the making of laws;
(d) the investment of the revenue of the council for development purposes; and
(e) the formulation of a development scheme in respect of any subject not included in the First Schedule to this Act and the submission of such schemes to the appropriate Minister for approval with the concurrence of the Minister (Development Councils Act No. 35, 1980: 7).

It is pertinent to note here that the executive committee is the most important part of the council, which is headed by the DM. As the Act reveals in article 61, the president has enormous powers:

(1) Where any difference arises between the District Minister and the Executive Committee of the Development Council constituted for an administrative district regarding the application of the general policy of the government to the district, it shall be the duty of such District Minister to bring differences to the notice of the President. (2) Where such difference between a District Minister and the Executive Committee of the Development Council constituted for such administrative district appear to the President to be irreconcilable, he may dissolve such Executive Committee (Development Council, Act. No. 35, 1980: 23).

Though they do receive central grants, the DDCs have legislative powers to levy taxes, rates and fines for development plans which are subject to approval of the minister of finance and the minister of local government. However, the total amount of taxes that a DDC could collect was minimal, because most of the people living in rural areas did not own taxable properties or assets. Such is still the case today.

As there was no clear constitutional provision regarding the powers and responsibilities of the DM, there was no
uniformity in the administrative practices within different districts. On the other hand, according to the constitution, the central Ministers had power and authority, and they could only delegate their power and authority to the Deputy Ministers, and not to the District Ministers. The DM was in charge of the district but he did not have formal authority to control and supervise functional departments at the district level. Therefore, the DM had only limited power at the district level because the central ministry had the real power and authority. Moreover, then, as now, the central Ministers were reluctant to delegate their authority to the District Ministers. As a result, the functional departments, including their district offices, receive direction from their central Ministers, and not from the District Minister. In other words, the district offices of functional departments are accountable and responsible to the central Ministers rather than to the District Development Councils. Therefore, contrary to the objective of political decentralization, the introduction of the DM and the DDC reflects a real intention to promote, secure and safeguard central interests at the district level.

In effect today, the central will of the government is expressed not only through a government agent represented by a bureaucrat but also through an agent of the government represented by a politician (Wijesekara, 1984: 149).

The Gramodaya Mandalaya (Village Awakening Council)

One Gramodaya Mandalaya was set up for each Gramaseva
Division. The Gramaseva Division is a "Village headman division" which is the lowest administrative unit at the village level. The Gramaseva Division is headed by the Gramaseva Niladhari, who is a government official. He is thus the lowest level government official. As we have discussed, town and village councils, whose members were selected by the people, were abolished with the introduction of the DDC system. In their place were set up Gramodaya Mandalayas, whose purpose was to maintain the involvement of people at the grass roots level in the decision-making process. There are two hundred and ninety-four Divisions in Sri Lanka, and they are subdivided into village-level Gramaseva Niladhari Divisions, totalling around 4,475. The Gramaseva Niladhari is supervised by the Assistant Government Agent who is in charge of numerous Gramaseva divisions.

The Gramodaya Mandalaya at the village level consists of both the chairmen of all recognized voluntary organizations which are not of a political nature, such as Rural Development Societies, Agricultural Committees, sports clubs and Death Benefit Societies, and the government officials in the area. However, in practice, it is prominent and influential people who dominate the non-governmental rural organizations such as the Rural Development Societies, and not members elected by the local people. As Slater points out, "in a particular village in Kurunagula district, it was noted by the author that the same educated clique presided over all the village societies" (1989:
T. Abeyrama and K. Saeed point out that this is often the case:

In most cases only a few people are actively involved with the activities of voluntary organizations. Often, such organizations start at the instance of a few influential people and the same group of people continues to dominate them. A recent study of Sarvodaya societies (a non-government movement involved in community development) conducted in the Hambartota district of Sri Lanka found that in one of those societies, the vice-president of the Youth Group was also the secretary of the Rural Development Society and the Secretary of the Sports Club. In another case the chief organizer of the youth group was also the Assistant Secretary of the Rural Development Society, while an active member of Sramadana Group (voluntary labour group) was also the president of the Rural Development Society, the President of the United National Party (UNP) local branch and the President of the Village Development Council (1984: 26).

Thus the viability of Gramodaya Mandalaya is questionable in terms both of rural people’s participation in decision-making and of their development. Moreover, members of the Gramodaya Mandalaya could only be nominated by the Minister in charge. In reality, the establishment of the Gramodaya Mandalaya was an action with a political purpose: the politicization of the non-government organizations. As Wijesekera points out:

The heavy, if not total, preponderance of appointees to these bodies reflects the magnitude of the extent to which once democratically elected legal entities have been bureaucractized. More significantly, the objective intended to be achieved through the transfer of the decision-making powers from the centre to the periphery appears to have been negated and the very basis of training in democracy – the village and town council have been effectively dismantled (1984: 133).

In the GM, the government officials are not entitled to vote. The chairman of the Gramodaya Mandalaya, therefore, is
elected by the members of the voluntary organizations. He/she represents the village level in the Pradeshiya (Divisional) Mandalaya. In theory, local people are encouraged to participate and define their real needs and wishes for their area so that these can be communicated to the district development council through the divisional-level Pradeshiya Mandalaya. The Gramodaya Mandalayas submit their initial proposals to the divisional-level Pradeshiya Mandalaya through the chairman.

The purpose of the establishment of the Gramodaya Mandalaya was to mobilize rural people. As we have seen in Chapter Three, Sri Lankan society is highly divided in terms of language, wealth, caste, and social status. Even at the village level, these divisions are clearly marked. In reality, the deprived classes are left out of the political process because the local institutions are dominated by politically connected elites, such as landowning small businessmen, school principals and teachers. In short, the Gramodaya Mandalaya not only represents the dominant interests but also the interests of the one or two dominant factions of the village society. In particular, the GM representation may exclude minorities, and low caste groups from the process. The nature of dependency within the rural areas did not allow the poor people to get involved in the decision-making process. The situation remains unchanged.
The Pradeshiya Mandalaya (Divisional Level Council)

There is one Pradeshiya Mandalaya (Divisional Council) for each division in a district; thus there were a total of 294 Pradeshiya Mandalayas in the country. The members of the Pradeshiya Mandalaya were all the chairmen of the Gramodaya Mandalayas within the division and the divisional-level government officials. While the local MP serves as Chairman, the Divisional Assistant Government Agent works as the secretary on the council. As in the Gramodaya Mandalaya, the government officials did not have voting power. The Pradeshiya Mandalaya, the second-level institution of the three-tier system, considers and evaluates the initial proposals and then recommends priorities to be incorporated in the annual development plan of the DDC.

It is interesting to note here that there was no representation of the either the Gramodaya Mandalayas (GMs) or the Pradeshiya Mandalayas (PMS) in the DDC, where the final decisions were made. Moreover, it was up to the DDC to decide whether or not the initial proposals of the Pradeshiya Mandalayas (PMS) will be included in the annual plan. Since there was no representation in the DDC from the two lower levels of the system, decisions may have been made without input from the grass-roots level. It was argued by proponents of this scheme that by establishing the three-tier system of decentralization (the DDC, Pradeshiya Mandalayas, and Gramodaya Mandalayas), the government had established a real decision-
making mechanism at the grass-roots level in which the people were encouraged to participate, and that thereby the government had taken a step forward towards rural development. Contrary to the proponents' claim, Slater correctly points out that "the Pradeshiya Mandalay was the weakest link in this chain and, like the Gramodaya, had no directly elected representatives" (1989: 74). As we have seen, the actual involvement of the rural poor in decision-making was practically non-existent. While the governmental institutional setup was designed particularly for the decentralization for rural development, and to benefit the Tamil minority, the present UNP development policies were said to benefit the country as a whole. Unfortunately, though, like the earlier institutional setup, the current UNP development policies have major shortcomings.

The UNP Government's Development Policies After 1977

The present UNP government, which came into power in July of 1977 under the leadership of J.R. Jayewadena, made drastic changes in economic policy and adopted "open economic" policies after Sri Lanka had experienced two decades of inward-looking growth strategies. In the first budget speech of 1977, the UNP government announced their new "open" policies and argued that they would emphasize development through the more efficient allocation of resources. According to the UNP Minister of Finance, R.A. De Mel,

my government welcomes trade, aid and foreign investment. These are the cornerstones, the very foundations of our
economic policy. It is our objective to maximize foreign investment in Sri Lanka by giving foreign investors the necessary incentives and the necessary guarantees and safeguards consistent, of course, with our national sovereignty and economic goals (qtd. in Ponnambalam, 1981: 144)

The government discontinued the inward-looking strategies of the previous government, re-emphasized the importance of private-sector investment in development, and removed barriers for private-sector industries and agriculture. It was argued that inward-looking strategies were suited to a country poor in resources endowment and with a limited domestic market. Therefore, those in power adapted policies for export-oriented development. These outward-looking strategies were compatible with the policies of international aid agencies such as the World Bank, the International Monetary Fund (IMF), and the aid policies of developed countries (World Bank Development Report 1980, 90).

In short, the present government adopted a more market-oriented approach to development and shared the development view of international agencies. "From this time onwards, Sri Lanka's economic policies came to be at the beck and call of the I.M.F. and the World Bank" (Ponnambalam, 1981: 141). As a result, the present government was able to get more international aid for development projects than any other government had before. They introduced three major policy initiatives for development: 1) liberalized import policies; 2) a Free Trade Zone (FTZ) and export promotion, and 3) the acceleration of the Mahaweli Ganga river project for agricultural development (Ponnambalam, 1981).
PM-1 3½" x 4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

1.0 1.1 1.25 1.4 1.6

PRECISIONSM RESOLUTION TARGETS

PIONEERS IN METHYLENE BLUE TESTING SINCE 1974
MIRCO
The government liberalized trade and offered unprecedented incentives for investment, particularly for export-promotion industries for the free trade zone which was established in 1978. In these zones, investors benefit from trade conditions that may not be "free" but are more favourable than in other zones. The move was made to encourage foreign investment. The government's main commitment has been the provision of infrastructure facilities for both industries and agricultural development, primarily through international aid. The private sector was expected to play a key role in developing agriculture, industries and commercial activities by taking advantage of the new incentives and infrastructures.

The government made not only the necessary legislative provisions to establish a Free Trade Zone, but it also created the necessary labour environment for transnational capital. In order to stop trade union strikes and labour movements, the government showed that strikers will lose their jobs. In 1980, there was a general strike and the government expelled more than 40,000 employees from their jobs. Although the government later re-recruited most of these workers, still there were many who lost their jobs forever. This was a lesson for trade unions. Since then there has been no such general strike in the country. In fact, the government functioned as a dictatorship in enforcing obedience and punishing offenders.

It was the regimes of this period which put such phrases as 'death squads' and 'the disappeared ones' into the common vocabulary; generated films like Missing; declared liberal democracy to be subversive;
and killed, tortured and exiled thousands of political activists, trade unionists, intellectuals, students and journalists, as well as more arbitrarily-chosen suspects (Mick Moore, August 15, 1990: 20).

However, the economic policies have had negative results. In the short run, the open economic policy was successful, at least in terms of increasing employment opportunities and the growth of the GNP. More than 300,000 job opportunities were created up to 1985, while the GNP has grown by 5.9% annually since 1977 (Economic Review Jan. 1985: 12-13). But this does not mean that the policies have been favourable to the masses, particularly to the rural poor. It is true that new industries have been created as well as new jobs, but they have been in large-scale industry, particularly in the Free Trade Zone, at the expense of small-scale industries. Some small industries were forced to close down in the face of competition from large industries in the Free Trade Zone which benefitted from increased government incentives. Many of the skilled workers in local industries moved to the FTZ in search of relatively higher wages (Economic Review Jan. 1985). At the same time, a large number of small local industries closed because they were unable to compete with imported products that were of high quality and low price compared with local products.

The government has focussed too much attention on foreign trade, foreign investment and export promotion, which do not benefit rural economic development. It now appears that the government's decision to establish the FTZ was unrealistic. Most of the industries that have been established in the FTZ are
garment factories; the country already possessed the technology to produce this type of goods locally.

The technology "transfer" in the FTZ has been largely in the lower technology garment field for which Sri Lanka had enough expertise. Sri Lanka’s strategy has therefore been very unselective and almost amateurish (Economic Review June 1982, 22).

The industries so created are highly dependent on imported inputs, and the real value added to the economy has been marginal.

Increased import intensity in domestic production has limited the net balance of payments' impact and spread effects of industrialization. The fortune of the industry sector still depends very much on foreign exchange generated by the traditional export industries as in the ISI era. Employment in the organized industry has somewhat expanded, but this expansion has organized mostly in the garment industry while in most of the other sectors the level of employment has either declined or remained stagnant (Athukorale, 1985: 30).

The government’s open economic policies, therefore, have not been successful. The reason for this, Peter Evans and others point out, is that the state-led export-oriented industrialization process is heavily dependent on foreign capital, technology, machinery, equipment and input (Evans and Skocpol, 1985; and Deyo, 1987). Even production is for the international market. In fact, the economy is now more dependent on and vulnerable to external market influences.

The government’s third major policy initiative was the acceleration of the Mahaweli Ganga (river) Development project in 1978. The project covers almost thirty-nine percent of the total area of the island (Jayalath, 1983: 10). The estimated total cost of the project in 1979 exceeded Rs. 22,500 million
(U.S.$ 1,455 million). As S. Ponnambalam points out, "this will impose an enormous foreign debt burden on generations still unborn" (1983: 155). This multiphase project was expected to provide irrigation facilities for 900,000 acres of land, in addition to other objectives such as human settlement in proposed irrigation schemes, employment opportunities, and hydro-electric power generation (ibid., 10-12). However, the government's decision to accelerate the project for completion within six years (the project was originally expected to be completed in thirty years) has created several problems. As Jayalath points out:

The existing cost-benefit analysis of the project shows that the development of entirely new land for irrigation tends to give a lower economic rate of return compared to the development of existing irrigable land towards more efficient production. Most of the new land development is not only more costly, but these development activities are undertaken at the expense of the development potential of the existing under-utilized lands (1983, 182-3).

Because capital-intensive machinery and equipment were used to accelerate the implementation of the project, the potential employment opportunities were reduced significantly. In fact, given the country's abundant human resources, construction should have been completed using labour-intensive methods. Moreover, the decision to accelerate the project increased inflation, which was expected to reach forty per cent in 1983 (Jayalath, 1983: 184).

The present government's development strategies have not brought about the predicted development and subsequent satisfaction of the masses. Despite economic growth,
inequalities between the poor and the rich and the gap between urban and rural areas have increased. In fact, the economic redistribution that had been achieved from 1970–1977 has declined significantly. As V. Moonesinghe analyses,

...there has been a deterioration in the level of equality that had been achieved by the 1970s. Viewing the island as a whole, real mean incomes rose rapidly between 1973 and 1978/1979 and more slowly thereafter. (Munasinghe, 1985:15).

As a result of worsening economic inequality in the country, today a large proportion of the people are unable to receive even the minimum number of calories for subsistence. The problems of malnutrition and disease are now widespread in both urban and rural areas.

This increasing inequality has been accompanied by a deterioration of nutritional standards, so that the proportion of households with an inadequate intake of calories had reached 50 percent in the urban sector, 43 percent in the rural sector, and 38 percent in the state sector by 1980/81 (Moonesinghe, 1985: 15).

This deterioration in the level of social equality and in the standard of living must have accelerated even further since the 1980's due to the long-term consequences of the open economic policies and as a result of political instability in Sri Lanka. It is important to understand that the UNP represents the interests of the dependent bourgeoisie, and is not interested in the welfare of the masses. As Ponnambalam explains:

According to his [the finance minister of the 1977 UNP government] priorities access on the part of the people to essential food is unimportant compared to the need to supply petrol for motor vehicles (on which he provided a subsidy Rs. 400 million) or to supply fertilizer to the affluent landowners and state managed estates (for which he provided another Rs. 600 million subsidy) (1981: 147).
Thus the UNP government has neglected the needs of the poor and has ignored the deterioration of living standards in the country. However, since the country's market mechanism is imperfect for the market system, the government has been taking an active and decisive role in economic activity, particularly in providing infrastructure facilities such as irrigation, transportation and communication. It appears that the government's strategies promote the interests of the wealthy, local business, landowners and multinational companies. Overemphasis on export-promotion and industrialization neglects the development of subsistence agriculture which is of vital importance to the economy.

Conclusion

J.R. Jayewardene became the Prime Minister in 1977 with an unprecedented majority. As the new leader of the ruling UNP party, he advocated strong leadership (particularly through the executive presidency), a proportional representation system which would be favourable for the dominant UNP party, privatization of public corporations, and open economic policies which would further integrate the dependent economy into the world capitalist system. The UNP government reformulated the country's economic policies and social welfare programs, cutting or reducing the subsidies for the poor, contrary to its election promises. The non-liberal non-open economic and foreign investment policies were liberalized, allowing more imports,
which had been restricted since the early 1960s and particularly since the early 1970s. The Mahawelli development scheme, a major agricultural project, was reformulated to be completed within six years instead of thirty with the assistance of international aid. However, the soaring inflation (40% in the early '80s), increased income inequalities, and the cuts in subsidies presented great difficulties for the poor.

The new government faced a major political challenge, particularly the disrupting activities of the People's Liberation Front, the ethnic riots between Sinhalese and Tamils in 1977, 1981 and 1983, and the Indian involvement in Sri Lanka's internal affairs. The most difficult challenge, however, has been the demand of the minority Tamils for a separate state. As a result, the District Development Council (DDC) was established as a supposed solution to the Tamil problem, and as a means of rural development through people's participation.

The composition of the DDC, the power of the DM, and the power of the executive committee of the DDC, which was itself the most important part of the devolution system, all showed the centralized nature of the system. The DM and the executive committee are therefore accountable and responsible to the center, at the expense of the district. The DM, who was appointed by the executive president at his discretion, was more accountable and responsible to the president than to the people of the district. So in reality, it was a more centralized form of control, particularly a more centralized system of ruling
party control at the district level. More specifically, the president had power to dissolve the DDC, that is, the DDC was really controlled by the president at the centre.

Moreover, central line ministries had real power and authority and there was no provision to delegate their authority to the DM, who, at the time, was the political head at the district level. Therefore, the district offices of the functional departments still receive their authority from and therefore are accountable and responsible to, their head office in Colombo. Furthermore, there was no district-level manpower planning system which was essential to implement district development programs. The implementation of the district plan was carried out by the centrally-oriented public officials, who not only are accountable to the centre, but also who lack a real interest in the development of rural areas. Since many of the administrative officers come from the urban areas, particularly from Colombo, Kandy and Galle, they will get transfers to their home cities as soon as possible from these undeveloped districts.

Although the DDC had powers to levy taxes and to raise local revenues through fees and rates, the revenue base was severely limited. Therefore, there were no locally viable financial sources to cover the increasing needs of the development programs of the district. The DDC had to rely primarily on central grants; thus the district remained dependent on the center with little hope of developing a
district revenue base. Although the DDC has legislative power, its decision-making capacity is actually very weak because it had to depend on the centre for finance and manpower. Therefore, the DDC system was not a viable one because it was not an independent and genuinely devolved system.

The grassroot institutions, the Gramodaya Mandalaya and the Pradeshiya Mandalaya, that were established to mobilise rural people in decision making were not effective and failed to achieve the objective of people’s participation because these institutions were bureaucratized and politicized. Also, the lack of uniformity in terms of size of the rural institutions and the inconsistency of the availability of rural institutions, and the lack of training of the leadership about the new process were some of the important obstacles which hindered the effectiveness of the people’s participation in decision making. Moreover, due to social structure of the rural areas, these institutions did not represent the interests of the poor, who are in the majority. In Wigesekara’s words:

What is significant here is that these bodies are in effect only an apology for the democratic institutions that have been abolished: the elective principle has been sacrificed for the selective mean (1984: 132).

The DDC system promoted the interests of the ruling class at the centre through greater central control over the district through the DM, the district agent of the executive president at the centre. At the same time, the ruling party’s deliberate intent to control the periphery (district) and to strengthen their power at the periphery (district) is obvious. The UNP
government not only finalized the politicization process that was introduced in 1973 under the DPA, but also further strengthened and ensured bureaucratization and politicization by abolishing the elected village councils and establishing non-elected Gramoadaya Mandalayas. As Wijesekara concludes:

...the central government has ensured the continued functioning of the bureaucratization process at local level by co-opting local political leaders into the decentralized framework, as was observed in the case of the various appointees to these new institutions. Thus these institutions are, in reality, generalist structures attempting to perform dual functions of local custodial government and development administration (144-145).

In short, contrary to the objective of political devolution, the UNP government has further strengthened the central party centralization tendencies and control over the periphery through the president’s district agent, the DM, and the District Development Council with its local allied Pradeshiya Mandalayas and Gramadaya Mandalayas.
Endnotes

1. The four relatively developed districts out of 25, Colombo, Galle, Kalutara, and Matara, "not including Jaffna have been the source of strength of the major political leaders and the permanent home of the senior bureaucracy. Jaffna has been similarly under foreign domination and, perhaps in a greater degree, the home of high-level bureaucrats. These facts - richer, longer contact with Western influences and the greater influence in politics and the bureaucracy - have combined to provide these areas to higher education" (G. Uswatte-Aratchi, 1974: 300-301).

2. Students and parents of the five districts criticized, and showed their anger against this new university admission policy. At the same time, the students and parents of the extremely backward districts appreciated the new policy because not only did they not have education facilities, but also parents were unable to send their students to the schools in urban areas. Clearly, the policy is favourable to the poor rural areas, but it can also be argued that it discriminated against Tamil students.
CHAPTER SIX

THE NEW PROVINCIAL COUNCIL SYSTEM SINCE 1987

As we have seen in Chapter Five, the DDC system's orientation was basically towards the centre, rather than to the district. Moreover, the DDC system was not only contradictory to the objective of political decentralization, but also an attempt to further strengthen and centralize the ruling party's control over the periphery. In short, it was not a genuinely devolved development council system. Consequently, it failed to solve either the demands of the Tamil minority or the problems of rural areas. As a result, a provincial council system was established for the whole island in 1987, as an attempt to solve some of these problems.

The purpose of this chapter, therefore, is to discuss and critically analyse the viability, strength and weakness of this newly-established provincial council system as a devolution strategy for development.

The Evolution of the Provincial Council System

As we have seen in Chapter Three and subsequent chapters, even before the establishment of provincial councils, there were ad hoc institutions which managed the central government's civil administration locally at the district level. These institutions, which are still functioning, though in an adjusted mode, are called "Kachcheri", and each of them is headed by a Government Agent who in turn is assisted by a number of
Assistant Government Agents stationed in various divisions of the district. As mentioned earlier, Sri Lanka is divided into 25 administrative districts, so accordingly there are 25 Kachcheri. Each administrative district is further divided into a total of 294 Assistant Government Agent Divisions, and the administrative functions of each Division are executed by an Assistant Government Agent.

With service to the people in view, the district offices of various Departments and other institutions had been brought together and organized under the Kachcheri system. The Kachcheri system was not subject to direct political interference until 1973. While the making and implementing of decisions were mainly in the hands of appointed officials, they were guided by the policy and directives of the central government. The Government Agent was responsible for the general administration of his district, and functioned as the representative head of other departments until 1973, when the District Political Authority (DPA) was introduced to provide political leadership at the district level primarily in order to launch the food production campaign. Thus, the bureaucracy of the Kachcheri became politicized.

In parallel with the Kachcheri administration, a system of politically based local governments was manned by representatives elected by the people. These local bodies were classified according to the magnitude of work they had to shoulder. Namely, the large cities had municipal councils, the
smaller ones had urban councils, the rural townships had town
councils and the villages had village councils. The election to
the councils was by secret ballot. The heads of these
institutions served as mayor for the municipal council and
chairman for the others. Below them were the deputy mayor or
the vice chairman, and members of the council, who were either
on the ruling side or in the opposition.

These local bodies were financed by the levy of taxes upon
the residents of the area and by funds granted by the central
government. Each of these institutions was independent of the
others, and its powers were limited to a definite area. A
special feature that was generally observed in these
organizations was that, though they were political organs, they
endeavoured to serve their people without considering their
political activities. This feature was particularly conspicuous
in the village councils. In the matter of electing their
representatives, the people were concerned about the personal
qualities of the prospective member, more than his political
leaning.

When the village and town councils were dissolved in 1981,
both the municipal and urban councils continued to function
despite the establishment of the District Development Council
system. As mentioned in Chapter Five, this system had major
shortcomings. Its failure was reflected in its rejection by the
Tamil minority who were demanding a separate state for the
Northern and Eastern Provinces. This demand was the main reason
for the establishment of provincial councils. The Indo-Sri Lankan Peace Accord of 1987 included in its terms a policy for the introduction of a provincial council scheme. In Marshall R. Singer’s (1990) opinion, the scheme was "not quite federalism, but it did devolve considerable powers to the provincial councils." The adoption of this system is thus a direct result of the ethnic conflict, the 1987 battle and the Indian government intervention.

The provincial council system is not a new concept that surfaced all of a sudden. In fact, it was an idea that first emerged about four decades earlier. The concept was a brain-child of S.W.R.D. Bandaranaike for the purpose of bringing about a solution to the ethnic problem, the resulting conflict and the demands of the minority Tamils. Due to several disgruntled groups, including the Sinhalese and the bhikshus, or Buddhist monks, and the opposition UNP who organized a march in protest to the provincial bill, Bandaranaike’s plan was rendered futile. In addition, there was continuous pressure on Bandaranaike by the bhikshus, who at one point surrounded his house, demanding the abrogation of the Bandaranaike-Chelvanayakam Pact; he finally had to accede to these pressures. Later, in 1965, the UNP Government planned to establish provincial councils under a different name, viz. "Rata Sabha". This attempt proved unsuccessful as well, because of a number of criticisms and objections (Jayawardene: 72).

As a result of the implementation of the Indo-Sri Lanka
Agreement of 1987, the provincial councils were established in 1988-89. What was expected by this course of action was the entrusting of local administration, and the devolution of powers and the right to self-government, at least to some considerable extent, to these councils.

The Establishment of Provincial Councils and Their Composition

The establishment of provincial councils was based on the 13th Amendment to the constitution, passed in Parliament in November 1987, and on the Provincial Council Act No. 42 of 1987. Accordingly, a provincial council was established for each of seven provinces and one council for the Northern and Eastern provinces. Each Province is comprised of several Districts. The present eight Provincial councils and the districts which they represent are as follows:

1. Western Provincial Council -
   1. Colombo District
   2. Gampaha District
   3. Kalutara District

2. Central Provincial Council -
   1. Kandy District
   2. Matale District
   3. Nuwara Eliya District

3. Northern Provincial Council -
   1. Jaffna District
   2. Mannar District
   3. Vavuniya District
   4. Killinochchi District
   5. Mullaitivu District
   6. Trincomalee District
   7. Batticaloa District
   8. Ampara District

4. North-Central Provincial Council -
   1. Anuradhapura District
   2. Polonnaruwa District

5. North-Western Provincial
Kachcheri - The centre of the governmental administration at the district level is the office of the Government Agent with its headquarters at the Kachcheri. All functional departments of the central government are located together in the same premises.

Govt. Agent - Government Agent - The Administrative Head of the district.

Source: H.M.A. Herath
District Administration (Between 1970-1977)

District Political Authority (D.P.A.)

Government Agent

Additional G. A.

Assistant G. A.

A.G.A.

A.G.A.

M.P.

M.P.

M.P.

Divisional Development Councils. (DDC)

DDC

DDC

Agriculture Health Education Co-operative Land

Functional Heads of Departments

Composition of DDC.
- M.P.
- Asst. Govt. Agent
- Village Council Chairman
- Heads of Voluntary Organisations
- Divisional Officials from various depts.

Source: H.M.A. Herath
Govt. Structure - After 1977

Executive President
- elected by the people

Prime Minister

Cabinet Ministers

Deputy Cabinet Ministers

District Ministers
(24 Districts)

Members of Parliament

Executive Committee

Chairman - DDC

District Development Council

Govt. Agent

A.G.A.

MPs in the district
("ex officio members")

Elected Members

Heads of the depts.

* - Members of the National State of Assembly (Parliament).

Source: H.M.A. Herath
District Administration under the District Minister – 1977

District Minister

Executive Committee

Chairman - DDC

District Development Council

Govt. Agent

A.G.A.

MPs (ex officio members)

Members - elected by the people

Dept. of Health

Dept. of Education

Dept. of Agriculture

Dept. of Co-operative

Dept. of Land

Dept. of Irrigation

Functional Heads of Depts. at the district level.

Source: H.M.A. Herath
Council -

1. Kurunegala District
2. Puttalam District

6. Sabaragamuwa Provincial Council -
1. Rathnapura District
2. Kegalla District

7. Southern Provincial Council -
1. Galle District
2. Matara District
3. Hambantota District

8. Uva Provincial Council -
1. Badulla District
2. Moneragala District

The provincial council is an elected subnational unit which is similar to that of the central parliament in Sri Lanka. However, there are also important differences between the provincial council system and that of the central government. The chart below shows the structure of the provincial system:

Source: The Author
The above chart reflects the power hierarchy under the provincial council system. The system gives a great deal of power to the Executive President, who is able to appoint the Governor at his own discretion. As the Chief Minister is appointed by the Governor, and the Chief Minister can in turn appoint Provincial Ministers, the President controls a long chain of command that goes right down to the Chairman, whose power is limited anyway.

The scope of legislative power and the limitations on the power of the Governor, Chief Minister, board of ministers and members of the council are derived from the constitution. Also, the terms of office, membership, statutes, functions, powers, and election of provincial councils, and the finance commission and sources of finance, are explained in the Thirteenth Amendment to the constitution.

The Governor is directly appointed by the Executive President of Sri Lanka. According to the constitution, the President has the power to appoint the Governor on his discretion and directions. Special provisions were not specified in the constitution regarding the eligibility or the qualifications of the Governor. As a result, Governors have been selected from various fields or sectors including politics, the court bench and army command posts.

The Chief Minister is appointed by the Governor. Although the constitution has requirements for the qualification of the Chief Minister, they nonetheless rely on the opinion of the
Governor:

The Governor shall appoint as Chief Minister, the member of the Provincial Council constituted for that Province, who, in his opinion, is best able to command the support of a majority of the members of that Council. Provided that where more than one-half of the members elected to a Provincial Council are members of one political party, the Governor shall appoint the elder of that political party in the Council, as Chief Minister (Thirteenth Amendment to the Constitution: 6; emphasis mine).

A board of ministers, including the Chief Minister and not more than four others, are collectively responsible to the provincial council. In addition, a chairman and a vice chairman are selected by and from among the members of the council. The number of members of the council is decided on the basis of population and size in area of the province and its resources. Unless the provincial council is dissolved, the duration is five years from the date of first meeting of the council. A senior public official who belongs to the Sri Lanka Administrative Service is appointed as the Chief Secretary by the President on the advice of the Chief Minister. In many cases, former Government Agents were appointed as the Chief Secretaries. The rest of the public officials of a provincial council are appointed by the provincial public service commission. The Chief Secretary and the provincial public service commission are both under the direction of the Governor. Whereas formerly there was only one public service, now there are two distinct levels: (1) an All-island Public Service; (2) eight Provincial Public Services.

The following services comprise the All-island Public
Service: I. Sri Lanka Administrative Service; II. Sri Lanka Planning Service; III. Sri Lanka Engineering Service; IV. Sri Lanka Scientific Service; V. Sri Lanka Accountants Service; VI. Sri Lanka Educational Administrative Service. In addition to these, clerical and other parallel services also exist under the central government. In the eight Provincial Public Services, there are officers who have been temporarily released from the All-island Public Service by the central government. Although there is a separate Provincial Public Service Commission for each district, only a few minor employees are recruited directly by the Provincial Public Service Commission. This is mainly because, as we just explained, almost all of the important services belong to the All-island Public Service which is controlled by the Central government. Even clerical, teaching, nursing and parallel services belong to the All-island Public Service. A few of the lowest level workers such as Gramaseva Niladhari (a village level public official), peon, watches (security guards), and midwives are recruited by the Provincial Public Service. Another reason for the central government to recruit such workers as school teachers, nurses and clerks, is that underdeveloped districts like Monaragala, Ampari, Vaunia, Polonnaruwa, and Anuradhapura do not have sufficient qualified applicants. As a result, the central government recruits qualified workers from the relatively developed districts and sends them to the underdeveloped districts. As a result, almost all of the services at the provincial level are carried out by
officials who belong to the central government.

The Powers of the Provincial Executives and Councils

The ultimate executive power in all activities of a provincial council is vested in the Governor who is appointed by the President. However, considerable power has been delegated to the Chief Minister and other ministers:

The Governor shall be appointed by the President by warrant under his hand, and shall hold office, in accordance with Article 4(b), during the pleasure of the President. (Page 2)

Executive power extending to the matters with respect to which a Provincial Council has power to make statutes shall be exercised by the Governor of the Province for which that Provincial Council is established, either directly or through Ministers of the Board of Ministers, or through officers subordinate to him, in accordance with Article 154. (Page 6)

If any question arises whether any matter is or is not a matter as respects which the Governor is by or under this Constitution required to act in his discretion, the decision of the Governor in his discretion shall be final, and the validity of anything done by the Governor shall not be called in question in any court on the grounds that he ought or ought not have acted on his discretion. The exercise of the Governor's discretion shall be on the President's directions. (Page 6)

The Provincial Councils have power to enact statutes necessary for the execution of their duties. However, they have no power to enact laws that supersede those of the central government or that surpass the limits of power vested in them, or to enact laws in respect of unvested power. The 13th amendment to the constitution has clearly identified the powers
of the central government and those of the provincial councils. According to List 1 of the Constitution, the provincial council has power over:

- Police and Public order - Public order and the exercise of police powers, to the extent set out in Appendix I, within the Province, but not including National Defence, National Security and the use of any armed forces or any other forces under the control of the Government of Sri Lanka in aid of the civil power;
- Planning - Implementation of provincial economic plans;
- Education and Educational Services - Education to the extent set out in Appendix III;
- Local Government;
- Provincial Housing and Construction;
- Roads and bridges and ferries within the Province;
- Social Services and Rehabilitation;
- Regulation of road passenger carriage services and the carriage of goods by motor vehicles within the Province and the provision of inter-provincial road transport services;
- Agriculture and Agrarian Services;
- Rural Development;
- Health;
- Indigenous Medicine;
- Resthouses maintained by local authorities;
- Pawnbrokers;
- Market fairs;
- Food supply and distribution within the Province;
- Co-operatives;
- Land - Land, that is to say, rights in or over land tenure transfer and alienation of land, land use, land settlement and land improvement, to the extent set out in Appendix II;
- Irrigation - Planning, designing, implementation, supervision and maintenance of all irrigation works, other than irrigation schemes relating to rivers running through more than one Province or inter-provincial irrigation and land development schemes;
- Animal husbandry - Preservation, protection and improvement of stock and prevention of animal diseases within the Province;
- Subject to the formulation and implementation of National Policy in regard to development and planning the power to promote, establish and engage in agricultural, industrial, commercial and trading enterprise and other income-generating projects, within the Province without prejudice to the power of the Government and public corporations to have such enterprises and projects;
- Reformatory, Borstal institutions and other institutions of a like nature and persons detained therein,
arrangements with other Provinces for the use of such institutions;
- Possession, transport, purchase and sale of intoxicating liquors.

Thus, the provincial councils have considerable powers particularly in economic development of the province, land, irrigation and industrial development. The above represents only a portion of the powers manifested by the Provincial councils. Thus the constitution affords the council considerable power.

According to the Second (Reserve) list of the constitution, the Central Government controls a large variety of national interests, including:

- Defence and National Security;
- Foreign Affairs;
- Posts and Telecommunications; Broadcasting Television
- Justice insofar as it relates to the judiciary and the courts structure;
- Finance in relation to national revenue, monetary policy and external resources; customs;
- Foreign Trade; Inter-ProVINCE Trade and Commerce;
- Ports and Harbours;
- Aviation and Airports;
- National Transport;
- Minerals and Mines;
- Immigration and Emigration and Citizenship;
- Elections including presidential, parliamentary, provincial councils and local authorities;
- Census and statistics;
- Professional Occupations and Training.

According to the Provincial Council Act, under Chapter XVII A section, 154A:

There shall be a Finance Commission consisting of -

a) the Governor of the Central Bank of Sri Lanka;
b) the Secretary of the Treasury; and
c) three other members to represent the three major communities [Sinhalese, Tamils and Muslims] each of whom shall be a person who has distinguished himself, or held
high office, in the field of finance, law, administration, business or learning (p. 15).

The members of the Commission are appointed for three years. One of the main purposes in creating such a new institution was to provide more adequate finance for the Provincial Councils, as inadequate finance had been a major cause of the failure of the District Development Council system.

In the words of the Act:

The Government shall, on the recommendation of, and in consultation with, the Commission, allocate from the Annual Budget, such funds as are adequate for the purpose of meeting the needs of the Provinces (p. 16).

The main functions of this Commission are to recommend:

a) the principles on which such funds as are granted annually by the Government for the use of Provinces, should be apportioned between the various Provinces; and

b) any other matter referred to the Commission by the President relating to Provincial finance. (p. 16)

In order to achieve a balanced development among the regions, the Financial Commission shall take into account -

a) the population of each Province;
b) the per capita income of each Province;
c) the need, progressively, to reduce social and economic disparities; and
d) the need, progressively, to reduce the difference between the per capita income of each Province and the highest per capita income among the Provinces. (p. 16)

The provincial councils are still only about three years of age. Hence, it is difficult to ascertain clearly the extent to which their purposes and aims have been achieved. It is necessary to allow a considerable period of time for the councils to stabilize themselves. However, a noteworthy point
here is that the North-East Provincial Council is presently defunct. The reason for this situation was the placing of the duly-elected representatives in a state of inactivity as a direct result of opposition from the separatist movement. Only the Governor and the Chief Secretary are functioning. The ministers, including the Chief Minister, and the council members do not take part in the administration.¹

The Limits on Provincial Council Powers

Though the provincial councils have been endowed with the right to self-government to a certain degree, it is not a genuine devolution. Their limits have been specified by the very law that gave them existence. These limits include,

I. The powers the President himself has over the provincial councils

(a) power to appoint the governor; limits on the governor;
(b) the governor's power to appoint the chief minister, and the corresponding limits; and
(c) power of the President to suspend the functioning of a provincial council and the ability to assume the powers of the council.

II. Limitations in relation to Parliament

(a) inability of provincial councils to pass laws beyond the powers vested in them; and
(b) inability to enact laws that supersede those passed by Parliament.

The shortcomings are not limited to control by the President and limits on the enactment of legislation. They include many other limitations not covered here. Consequently, the principal object of establishing provincial councils - the
endeavour to hush the militants in the Northern and Eastern Provinces - failed. While certain factions were ready to accede to the proposal, the strongest one vehemently objected to it. The civil struggle in the north for a separate state is still going on. Far from correcting the problem, it has exacerbated it.

On studying this system against the background of the powers vested in the President, the question of the councils' independence arises. Though these institutions have power to enact laws within a limited framework, the President is empowered by section 154 (L) of amendment No. 13 to the constitution to assume to himself all or any of the functions of a provincial council and to act according to his own discretion. Also, the governor must act on the direction of the president. The Provincial Council Act states that "The exercise of the governor's discretion shall be on the president's directions" (Page 6).

Since the governor is appointed by the President, he may not be chosen for reasons of ability. If the President wanted to retain a tight grip on power, he may choose an easily-manipulated subservient person. As evidence for this, five out of the eight governors at the beginning were former ministers of the governing party. One other was a mayor of the same party. Of the other two, one was a retired chief justice and the other a retired army chief.²

According to the constitution, a member of the provincial
council who is able to get the majority support of the members shall be appointed as the chief minister by the governor. But in reality it has not happened. Never, in fact, has a chief minister been chosen from the provincial council. Moreover, the governor himself has not been selected on the support of the majority of members of the provincial council. Therefore, the governor may not be able to direct the members of the provincial council, or to get their support. The predominance of the governor does not fulfill the requirements of the Westminster model whereby the Prime Minister and cabinet are responsible to the legislature and the leader of the majority is appointed as the Prime Minister. This system does not work here. With this method of appointing governors, the possibility of appointing a person who could carry out his duties independently of the centre is quite remote.

The chief minister can be considered the political executive of the provincial council. In fact, he represents the party in power in the central government. If one were to take a close look at these appointments, one could observe that seven out of eight chief ministers were ministers, members or defeated candidates of the party in power in the central government. Only one appointment was made from some other party and that was to the Northern and Eastern Provinces' provincial council. Instead of decentralizing power, this way of making appointments contributes indirectly to the strengthening of power in the central government.
Other Criticisms of the System

It would be useful to consider the situation of the members of the provincial councils too at this point. Generally, the most powerful dominant elites contest the central parliamentary election. Then the less powerful of these groups contest the elections for the DDCs or provincial councils. In many cases the close relatives of the central members of parliament are nominated and elected to these councils. More importantly, past experiences suggest that, since the provincial council elections are held after the central parliamentary election, there is a great chance for the governing party to win a great majority in the provincial councils. As a result, those who came to power in the first election of the provincial councils are not only from the ruling party, but also from the close relatives or supporters of the members of Parliament who are in power.

The next point is the question whether, in creating the provincial council system, the central government actually had the intention to decentralize power. As we discussed, the immediate reason for the implementation of the system was the Indo-Sri Lanka pact of 1987. It is doubtful whether any executive authority, from the President downwards, ever had the idea of a genuine devolution of power; they only agreed to establish provincial councils as a peace condition.

Though a drastic reduction in spending was envisaged, an increase in expenditure has been effected due to new staff, building and other amenity requirements, and the expenses of the
governor, chief minister and other ministers and members, without at the same time creating viable institutions to manage affairs according to the priorities and the needs of the provinces.

Ironically, this expansion of local councils adds to the disparity between the provincial councils. A provincial council functions according to the whim of the individual politicians who have been elected to each provincial council. This failure was seen even in the DPA which was created in 1973 and DDC system which was established in 1980. It is considered a failure because the creation and objectives of all these institutions, the DPA, DDC and Provincial Councils, are not genuine devolution of central power, but arise as a result of existing circumstances.

Even the people’s participation has been unsuccessful. Since the poor, who are the majority in all rural areas, do not have access to sufficient land, property or any other kind of viable economic assets, they lack the opportunity to get involved in decision making even at the grass-roots level. Again, the local dominant elites are the ones who have access to these assets and to the decision-making process. Moreover, the attitudes of the senior officials appointed by the central government and the provinces are not propitious, since most of them come from other areas.

In all provinces except the Western, Southern and Central ones, about 85% of the decision-making cadres of the Sri Lanka
Administrative Services transferred to their post from urban areas. Included are Engineering Services, Staff Officers in the field of Educational Administration, Scientific Service and Accountancy.

Even if they have a genuine interest in rural development, since they have family ties and other obligations to their urban origins, they are not capable of fully devoting their time and energy to their job. For example, although most of the administrators and other middle-level managers are working in the rural districts, most of their family live in urban areas. Although they physically work in rural districts under the provincial council or central government agencies, their minds are always with their own home in Colombo, Kandy, Galle, Matara or Jaffna, which are the main urban centres of the country. The administrators or managers who work for a provincial council try to get leave as much as possible to stay with their family. Clearly, this is not the behaviour of people well-disposed to rural life. Their inability to come to terms with the rural lifestyle has created deep-rooted political instability and insecurity in the country. Moreover, since the most important public officials belong to the central government, their transfers, promotions and career services are decided by the central ministries in Colombo. The provincial offices and ministers have little say in these decisions. It comes as little surprise, then, to see these officials spending as much time as possible in Colombo, to the detriment of rural concerns.
Financial inadequacy is another major cause for the ineffectiveness of the provincial councils. As Amaresh Bagchi explains:

...‘initially, it is inevitable that there would be dependence on central grants’. Indeed, the dependence will be quite heavy and may continue indefinitely, if not grow worse over time considering that most of the major tax powers will remain with the centre (1988: 28).

Apart from the funds the councils receive from the central government, the only other available source of income is the various types of taxes they levy within the area. Even though the provincial council has legislative power to levy taxes in most cases, its taxable sources are minimal. Therefore, unlike the central government, the provincial councils’ only major source of income is central grants. As Bagchi explains:

...the own-source revenue of the provinces will form a tiny fraction of the total government revenues taking the centre and provinces together (less than 5 per cent according to available figures) whereas the proportion of expenditure to be undertaken at the provincial level will be quite considerable (1988: 28).

The funds received from the central government are utilized to pay the salaries of the members of the provincial council and officials and to meet the other administrative expenses such as buildings, furniture and vehicles. Hence, actual allocations, such as those slated for development, are very much limited.

Among the weaknesses of the provincial system, the dispute between members of Parliament and members of the provincial councils over their powers is also an important factor to be discussed. The provincial council ministers object to the
parliamentary members interfering with affairs within the powers of the provincial council. Devolving more power on the provincial councils is not favourably viewed by the members of Parliament. This is because MPs want to retain their power and authority within their districts in order to win votes and particularly to satisfy their party supporters at the district level.

**Other Shortfalls of the Provincial Councils**

Other, perhaps less weighty, shortfalls of the provincial council system are given briefly in the following list.

i) The absence of specific definitions of the powers given to the central government and the provincial councils.

ii) The absence of specific qualifications and experience to be required for those holding appointed offices in the provincial councils. Because of this, more room is created for unqualified persons to get appointed to such offices, on the strength of nepotism, influence or affluence.

iii) Unequal distribution of resources among the provinces. As a consequence some provinces stand to face disadvantages in the provision of services and economic development compared with others.

iv) Where there are a number of ethnic groups, the development of a disadvantageous situation for the minorities. The best example is the Northern and Eastern Provinces. There is a fear among the Sinhalese and the
Muslims in this area that they will become minorities within a minority and will become sorry figures by being subjected to various indignities.

v) Increased political interference in provincial public service matters and the resultant emergence of increased political party authority over the provincial public services.

vi) Observation of a tendency towards a recurrence of concentration of power, through converting administrative offices from district level status to provincial level status. Sometimes, because of this change, people are forced to go to provincial offices, with great inconvenience, although in the past they could go to the nearby principal city of the district to get their governmental affairs attended to."

The New Pradeshiya Sabhas (Divisionsl Councils)

As we discussed, with the establishment of the Provincial Councils system, the then existing District Development Councils were abolished. The next lower level, the Pradeshiya Mandalas, which were nominated councils at the divisional level, were replaced by elected Pradeshiya Sabhas. The purpose of establishing them was:

With a view to provide greater opportunities for the people to participate effectively in decision-making process relating to administrative and development activities at a local level.... (The Pradeshiya Sabhas Act No. 15 of 1987, p. 1).
The Pradeshiya Sabhas Act was to "come into operation in respect of all or any of its provisions on such date or dates as the Minister may appoint by order published in the Gazette" (Act, p. 1). Accordingly, one Pradeshiya Sabha was created for each Assistant Government Agent's division (except municipal and urban council areas), thus establishing 250 councils throughout the country.

The number of members for each council is determined by the Minister in charge (Public Administration, Local Government and Home Affairs), considering the area, population and level of economic development (p. 2). The members are elected by the people for four-year terms. However, this tenure can be extended or shortened by the Minister.

Unlike previous councils, Pradeshiya Sabhas may appoint committees to investigate and to advise the Sabha on matters for which it is responsible, such as its finance and policy-making, housing and community development, technical services, and environmental amenities. In the words of the Act, the council:

May, from time to time, appoint committees consisting either of members of the sabha and partly of other inhabitants of the Pradeshiya area, and of the chairman of the Gramodaya Mandalays established within such Pradeshiya Sabha area for the purpose of advising the sabha with reference to any of its powers, duties and functions, or any matter under the consideration of the sabha, and may, from time to time, subject to such conditions as it may determine, delegate any of its powers and duties to such committees other than the power to raise any loan, to levy any rate or to impose any tax. (p. 5).

The chairman of the Pradeshiya Sabha is the chief executive officer. However, according to the act, his powers and
functions can be delegated to the vice-chairman or secretary or to any other officer of the council. The secretary, who is the chief administrative officer of the council, executes and implements the decisions taken by the council. Thus, the chairman, vice chairman and the secretary are the most important authorities of the council.

According to the Act, Pradeshiya Sabhas have considerable powers within their jurisdiction. This includes the powers of appointment, recruitment, transfer and removal of their officials and the power to make by-laws which are not inconsistent with the Act.

In order to perform its duties and functions, every Pradeshiya Sabha must establish a "Pradeshiya Sabha Fund". There are several sources of revenue for this fund. The main ones are: fines and penalties, stamp duties, special grants provided by the Minister for its expenses; all rates, taxes, duties, fees and other charges; revenue from sales and loans.

**An Assessment of the Pradeshiya Sabhas**

Since the Pradeshiya Sabhas are new and have only operated since 1990, it is difficult to assess critically their actual implementation and viability. However, although the government did replace the Pradeshiya Mandalayas, which had major shortcomings, with new elected councils at the divisional level, these new councils still have major shortcomings. It is clear that they are very much subordinate in terms of power and
authority to the members of Parliament and to the members of the provincial councils. In practice the members of Parliament select the final nominees for election to the Pradeshiya Sabhas. Thus, just as with the provincial councils, MPs nominate their loyal party supporters, if not relatives and friends. Also, since the government established numerous new rural institutions and then replaced them after only four or five years, rural people are confused and frustrated. In the past, the new institutions not only failed to achieve their objectives of people's involvement in decision-making at the grassroots level, but they also did not have real authority and power. As a result, these newest institutions have lost their credibility.

In addition, the Pradeshiya Sabhas have other major shortcomings. Perhaps the most important of these is the inadequacy of financial resources for the increasing public utility and developmental activities. Although there are several sources of revenue specified in the Act, there is very little opportunity to collect such revenue. On the one hand, the expenses of the Pradeshiya Sabhas are quite high due to the increasing number of officials and size of salaries, allowances and other expenses. On the other hand, the Municipal and Urban councils' areas are the places where the taxable assets and sources are available. Another major shortcoming of the Pradeshiya Sabhas is the lack of co-ordination between them and the provincial, urban and municipal councils.
Conclusion

The two most important aspects of the provincial council system are (1) the power, authority and functions of the provincial councils and (2) the degree of their financial independence and capability of collecting local taxes based on the physical and human resources within the province. These two aspects are extremely important because they determine the capability of instituting development programs within the province by the local elected members according to local priorities and needs.

In other words, the provinces must have sufficient autonomy to decide and implement activities within their jurisdiction on the basis of local priorities. That is the true meaning of devolution. No higher authority should be able to override that devolved power or autonomy.

As we have seen, in Sri Lanka the central government not only has failed to devolve power to the provincial councils in such a manner, but also has even overridden the limited power that was devolved to them. It is therefore clear that this new provincial council system, which is the latest attempt at devolution in Sri Lanka, is not a genuine decentralized system of government.

The governor is appointed by the President on his discretion and therefore he is accountable and responsible to the President and to the centre rather than to the province. The chief minister, who is the second political executive of the
province, is also appointed by the President by means of instructing the Governor. Of course, the members of the council have power to select their own chairman and vice chairman. But the chairman does not have power because the governor and the chief minister are the executive authorities of the province.

Of course, the council has legislative power to some extent but that power can be overridden by the President or by Parliament. In short, the authority and power reserved in the hands of the President and the centre is much greater compared to that of the provinces. Indeed, one could argue that the ruling party has further strengthened its central power at the provincial level, while boasting that it has devolved the central state power to the provincial level. As argued earlier, there is a lack of political will for genuine decentralization in Sri Lanka, because the existing state system is favourable to the dominant groups of the society who control the state power. In other words, they are not prepared to politically decentralize the state power because it would threaten their economic and political interests. The dependent economy within the world capitalist system that they have developed requires a strong centralized system of government.

However, what the country needs today is a more self-sufficient economy. This requires far-reaching changes to the state structure in the direction of devolution in order to achieve it through local economic development. In other words, the country needs substantial genuine devolution of central
government power to the provincial and local levels, thus giving an opportunity to the local people to decide their own priorities and their own economic development projects according to local needs and values.
Endnotes

1. This information was provided by the leader of the opposition of the Provincial Council for Western province, in a discussion which took place during the field research.

2. This information was collected from news stories and discussions with academic scholars who are interested in the subject matter.

3. Ibid.

4. Ibid.

5. Ibid.

6. This information was provided by a public official in the Ministry of Public Administration and Home Affairs in Sri Lanka.

7. For example, people of the Moneragala district have to go to the Provincial Council which is located in Badulla district which is 50 km. from the Moneragala district. I collected this information from interviews with the government officials and from members of the general public in Moneragala district.
CHAPTER SEVEN

THE CASE STUDY - MONERAGALA DISTRICT

The purpose of this chapter is to analyze one district in the province of Uva. This way, the general arguments put forth in Chapters Three, Four, Five and Six can be applied to a specific situation.

The Moneragala District of Uva province was chosen for several reasons, as outlined in Chapter One. The district provides an example, on a small scale, of Sri Lanka’s system of decentralization and its effects.

In particular, the focus will be on the development potential of the district. The area does have great potential, but this has not been realized. The history of the area shows that, prior to colonialism, the region provided ample food for the people, particularly staples like rice. The district economy was based on agriculture, and had been developed to that end. However, the colonial rulers tended to neglect the Uva region.

The situation changed little after independence. The post-colonial rulers followed the colonial cue, and failed to pay sufficient attention to the needs of the district and the region. This time the neglect occurred despite a democratic system, partly because of the sparseness of the population in the region.

The background to the chapter and the data from the case study will serve as a means to critically analyse the
decentralization strategies in general. Of particular importance is the analysis as it pertains to the Decentralized Budget, the District Development Council, Gramodayas and Pradeshiyas, Mandalayas, and the present Provincial Council system. The problems connected with these de-centralization measures will be studied in Moneragala’s context, but the implications of the study will be much the same for similar underdeveloped districts as well. As very little has been written on the district of Moneragala, this case study relies heavily on field work done during July-September 1990.

A Brief Description of the District

Moneragala District, the second largest in land area, is located in the South East part of Sri Lanka. It is one of two districts in Uva Province. The other, not treated in this study, is Badulla. Moneragala was demarcated in 1960 as a separate district from Badulla. It is bounded by the districts of Ratnapura, Badulla, Ampara and Hambantota. The capital, which is mainly the administrative headquarters of the district, is also called Moneragala. Other main small towns are Bibile, Wellawaya, Badalkumbura, Medagama and Siyabalanduwa.

Moneragala has a dry climate, and falls into three agro-climatic zones: 1) up country wet-zone - over 55" of annual rainfall; 2) intermedia mid country zone - between 45" and 55" of annual rainfall; 3) intermediate low country zone - between 40" and 45" of annual rainfall (Department of Census and Statistics, 1990: 6). The mountain range on the northern border
of the area receives 10" of rain fall. The data suggest that the whole region receives rain for a period of four months from September to December during the Northeast monsoon and in the months of April and May during the Southwest monsoon. The rest of the months are generally dry. The mean maximum and minimum temperatures are 82F and 73F, respectively (ibid.).

The District's area, 5,639 square kilometres, includes 79 sq. km. of fresh water. The principal rivers of Sri Lanka - Menik Ganga, Walawe Ganga, Kirindi Oya and Kumbukkan Oya - flow across this district. Numerous other small rivulets, canals and streams also run through it. Large artificial reservoirs, like Inginiyagala and Senanayake Samudraya, are important physical resources. The Namunukula range and numerous other smaller mountain ranges not only provide scenic beauty but also cause the district's seasonal rainfall. The remainder of the district consists of flat lands. While part of it is utilized for agricultural purposes, the rest remains as forests and thickets.

Regarding population, compared with other parts of Sri Lanka, the district falls under the "less populated areas" category. This is borne out by the following table which depicts the area and population of the 25 districts in 1982.
Table 1: Population by Districts of Sri Lanka

<table>
<thead>
<tr>
<th>District</th>
<th>Area</th>
<th>Population (000)</th>
<th>Density</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombo</td>
<td>657</td>
<td>1,669</td>
<td>1,911</td>
<td>2,586</td>
</tr>
<tr>
<td>Gampaha</td>
<td>1,387</td>
<td>1,391</td>
<td>1,506</td>
<td>1,003</td>
</tr>
<tr>
<td>Kalutara</td>
<td>1,589</td>
<td>830</td>
<td>925</td>
<td>522</td>
</tr>
<tr>
<td>Kandy</td>
<td>1,916</td>
<td>1,048</td>
<td>1,231</td>
<td>547</td>
</tr>
<tr>
<td>Matale</td>
<td>1,993</td>
<td>357</td>
<td>410</td>
<td>179</td>
</tr>
<tr>
<td>Nuwara Eliya</td>
<td>1,741</td>
<td>604</td>
<td>532</td>
<td>347</td>
</tr>
<tr>
<td>Galle</td>
<td>1,636</td>
<td>815</td>
<td>920</td>
<td>498</td>
</tr>
<tr>
<td>Matara</td>
<td>1,283</td>
<td>644</td>
<td>755</td>
<td>502</td>
</tr>
<tr>
<td>Hambantota</td>
<td>2,579</td>
<td>424</td>
<td>502</td>
<td>164</td>
</tr>
<tr>
<td>Jaffna</td>
<td>983</td>
<td>831</td>
<td>855</td>
<td>845</td>
</tr>
<tr>
<td>Mannar</td>
<td>1,985</td>
<td>106</td>
<td>127</td>
<td>53</td>
</tr>
<tr>
<td>Vanvuniya</td>
<td>1,967</td>
<td>95</td>
<td>112</td>
<td>48</td>
</tr>
<tr>
<td>Mullaitivu</td>
<td>2,517</td>
<td>77</td>
<td>90</td>
<td>31</td>
</tr>
<tr>
<td>Batticaloa</td>
<td>2,686</td>
<td>330</td>
<td>401</td>
<td>123</td>
</tr>
<tr>
<td>Amparai</td>
<td>4,350</td>
<td>389</td>
<td>465</td>
<td>89</td>
</tr>
<tr>
<td>Trincomalee</td>
<td>2,631</td>
<td>256</td>
<td>307</td>
<td>97</td>
</tr>
<tr>
<td>Kurunegala</td>
<td>4,813</td>
<td>1,212</td>
<td>1,390</td>
<td>252</td>
</tr>
<tr>
<td>Puttalam</td>
<td>3,013</td>
<td>493</td>
<td>580</td>
<td>164</td>
</tr>
<tr>
<td>Anuradhapura</td>
<td>7,034</td>
<td>588</td>
<td>693</td>
<td>84</td>
</tr>
<tr>
<td>Polonnaruwa</td>
<td>3,248</td>
<td>262</td>
<td>310</td>
<td>81</td>
</tr>
<tr>
<td>Badulla</td>
<td>2,857</td>
<td>641</td>
<td>698</td>
<td>224</td>
</tr>
<tr>
<td>Moneragala</td>
<td>5,560</td>
<td>274</td>
<td>339</td>
<td>49</td>
</tr>
<tr>
<td>Ratnapura</td>
<td>3,275</td>
<td>797</td>
<td>911</td>
<td>243</td>
</tr>
<tr>
<td>Kegalle</td>
<td>1,693</td>
<td>685</td>
<td>739</td>
<td>405</td>
</tr>
<tr>
<td>Killinochchi</td>
<td>1,235</td>
<td>-</td>
<td>97</td>
<td>-</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>64,628</td>
<td>14,847</td>
<td>16,806</td>
<td>230</td>
</tr>
</tbody>
</table>

* Census year
** Estimated
Sources: Department of Census and Statistics, 1990: 18).

It will be noted that six of the 25 districts had populations smaller than Moneragala in 1982, while the density of population was smaller in only two. Though the district is vast, a good percentage of its land remains uncultivated.

**Historical Background**

The area carved out as the Moneragala District was earlier known as "Lower Uva". A large part of this district was called
"Wellassa", a Sinhalese term whose meaning refers to the countless thousands of paddy fields in this area. Even today this area is "Wellassa" for the old folk. A look at the rich history of Moneragala District will enrich one's understanding of its economic, social and cultural events, and provide much-needed background to this study.

On a study of the Polonnaruwa period (993 A.D. - 1250 A.D.), it comes to light that this area was once populated and at least capable of sustinence. There is a plot of land thought to be the burial ground of the mother of King Parakramabahu the Great, in a hamlet called "Athalle" near Badalkumbara. The capital of Queen Sugala's kingdom, which warred against King Parakumba the great, was also situated in Moneragala.

Later, during the periods of the Sinhalese kingdoms, up to the time of the Portuguese invasion in the 16th century, this district was prosperous, thickly populated and well secured. It is also known as the historical warfield where the Sinhalese won a battle against the Portuguese. That is, it is the place where army chief Konstanteen de Za lost the historical "Randeniwela battle". Uva is one of the few regions in Sri Lanka which neither the Portuguese nor the Dutch could conquer.

Referring to the period of British rule, the 1818 Wellassa Battle was led by the Sinhalese hero "Heroic Keppetipola". Several leaders who assisted general Keppetipola and occupy an important place in the history of the land hailed from the district presently known as Moneragala. A British agent named
Wilson was killed in this battle. Because of this incident, the British destroyed this historic and prosperous land.

The extent of the destruction on the part of the British is evident in this message sent from Brownrigg to Bathurst which describes the action of their troops:

Major Macdonald now thought an example of severity should be shown, the houses all round were therefore burnt, and all the property found, cattle, grain, etc., was either carried off or destroyed. This terrible sight appeared to dismay the natives, they ceased to shout or skirmish at a distance and only ventured upon the skirts of the plain to gaze in silence upon the flames which consumed their habitations. They seemed panic-stricken at the rapidity and undaunted courage with which our troops had advanced upon them....they saw the hopelessness of their course and were driven to despair (C.O. 54,66 Brownrigg to Bathurst, 27 November, 1817, cited in Geoffrey Powell, 1973: 245-6).

Those inhabitants who were not killed in the massacre were expelled to other parts of the island. As Powell explains,

Soon there were few villages left standing. Nearly all were to meet the fate of the one destroyed by Macdonald. The British had no other weapon which they could use to subdue the country (247).

Clearly the "weapon" was an effective one. This was seen as a necessary use of force by the British, as the Kandyans were not easily beaten. Powell explains the scenario in detail:

The Kandyans, Brownwrigg complained, would not stop to be defeated. ‘There is’, he wrote, ‘no resource left but to burn and lay waste the property of the headmen, their leaders - revolting as such vigorous measures are to my heart, they are the only means left to reduce the refractory to submission (Powell, 247).

Due to this devastation, this delightful region, which for thousands of years had flourished and had protected her people from harm by foreign enemies, became a partially deserted area
affected by disease and neglected by the rulers. After Sri Lanka regained independence, successive governments have paid more attention to the region than the colonial government, but still they have fallen short in their attempts to rehabilitate it.

**Historical Economic Environment**

Historically speaking, the Moneragala region was economically important. During the periods of Anuradhapura and Polonnaruwa, this part of Sri Lanka was badly battered by wars, and its food requirements were produced largely in the Moneragala region. For this purpose a number of tanks and dams were built, and large agricultural projects were opened. The production of rice was so large that there was a surplus to be exported. Among the various parts of the country which together contributed to its status as the 'Granary of the Eastern World', this region occupied a very important place, and was aptly named "Wellassa" (meaning a hundred thousand paddy fields). The ruins of numerous tanks and dams found scattered in the region bear testament to this.

**Religious and Cultural Background**

The religion of the populace is mainly Buddhism. In ancient times people were segregated into castes and clans. The deciding factor of caste was the occupation of the person, the underlying fact having been that the children inevitably learned
the trade of the father for their own means of sustenance. This sort of sociological segregation is found to exist even today in certain areas, and hence one can imagine how strong it was in ancient times. With agriculture as their livelihood, the populace had a peaceful life style, and a social environment disciplined by religion.

Taking a look at the religious factor, the numerous historical places of worship in this region are evidence of the widespread religious activities. The statue of Lord Buddha in Maligawila is the biggest of its kind in the whole world. The Buddhist shrines built during the Anuradhapura and Polonnaruwa periods are great legacies to the Sinhalese Buddhist culture. Moreover, these shrines contain ancient cave paintings, frescoes, rock inscriptions and the like, and ruins of religious and cultural importance.

Taking the aforesaid facts into consideration, it is clear that Moneragala District had a high level of achievement in the economic, religious and cultural fields. However, it started experiencing a downward trend in all these aspects as a result of foreign invasion, particularly as it pertains to British colonial economic policy.

On account of this, a massive effort has to be exerted in order to develop this region today. Hence, development-oriented decentralization should be evaluated only in consideration of how far it can succeed in achieving this difficult objective.
The Under-Utilization of Land

The present outlook of the District is completely different from its past. About one-ninth of the total land area of Sri Lanka is within Moneragala District's boundaries. Out of this area only 75,235 acres have been brought under cultivation. As an independently-published recent document states:

The Moneragala district is thus certainly a region with vast unutilized and under-utilized agricultural land (Agroskills Ltd., 1982: 18).

This situation has been brought about by a number of factors.

1. **Paucity of irrigation facilities for cultivation.**

   Today, the district's rice harvest may be less than 10% of what it was in earlier times. The main reason is that the irrigation systems of the past have not been maintained properly and as a result they have gone into disuse. Although there are hundreds of small-scale tanks and dams in a state of disrepair, they have not been revived. Some schemes have been launched, but have been abandoned before completion. As a consequence, most of the farmers have been forced to take to shifting cultivation. Once one plot of land is rendered barren, the farmer picks up his things and moves to another. This is known by the locals as chena cultivation. It has become the principal livelihood of 75 per cent of the district's employed population.

   Lamentably, the numerous rivers, canals and streams that flow through the district all empty into the ocean without being used. Furthermore, although a number of reservoirs have been erected, some of them are not used. For instance, the
"Senanayake Samudraya" reservoir is tapped by the cultivators of the adjoining Ampara District. In the same way, the Kiridi-Oya and Udawalawe reservoirs are used by the people of Hambantota District. On account of this, the cultivators of Moneragala been forced into chena cultivation.

Unfortunately, this system of cultivation is dependent on the rains expected during the monsoons, and hence the farmers fall into a serious predicament if the rains do not come as expected. Moreover, chena cultivation destroys the forests by shifting from one spot of the forest to another at each term of cultivation. This haphazard way of clearing the forests has become a root cause of drought and environmental pollution. Also, this mode of cultivation results in an inability to engage newcomers in the labour force. There are also various problems of life which the cultivators have to face due to the want of a steady source of income. This results in the migration of people into other areas in search of employment and sources of steady income.

2. Lack of suitable development plans. Although a number of development schemes funded by the government and foreign aid institutions have been launched in the district, it has to be stated that they have been unsuccessful. There are many reasons for this failure. The foreign aid schemes are so capital-intensive that a good percentage of the money flows away from the development projects of the district through imported machinery and equipment, consulting, etc. So the full amount
of the aid is not received at the district end. Also, development schemes are begun before carrying out a feasibility study. Often they are implemented through contracts which allow the poison of corruption and fraud to creep in. Or the various stages of the projects are not in keeping with the set time schedule and inordinate delays occur. Projects initiated by the Government are subject to political influence whereby unsuited and incongruous suggestions may be introduced merely for the purpose of achieving political aims. These disadvantages are difficult to avoid because both major aspects of development projects, planning and implementation, lie in the hands of external persons or organizations.

3. Other factors. Of the many other factors that hinder development, the most significant are natural obstacles, attitude problems and economic factors. Untimely rainfalls or severe droughts, gales or storms are devastating to development, and by their very nature are unavoidable. Attitudinal failings lie in the people themselves. Most farmers refuse to engage in profit-oriented agriculture. They are content simply to produce their own requirements. Some look down upon animal husbandry on religious grounds. Even if some farmers get encouraged to undertake agricultural activities on a large scale, the marketing problems sap them of their spirit at the end. Among these problems are: 1) non-availability of marketing facilities; 2) interference of the middlemen; 3) transport problems; 4) lack of advertising; 5) lack of a set-up whereby the producers would
receive an encouraging price for their products; and 6) inability to preserve the produce.

Sometimes agricultural projects have to be abandoned on account of a change of economic policies caused by a change in government. An outstanding example of this is the sugar issue. In the 1970s, the government restricted the importation of sugar and by means of a ration system endeavoured to develop sugar cultivation in Sri Lanka. Furthermore, some resultant industries, such as jaggery and treacle production, were envisaged. Under this scheme, about 20,000 acres of land in Moneragala were cultivated with sugar cane. With it arose about 250 factories for jaggery production and other such industries. This employment-oriented project worked well and enhanced the economic conditions of the people.

The following government, however, did away with the rationing of sugar and liberalized its importation, such that cane cultivation and the allied industries had to be given up. Thus thousands of people were thrown out of employment. Accordingly, agricultural and industrial development gets marred by rapid changes of government policy on such matters as export development, import control, import substitution, and industrial development. Such situations arise also due to changes in tax policy, inflation and enforcement of undesirable laws. The effects of laws governing commodities like sugar reflect on other areas as well.

Each change of government has affected the sugar
cultivation detrimentally. Since sugar cultivation and manufacture have been entrusted to foreign investors, other smaller-scale cultivation, and secondary industries have lost their place. Presently, the foreign investors have brought about 47,825 acres under cultivation while the people of the area have cultivated only about 15,000 acres. Since no infrastructure facilities are available to the local cultivators, they are unable to cultivate successfully.

Moneragala is one of the three districts in which the present government has allowed foreign investment and large-scale agricultural projects, giving unprecedented incentives to investors.

The government has declared three important agricultural districts. Vavuniya, Mannar and Monaragala, as 'Agricultural Promotion Zones' where the investors are granted basically the same incentives as are given to the investors in the Free Trade Zone, such as tax holidays, duty free imports of machinery and raw materials and the right to export profits (N. Gunasinghe, 1986: 49-50).

As the above quotation shows, foreign investors receive special incentives not only in Moneragala but in other districts as well.

Although Moneragala District has a relatively dry climate, some of its areas are suitable for the cultivation of crops which do not thrive in such climatic conditions. This is borne out by the successful production of permanent crops like tea, rubber and coconut in this district. The following table shows the acreage of permanent export plantation crops and other crops.
Table 2. Acreage of Crops in Moneragala District

<table>
<thead>
<tr>
<th></th>
<th>Tea</th>
<th>Rubber</th>
<th>Coconut</th>
<th>Paddy</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crops</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973 (Census)</td>
<td>3,137</td>
<td>8,930</td>
<td>5,750</td>
<td>25,305</td>
<td>96,500</td>
</tr>
<tr>
<td>1977 (BVS-Basic)</td>
<td>2,293</td>
<td>5,795</td>
<td>9,596</td>
<td>30,024</td>
<td>116,495</td>
</tr>
</tbody>
</table>

Village Statistics


The crops listed in the above table are grown despite the fact that these commodities - particularly tea and rubber - are not essential goods for the local people. Despite this, the planting and replanting of tea, rubber and coconut are encouraged through a variety of direct subsidies (the amounts of which are given in Table 1 of Chapter Eight).

The reason for these subsidies is that for quite a long time the cultivation of tea and rubber was confined to the landed proprietors or large companies. The small holdings were neglected and their owners did not receive any incentive or aid. But recently the government has opened a number of incentive schemes, such as loans and increased subsidies for the extension of rubber and coconut. The problem is that these schemes do not function the way they are intended to. The following main reasons could be cited: 1) lack of wide publicity, thereby depriving those concerned of the required awareness; 2) failure to provide advisory services in introducing the cultivation of new crops; 3) failure to provide the required assistance in time; 4) non-realization of set purposes, due to expenditure of
the loans or subsidies on other unproductive purposes, such as settlement of personal debts, day-to-day expenditure to keep the home fires burning, and the like; 5) natural disasters — floods, gales, fire, drought, etc.; and 6) devastation and diseases affecting plants and animals. In this respect, diseases of the rubber plants, and pests like the Promogothika Cumings that infest the coconut plantations, are important.

Other export crops are coffee, pepper, cocoa, cloves, cardamons and nutmegs. Although subsidy schemes and other loan facilities are available, the above-mentioned problems have also arisen for these crops. The fact that they take some time to produce also discourages people from undertaking them.

**Industrial Development**

The contribution of Sri Lanka’s industrial sector to the Gross National Product is about 16.2 per cent (Central Bank of Sri Lanka, Annual Report 1989: 3). As far as Moneragala is concerned, the volume of industrial production is zero, and this aggravates the unemployment problem. The main reasons for the lack of industries are: 1) paucity of capital; 2) lack of entrepreneurial initiative and technical knowhow; 3) marketing problems; 4) weaknesses in the supply systems of raw materials; 5) failure on the part of the government to establish organized measures in this regard; and 6) lack of attention paid to traditions, like the removal of people’s preference for the outdated, unproductive economic sectors. Another shortcoming is
the weakness in the pattern of the labour force, which includes large numbers of employees in the under 12 years and over 60 years groups.

Another factor is the sales system, as middlemen tend to worsen the problem by taking advantage of the rural poor, who have no means of getting their goods transported to the market where they can get good prices.

The above-mentioned problems can serve as a background from which to embark on our concluding discussion regarding development and decentralization of power. Only after carefully considering the extent to which such problems have hindered economic development can they be overcome. New development schemes, in Moneragala and elsewhere, must only be considered with these complex socio-economic issues in mind.

Until now, we have considered the socio-economic problems in the region, and the failure of government policies to solve these problems. Throughout the thesis, we have emphasized the failure of government strategies to solve socio-economic ills. The case study provides an exemplary reflection of these problems in the district of Moneragala, and is indicative of the situation in all rural, backward districts. This district also serves as a microcosm of rural Sri Lanka in general as far as administrative issues are concerned.

Administration

Let us now examine the manner in which matters of
administration of the district are conducted in order to show the centralized nature of the two systems of administration in the district, that of the central government, and that of the provincial government.

The Government Agent functions as the agent of the central government in the district. Before the introduction of the provincial councils, the civil administration of the district was shouldered solely by the Government Agent. There were three Additional Government Agents and ten Assistant Government Agents (one for each Division) to assist him. The following sketch shows this district administrative structure in brief.

According to this system, the powers of the Deputy Heads of the departments of the central government were delegated to the Government Agent as a matter of course. Hence, the functions of the various ministries and departments which had their branches in the district were carried out through the Government Agent.

The district is divided into ten divisions (eight until
1990, now ten) each division is headed by an Assistant Government Agent (AGA), who belongs to the Sri Lanka Administrative Service. Finally, each division is divided into Gramaseva (GS) Divisions, with a Gramaseva Niladhari (village level government official) in charge of each GS Division. This division itself consists of several villages. The following table shows the divisional-level structure.

Table 3. Moneragala District: AGA Divisions

<table>
<thead>
<tr>
<th>AGA Division</th>
<th>No. of GS Divisions</th>
<th>No. of Villages</th>
<th>No. of households or families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badalkumbura</td>
<td>12</td>
<td>115</td>
<td>5,202</td>
</tr>
<tr>
<td>Buttala</td>
<td>13</td>
<td>204</td>
<td>12,568</td>
</tr>
<tr>
<td>Siyambalanduwa</td>
<td>13</td>
<td>126</td>
<td>5,890</td>
</tr>
<tr>
<td>Moneragala</td>
<td>06</td>
<td>60</td>
<td>4,341</td>
</tr>
<tr>
<td>Medagama</td>
<td>11</td>
<td>95</td>
<td>4,210</td>
</tr>
<tr>
<td>Thanamalwila</td>
<td>09</td>
<td>79</td>
<td>10,297</td>
</tr>
<tr>
<td>Madulla</td>
<td>12</td>
<td>105</td>
<td>3,493</td>
</tr>
<tr>
<td>Bibile</td>
<td>12</td>
<td>86</td>
<td>4,839</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88</strong></td>
<td><strong>870</strong></td>
<td><strong>51,290</strong></td>
</tr>
</tbody>
</table>

Source: Census of Population 1981 (unpublished)

Most of the ministries and departments have their district office for Moneragala in Kachcheri; each district office is headed by an assistant commissioner or assistant director. Almost all of these top-level public officials are from the urban centres or from other better developed districts. This includes specialists such as doctors and engineers. Only the school teachers, clerks, nurses and other minor employees of the central government are recruited from within the district. The following table shows the dependence on administrative staff from outside the district.
Table 4. Public Officials in Moneragala District Offices*, 1990

<table>
<thead>
<tr>
<th>Service</th>
<th>Total</th>
<th>Locals</th>
<th>Outsiders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka Administrative Service (SLAS)</td>
<td>30</td>
<td>01</td>
<td>29</td>
</tr>
<tr>
<td>Engineers</td>
<td>05</td>
<td>-</td>
<td>05</td>
</tr>
<tr>
<td>Medical Doctors (MBBS)</td>
<td>12</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Medical Doctors (AMP)</td>
<td>20</td>
<td>03</td>
<td>17</td>
</tr>
<tr>
<td>Other Services</td>
<td>10</td>
<td>01</td>
<td>09</td>
</tr>
<tr>
<td>Clerks</td>
<td>912</td>
<td>810</td>
<td>102</td>
</tr>
<tr>
<td>School Principals</td>
<td>222</td>
<td>190</td>
<td>92</td>
</tr>
<tr>
<td>Gramaseraka Niladhari</td>
<td>319</td>
<td>319</td>
<td>-</td>
</tr>
<tr>
<td>Teachers</td>
<td>3605</td>
<td>2100</td>
<td>1505</td>
</tr>
</tbody>
</table>

Most of the centrally employed public officials who are in charge in the district-level departments and other institutions are junior employees who do not have suitable experience of rural development. This is corroborated by Warsakoon:

Most departments manage with officers of limited experience and their approved cadre strengths are, more often than not, in short supply. For instance 6 of the AGAs in the Divisions and a number of District level Heads (e.g. ACCD [Assistant Commissioner Cooperative Development], ACLG [Assistant Commissioner Local Government], ACDM) are officers with less than 3 years of experience in such executive grades in the SLAS (1987: 81).

In many cases, these officials are newly-recruited employees who have no choice but to work in remote, backward districts like Moneragala. Even in some cases, certain officials are forced to go to these distant places as a disciplinary action or punishment or for political reasons. For example, when a new government comes into power, new MPs and Ministers give orders to transfer their political opponents (particularly employees who actively supported the opposition parties), to remote districts like Moneragala or Vavuniya. In short, most of the administrators and specialists who work in
Moneragala District are newly appointed, inexperienced officials. These officials are not capable of undertaking newly-formulated development projects or administration in such a complex and problematic socio-economic environment. Moreover, since most of them are outsiders, they have very little interest in rural development or regional development. This results not only from their being new-comers, with origins in other relatively better developed districts or urban centres, but also from the lack of basic living facilities in the district. The lack of these facilities - transportation, communication, public residential quarters or private rental homes or apartments, and health facilities - discourages them, and they do not realize their full capacity in their work. As a result, they often leave the district in a relatively short time. The senior officers interviewed, including a former Government Agent, agree. They feel that the major shortcomings concern the harsh living conditions and the lack of facilities like transportation, sanitation and health services. All these contribute to the problem.7

Most officials will opt for a transfer as soon as possible either through political influence or on their own request. As often as not, they migrate back to the better-developed urban areas, particularly to Colombo, where both facilities and opportunities are available. The resulting vacancies are filled again from the newly recruited public officials. Thus the administrative activities related to development are implemented
by newly appointed, inexperienced junior administrators or
technical specialists.

Although Moneragala district is the second largest in terms of land area, and has "substantial potential for development especially in the agricultural sector" (Warsakoon, 58), some important infrastructure facilities and other services to the rural peasants are administered from elsewhere. Governmental institutions such as the highways, the Coconut Cultivation Board, small industries, the Textile and Industrial Development Board and some others still "direct their activities in MG [Moneragala] from their Baddula District headquarters, viz, Badulla or Bandarawela" (Warsakoon: 62). Therefore, due to the long distance from Moneragala to Badulla (about 50 km.) and to the lack of an adequate transportation system, these essential services are not easily accessible to the rural poor. As Warsakoon notes:

...the provision of roads in MG [Moneragala] is quite inadequate; in fact, it has the lowest coverage for any district in Sri Lanka (Warsakoon: 57).

Yet more than 97% of the people live in rural areas.

These government institutions should be located in the district if the services are to be provided in a meaningful manner for those who need them. Because it takes at least three hours to go one way to Badulla from Moneragala town by public transportation, their services are not adequate to the needs of the area. It is highly unlikely that a poor person will be able to obtain essentials such as much needed advice, seeds or
plants, from the institutions which function from the Baddula district.

Even the governmental institutions which are located in the district are "less extensive in size in terms of cadre strengths and the number of divisional units" (Warsakoon: 63).

Moreover,

there is no technical backup for the technical aspects of programming, monitoring and evaluation. The statistical branch is a very insignificant section of the kachcheri and its staff headed by a statistical officer attend to some routine functions of some basic and performance data (Warsakoon: 81; emphasis mine).

Although there are 222 schools (204 Sinhala medium and 18 Tamil medium schools) in the district, with 3605 teachers (3525 Sinhalese, 80 Tamil) for the 95,671 students (92,511 Sinhalese, 3160 Tamil), the quality of education is poor due to the lack of trained teachers, equipment and housing.

The drawbacks in the education sector include lack of specialist teachers [trained and graduate science and mathematic teachers and english teachers] and equipment for science and technical education, poor condition of physical facilities such as furniture, water supply and latrines, of quarters and housing facilities for teachers and poor transport facilities (Warsakoon: 61).

Local Government and the District Development Council

Until 1981, the local government system was comprised of village and town councils whose purpose was to supplement the government agent system. The higher institutions of local government such as urban councils and municipal councils were not conferred on the Moneragala district. Since the high levels
of population and income needed for this were not realized, the area did not receive the necessary qualifications for urban and municipal councils. This state of dependency on central administration seems all too permanent.

There was only one elected town council for the whole district, namely that of Moneragala. However, there were eleven elected village councils, namely: Moneragala, Bibile, Buttala, Wellawaya, Kandukara, Dambagalla, Kataragama, Kotagama, Siyambalanduwa, Sittarampalata, and Medagamputta. All these councils were abolished with the establishment of the DDC system, and the functions were then carried out by the DDC.

The actual functions of the DDC of Moneragala were basically limited to the operations that were carried out by the town and village councils. This was mainly due to the attitude of the locally elected members of the DDC, who subordinated themselves to the members of Parliament. Of course, the actual decisions were then taken by the MPs, who were on the executive committee of the DDC. All six members of the executive committee were members of Parliament except the chairman of the DDC. Even the District Minister (DM), who was head of the executive committee, and who had real power and authority, was not selected from within the district. He was appointed from the Budulla district, by Sri Lanka's President. Since the people had no say in his selection, their priority needs may not have been considered by the District Minister.

In the Decentralized Budget (DCB), each member of
parliament receives Rs25 million as a block grant from the centre. The total DCB for the district is now Rs125 million annually. As Warsakoon notes, the "financial involvement in Moneragala was quite limited, viewed in relation to the extensive size of the District and its relative backwardness requiring substantial higher resource allocations" (1987: 65). Moreover, the MPs are free and able to use their DCB funds, which were supposedly allocated on the basis of the needs of the electorate, according to their own political objectives. Hence, in many cases the financial needs and priorities of the Moneragala district are ignored, and the MPs spend the DCB funds according to their own wishes, rather than the people's basic human requirement. In many cases the project selection and implementation is carried out mainly on a political basis. Nepotism, allocation for personal gain, patronage and other political scams are perpetrated rather than the prioritizing of the real needs of the district. For example, a school building worth 500,000 rupees was completed in 1979 and was not even used until 1985.

Another case of DCB funds being inappropriately allocated occurred when 500,000 rupees were spent to build a rest house (a kind of guest house). Obviously in a district full of needy people, this is a strange priority. This case was raised by the auditor general in his parliamentary report for year 1981. Even more shocking is the 15,223 rupees spent for air conditioning the District Minister's vehicle. Moreover, in
another case, 51,000 rupees were spent to buy musical instruments on the occasion of the Prime Minister’s visit.\textsuperscript{13}

**The Political Situation**

It is interesting to note that in the first DDC, all the members of parliament, but no other DDC members except the chairman, who was ex officio, were selected for the executive committee. Yet, in practice it was the most important part of the DDC "inner circle". Therefore, DDC members did not have real authority in the DDC. They were just figureheads who are totally subordinate to the members of the central parliament and their leaders.

It is also interesting to note that the only cabinet minister from the district,\textsuperscript{14} is the most powerful of the members of parliament from the district, with great influence over district-level decisions, and that the chairman of the district council from 1981-1987 was his nephew. The cabinet minister already controls the district’s MPs, but if his close relative was given the post of Chairman of the DDC, the minister’s control extended, through his family ties, down to the district level. He was thus able, in fact, to rule the local councils.

Until 1989, there were only three MPs for the entire district. Now there are five. Prior to the present government, which came to power in 1977, there was a deputy minister from the district who also was appointed as the District Political
Authority during the coalition government of 1977. That was the first occasion on which an MP from Moneragala district was appointed even to a deputy ministerial position. Presently, there are three MPs from the UNP governing party and two MPs from the Sri Lanka Freedom party. The UNP government, also taking its cue from its precursors, appointed one deputy minister from the district in 1977, and very recently, after the 1989 election, that same deputy minister was promoted to the ministerial level. Therefore, for the first time in Moneragala's history, a Cabinet Minister was actually selected from the district which he will govern.

We may conclude that MPs are the principal political administrators. These MPs are either sons or brothers of former MPs, and they come from dominant prestigious families of the area. For example, a present UNP MP for Moneragala constituency is the brother-in-law of a former MP for the district. The former MP's son is himself the chairman of the Uva provincial council. The district's present powerful cabinet minister, who worked as the deputy cabinet minister, is the brother of a former MP from the Bibile constituency. As mentioned, the DDC chairman from 1981-1987 was a nephew of this cabinet minister. Now he is an MP for the district. This family linkage is a common feature of MPs in both parties. Because they represent the socially higher strata of the region, they pay little attention to the development of the area so as to meet the needs of the rural poor. In such an environment, the funds received
under the decentralized budget scheme are expended for political objectives, and the scope for rendering service to the common man becomes sadly limited.

**The Gramodaya Mandalays**

As noted in Chapter Five, membership of a Gramodaya Mandala (GM) consists of a) the heads of the non-governmental rural institutions (Rural Development Societies, Sports Clubs, Women's Societies, community centres, etc.) and b) a certain number of the government officials who work in the Gramasevaka Niladhari division.

In much the same way that the District Development Council replaced Moneragala Town Council and the village councils, the GM "replaced the Agricultural Production Committees, the Cultivation Committee and the Divisional Development Councils (DDCs)" (Siriwardene, 1987: 5).

It is important to note here that in agriculture-based rural districts like Moneragala, where more than 97% of people live in rural areas, agricultural production committees and the cultivation committee may be more productive, at least in terms of peasants' needs and priorities, than sports clubs and community centres, which have little significance for the poor peasant who lacks far more basic things. Moreover, the latter types of non-governmental organizations are very rare in Moneragala district.

Due to the scattered nature of villages in MG [Moneragala] permitting only limited leverage for
regular interaction, village level organizations have not evolved in appreciable extent in MG (Warsakoon: 61).

As in many other districts in Sri Lanka, in Moneragala non-political organizations do not represent the interests of the rural poor. This is because they are dominated by the village-level rural elite. Sometimes these institutions also represent the factional interests which arise from the complex nature of ethnic and caste differences. In many cases, low caste people are excluded.

In accordance with our earlier observation that non-governmental organizations in Sri Lanka are generally highly politicized, it is pertinent to note here that in Gramodaya Mandalays, "the final decision to include an organization in a Gramodaya Mandalaya rests with the minister in charge" (Tilakasiri, 1987: 13). Furthermore, the minister has the power to appoint a certain number of local government officials, including employees of the public corporations, to the GM. Though official members of the GM do not have power to vote, they are nonetheless political appointees at the village level. Almost all the lower-level public employees in Moneragala district have been appointed by the members of parliament. These employees include cultivation officers, special service officers and the Gramasevaka Niladhari (Gramaseva officer).

Although there are 88 Gramodaya Mandalays in Moneragala district, their effectiveness in terms of people's participation and decision making is poor. Moreover, at the divisional level
eight Pradeshiya Mandalays make up the second tier of the District Development Council System in Moneragala district. Since their composition and operation are very similar to the Gramodaya Mandalays, many of the shortcomings common to the Gramodaya Mandalaya are also characteristic of the Pradeshiya Mandalas.

The Provincial Council

At present, the local administration that we have been discussing is being principally carried out through the new provincial councils. It will be recalled that Moneragala is one of two districts that come within the purview of Uva’s provincial council. In this set-up, of an allotment of 31 members for the provincial council, 13 represent the Moneragala district. Of this number, 7 are from the United National Party and the other six members are from the Sri Lanka Freedom Party.

If we explore the social background of these elected members, we can’t help but wonder how well they represent the common populace. Nepotism is a way of life to the dominant elite.

Table 5

<table>
<thead>
<tr>
<th>Members of Parliament</th>
<th>Members of Uva Provincial Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.J.M. Lokubandara....brother of............W.J.M. Samarasekara</td>
<td>Bandara, Provincial Council Minister for</td>
</tr>
<tr>
<td>The Cabinet Minister of Cultural Affairs and Information</td>
<td>Local Government, Housing Construction and Roads and Cultural Affairs</td>
</tr>
</tbody>
</table>
R.M. Darmadasa Banda.....nephew of.....Ranjith Madduma Bandara
Former Deputy Cabinet
Minister for Textiles and
presently Cabinet Minister
for Agricultural Development
and Research. His brother
was a former UNP MP for Bibile
constituency

A.M. Muniratne Aththanayake
Provincial Minister for
Food, Agriculture,
Irrigation and Employment.
He is a relative of R.M.
Darmadasa Banda.

J.A. Senavirathne Bandara
Provincial council MP. He
is a close friend of R.M.
Darmadasa Banda

Ravinda Samaraweera.....nephew of.....Persi Samaraweera
State Minister for food
and co-operative

Lakshman Senawiratne
M.P.

R.M. Rathnayake
Provincial Minister for
Land, Social Services,
Transportation, Women’s
Affairs and Rural
Development. Former
private secretary to
Samaraweera Weerawanni

R.M. Punchibandara......father of......R.M. Jayasinghe Bandara
Former MP for Moneragala
Chairman of the Uva
provincial council

D.M. Ariyaratne............uncle of......Chairman of the
Former Provincial council
MP; resigned to contest
for the parliament. MP
from the Moneragala district.
Brother-in-law of the former
MP R.M. Punchibanda
A former MP of the.......Father of....L.S.B. Rathnayake
Badulla district Provincial Council MP

A former MP of the.......Father of....Ariyadasa Rathnayake
Badulla district Provincial council MP

A former MP of the.......Father of....W.M. Nimal Chandraratne
Badulla district Provincial council MP

Ten out of twenty of the UNP members elected are either sons or relatives of functioning members of Parliament or even UNP ministers, or of members who were in office earlier. Because of this situation, the positions in the provincial councils remain shared by a group of privileged families, and the possibility of a representative of the ordinary people getting elected is very slim. Moreover, the portfolios of the central government, as well as of the provincial councils, have been distributed among the members of a certain class of people who possess more or less the same attitudes and backgrounds. Naturally, the tendency in these people is to concentrate power rather than to decentralize it. This is equally true, but to a lesser extent, of the SLFP members. For example, an SLFP Member of Parliament, Edwin Wicramaratne, is a son of former SLFP Cabinet Minister C.P.J. Senawiratne. The present SLFP’s MP Edwin Wickramaratne’s brother, D.D.W. Wicramaratne, is the opposition leader of the Uva Provincial council. Similarly, the members from both these parties are persons who represent local families of upper or upper middle class. Because of this, doubt arises as to whether they give a sincere hearing to the prayers of the poor downtrodden class.
The Pradeshiya Sabhas (Divisional Councils)

As explained in Chapter Six, in 1990 there were created elected governmental institutions, one for each division, called Pradeshiya Sabhas, which take care of the administration and services not rendered by other state organizations. A function of the Pradeshiya Sabhas is to involve the people in administrative and developmental activities. There are ten such Pradeshiya Sabhas in the district of Moneragala. Their distribution is as follows:

Table 6. Membership of Pradeshiya Sabhas in District of Moneragala

<table>
<thead>
<tr>
<th>Name of Pradeshiya Sabha</th>
<th>Total No. Members</th>
<th>UNP</th>
<th>SLFP</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bibele</td>
<td>09</td>
<td>06</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Medagama</td>
<td>09</td>
<td>07</td>
<td>02</td>
<td>-</td>
</tr>
<tr>
<td>Madulla</td>
<td>10</td>
<td>03</td>
<td>06</td>
<td>01</td>
</tr>
<tr>
<td>Siyambalagasanduwa</td>
<td>11</td>
<td>07</td>
<td>04</td>
<td>-</td>
</tr>
<tr>
<td>Moneragala</td>
<td>09</td>
<td>06</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Badalkumbura</td>
<td>09</td>
<td>06</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Buttala</td>
<td>10</td>
<td>07</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Kataragama</td>
<td>10</td>
<td>07</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Wellawayya</td>
<td>10</td>
<td>07</td>
<td>03</td>
<td>-</td>
</tr>
<tr>
<td>Thanamalwila</td>
<td>17</td>
<td>11</td>
<td>07</td>
<td>-</td>
</tr>
</tbody>
</table>

These Pradeshiya Sabhas were provided for by the present government in 1990 and hence their scope and financial management has not yet been fully implemented or given the time to develop. Moreover, to date there are not any conclusive ideas about their powers, duties and financial positions. They seem to be a replacement, but at a higher level, for the village councils that existed prior to the establishment of DDCs.

The power struggle between the Members of Parliament and Members of Provincial Councils that was described in Chapter Six
is closely paralleled by the division between the members of Provincial Councils and members of the local authorities in Moneragala. The responsibilities of Parliamentary Members have dwindled since they have been elected on the basis of districts rather than localities within the district. Another reason for this downward trend of responsibilities is that the Provincial Council members are throwing their weight about in their own areas. Because of the resulting power struggle with the MPs, most of the MPs do not approve of the Provincial Council system. In the same way, there is a possibility of this power struggle extending as far as even the Pradeshiya Sabhas and among various groups through decentralization of power. This sort of situation might cause a stalemate of inaction regarding development and decentralization of power. This would in turn be reflected in people's attitudes, as cynicism is a product of ineffectuality.

**Conclusion**

History shows that before colonial rule, this district was important in terms of economic, political and cultural achievements. The colonial rulers ignored or neglected this region and other neighbouring districts, and the successive governments since independence have not paid sufficient attention to rebuilding the district and developing the region.

Nevertheless, due to the remoteness of the area, affecting easy communications and smoother centre-district coordination, and due to the comparative insignificance of the district in the political
process, resource allocations to the district in relation to its development potential can be said to have been quite inadequate and functional effectiveness of departmental programmes limited (Warsakoon: 63).

Still, a majority of the people, those who engage in outdated traditional Chena cultivation, are well below the poverty line. Due to a lack of infrastructure facilities like watertanks and canals, at least half of Moneragala’s arable land is not available for cultivation even though 6,870 families (20.5%) have no land at all (Agroskills Ltd., 1982: 20).

Although the successive governments have opened new development projects, some very recently (such as "Lower Ura development" and Integrated Rural Development schemes) using international assistance, massive efforts need to be undertaken if the district is to be developed. As Abeygunawardana, a former Government Agent of Moneragala, has observed, there is a need for a carefully selected intervention in view of the magnitude and complexity of the socio-economic problem faced in the Moneragala district which had 71% of its population below the official poverty line (food stamp holders) and who suffered from long term neglect and exploitation (1990: 15; emphasis mine).

There are only a few small-scale cottage industries such as Jaggery and Sakkara manufacturing, which were established in early 1970 with the sugar cane boom. Other local cottage industries include carpentry, brickmaking and pottery. Found lacking are much-needed infrastructure facilities such as roads, transportation, communication, irrigation, hospitals, clinics and schools. The allocation of funds for the district is obviously incongruent with its actual development requirements.
 Massive efforts have to be launched in order to provide infrastructure facilities which are essential for the foundation of economic and social development. As we have seen, even the small amount of funds that are spent are wasted, due to improper planning.

The policy makers must understand the importance of any effective needs assessment for the district. Such an assessment would stress the establishment of small-scale irrigation projects, the rehabilitation and reconstruction of ruined tanks, lakes and other minor irrigation networks, small-scale industries which use local raw material and labour intensive techniques. Other essential infrastructure facilities such as rural roads and agricultural service centres would provide essential agricultural inputs and advisory service for the peasants. As well, this would help provide adequate and reliable health and education facilities in the remote rural areas. These are only some of the main priorities which are essential, even if we are to take into account the limited allocation of funds provided by the DCB. If these were seen as priorities, perhaps the building of a rest house, airconditioning a minister's vehicle, or spending money on musical instruments for a prime minister's visit, would have taken a back seat to human needs. If decentralization strategies such as District Political Authorities, District Development Councils and Provincial Councils are to develop the rural areas, they must allocate their limited financial
resources more productively and more effectively, and do so according to the priorities and immediate needs of the district or province. Policy makers must act in accordance with these objectives. In present practice, however, the opposite is true. Since central government ministers and MPs are the ones who actually make development decisions, they do so on the basis of narrow political party goals or the interests of the dominant groups, and even in some cases for personal gain.

The development priorities, strategies and policies must be directed towards poor or deprived segments of the district, not towards the landowners, businessmen and other dominant groups. In practice, as in many other districts in Sri Lanka, the available agricultural subsidies, local facilities and other services are only available to the district’s dominant groups. Ironically, this inequity arises because the poor lack access to these resources due to their poverty.

Despite this vicious circle in which the poor stay poor and the rich get richer, measures can be taken to improve the situation. As the situation is so drastic, improvements may not come easily. In a predominantly rural district like Moneragala, more than 97% of the people live in rural areas. Ironically, despite the abundance of arable land, more than 71% of Moneragala’s population live below the official poverty line.

If policy makers are to improve this situation, they must understand the deeper-level social and economic problems which resulted from neglect of the district by both colonial rulers
and successive post-independence governments. Decentralization strategies alone will not solve these deep-rooted social and economic ills. The policy makers must not oversimplify the complexities of a district like Moneragala. Policy priority must be given to the vast majority of rural poor and not to the Agricultural Promotion Zones which were established for the multinational corporations. If the unprecedented incentives given these companies were diverted to the rural poor, their problems would be easier to solve. For instance, while electricity was available for only 22 of the 870 villages in the district in 1982 (Agroshdl Ltd., 1982: 18), the multinational companies enjoy subsidized electricity to run their foreign-sponsored mega projects.

As we have seen, first the British rulers destroyed and neglected the Moneragala district. Then the poor peasants' lands were given by the present UNP government to the transnational corporations to produce sugar. In fact, the author himself was fully aware of a plan to give his neighbouring village, Nakkala, and the nearby areas, where very poor peasants live in their villages and cultivate small farmlands, to a transnational corporation. However, as a result of protests against this by all the people in the area through the MPs, this unfortunate situation was stopped. However, some other poor peasants in the divisions of Sevenagala, Palwatta and Moneragala lost their forest land to the transnational corporation. This is not surprising simply because, as we have seen in our study,
transnational corporations are more important than poor peasants for the UNP government and its allied dominant interests. As an eminent scholar explains with reference to the tragedy of poor peasants who lost their land:

One could invite in a transnational corporation to produce sugar, throw large numbers of peasants off their lands in Moneragala district, undercut the existing business of illegal distillation of sugarcane into alcohol, and get away with it (Moore, 1990: 371; emphasis mine).

In many respects, the problems of Moneragala district are typical of other backward rural districts, except that the Moneragala case is more extreme in terms of poverty (as noted more than 71% below the official poverty line) and a percentage of rural population (97%). Therefore, the findings of the study on Moneragala district may equally well be applied to other similar rural districts, such as Anuradhapura, Pollonnarawa, Vavunia, Batticaloa, Mannor Amparai and Hambantota.
Endnotes

1. The information and data in this section draw on field research done specifically for this study. In this case, the approximate figures for rice production are from a personal interview with a district-level government official in August 1990.

2. Ibid.

3. A recent article in the Ottawa Citizen includes reference to a foreign investment scheme by CIDA nine years ago. In this case, the bulk of the $46.5 million was spent on mega projects that did little to help the country. Two years ago, however, the program began to focus on smaller community-based projects.

4. The total land given to the transnational companies is as follows:

   (1) Sevenagala       18989 Acres
   (2) Palwatta        25888 Acres
   (3) Moneragala      2948 Acres

   Total            47825 Acres

These data, collected during the field research work in Sri Lanka, were provided by the Moneragala Kachcheri Land section.

5. As mentioned previously, Kachcheri is the headquarters of the district administration whose offices are usually located all together in one building or set of buildings. The Government Agent (GA) is the administrative head in the Kachcheri system.

6. These data were collected from the Moneragala Kachcheri (internal files).

7. C. Abeygunawardana, a former Government Agent for Moneragala district, and several senior officials agreed about this problem.

8. The data were collected during the field research work for this study. In this case, field notes were obtained from the internal files related to the District Budget in the Moneragal Kachcheri from 1974 to 1989.

9. Ibid.

10. Ibid.


14. In Sri Lanka, the deputy ministers are not appointed public officials as they are in Canada, but are elected members of Parliament.

15. These data were collected from various sources such as news stories, officials, opposition party members and the members of public.

16. These data were collected from internal files of the Department of Elections during the field research work.
CHAPTER EIGHT

CONCLUSION

As we have seen, the concept of "rural development" has had a long history in Sri Lanka. Even prior to independence, certain changes such as government aid for agricultural development and some measures for health and welfare at the rural level had been instituted. But the problems of rural areas, such as unemployment, underemployment, malnutrition, hunger and poverty, are still the dominant economic and social problem of the country today. Similarly, the concept of decentralization, at least administrative decentralization, has a long history. The failure to realize the objective of rural development through administrative decentralization led to the concept of devolution, which has become one of the major issues (if not the major issue) in Sri Lankan politics today. As a result, both of these important problems have received increasing attention and high priority from politicians and policymakers, minorities, academics, bureaucrats, international donor agencies and international governments.

However, neither the objective of rural development nor the development of a real decentralized system of government have been successfully achieved. On the one hand, the gap between rich and poor and between urban and rural has widened over the past few years. On the other hand, despite more than four decades of experimentation with various devices for decentralization, a more centralized system of political and
bureaucratic control has developed.

It is time, now, to ask important questions such as: (1) why did rural development and decentralization measures fail in Sri Lanka? (2) what can be done to make them succeed? (3) did they fail for the same reasons in other third world countries?

The core of the problem is that successive governments have failed to devolve politically the central state power and thus to decentralize the central decision-making power in Colombo. Failure to do so has been the major stumbling block in the development of viable decentralization strategies since 1931.

Main Arguments

This thesis attempts to answer the question of why regimes in developing countries such as Sri Lanka failed to devolve the central state power to the local level. It argues that the negative influences on dependent development have been underestimated. These are: (1) the internationally dependent political and economic structure of Sri Lanka, which is, in part, a colonial legacy, and (2) the inequalities inherent in the economic and political structure of the country. More specifically, it was hypothesised that: (1) there is a lack of political and bureaucratic will for genuine political decentralization or devolution; (2) as a result decentralization measures have been limited to, or have ended in, deconcentration or administrative decentralization; and (3) even genuine political decentralization will not lead to greater rural
development unless structural changes are made at the same time. Our main assumption is that decentralization, participation, national development or rural development cannot be viewed or analysed independently. We must consider the social, economic and political realities, that is, the power structure of the society. Further, we argue that full understanding of the failure of decentralization measures is possible only if we look at the political and economic process in the wider context of Sri Lanka’s dependent position in the global economy.

Summary of Our Findings

We have explained in Chapter Three how Sri Lanka’s economy is dependent on world markets, how this dependency is favourable for the dominant classes in society and how this dependency needs a strong centralized form of government. The dominant classes benefit from industrialization, export, plantation economy, and international trade. Therefore, they are in favour of a strong centralized form of government which secures and promotes their economic and political interests. Genuine political decentralization contradicts and conflicts with the economic and political interests of the dominant classes who control the economy and society. Neither politicians nor bureaucrats who have political decision-making power in Sri Lanka wish to politically decentralize the central state power because this would deprive them and their business friends of the privileges they enjoy under the centralized form of
government.

At this stage, I will summarize the economic and social policies of successive governments and their impact on rural development in order to show that the dominant political and bureaucratic elite have not been in favour of genuine political decentralization.

Since independence, all political parties in power have focussed on international trade, though their strategies and emphases have differed. Declining foreign exchange earnings have been seen as a major contributor to Sri Lanka’s slow growth. The problems of balance of payments, international debt, high inflation and a high cost of living have become persistent features of the economy. The result has been chronic high unemployment and widespread poverty in both rural and urban areas. Both import substitution and export promotion have been considered as alternative or concurrent strategies for industrial and economic development in the country.

Post-independence development strategies and policies have been significantly influenced by Western development patterns and the aid policies of international agencies. As a result, post-independence governments have been placing great emphasis on industrial development without considering the country’s internal structure, resources and the actual needs of the people. Because of Sri Lanka’s imperfect market conditions, governments have been actively involved in planning and providing necessary infrastructure facilities for a market
economy linked with the world economy.

During the 1950's and 1960's, the main emphasis was on inward-looking strategies such as import-substitution and industrial development. By the late 1960's it was realized that these policies were not leading to the desired level of national production or income redistribution, nor were they solving the problems of poverty and unemployment in the country. In fact, by the end of the 1960's, poverty and economic inequality worsened, particularly in rural areas.

By the early 1970's the coalition government (SLFP and the two Marxist parties, LSSP and CP) became concerned about the issues of poverty and inequality. This is not a surprising trend, because this was a period when strategies of growth and a basic needs approach were advocated by most third world countries (Killick, 1986: 100-105). As a result, as in many other third world countries, the coalition government of Sri Lanka created policies for the development of subsistence level agriculture and the improvement of both productivity and the quality of life in rural areas (Killick, 100-105). The government adopted policies to promote appropriate labour-intensive technologies, realizing the importance of human capital and equitable growth strategies. Certainly, as we discussed in Chapter Four, the 1971 insurrection was also a factor which affected such policies.

Since 1977, the UNP government has followed the trends of the conservative governments of the United States and Great
Britain and also followed the lead of international development agencies. It shifted development strategies and policies towards a more market-oriented approach once more (Killick, 96-113). Since 1977, therefore, the government's approach to this problem has been to use outward-looking strategies with emphasis on foreign private investment leading to export promotion.

Although Sri Lanka is formally politically independent of her British colonial legacy, her economy is still tied to the international capitalist system. Since independence in 1948 she has experimented with a wide range of economic development policies, but all have fallen short. Unfortunately, her economy is "intricately meshed into the international capitalist marketing system, within which it operates in a position of inferiority and weakness" (Swan, 1983: 157). Unless Sri Lanka breaks this chain, she will have to face the problems and distortions of the international capitalist system and suffer its influence on third world societies whose role is to produce primary commodities for the advanced capitalist countries.

Post-independence growth strategies in Sri Lanka, as in many other third world countries, have not paid sufficient attention to the more stable and potentially more productive subsistence agricultural sector and its rural industries because the existing economic system benefits only the ruling elites and the dependent bourgeoisie in the country. Even in the subsistence agricultural sector, emphasis has focussed on new areas and new schemes. The improvement of productivity in the
existing sector was given far less attention. In general, the larger farmers have benefitted from the governments’ policies, particularly from agricultural subsidies. The governments’ liberal import policies and industrial policies, particularly in the early 1960’s and since the late 1970’s, have in fact worked counter to the interests of the subsistence agricultural sector.

It is true that both with regard to the location of development projects such as Integrated Rural Development (IRD) and the allocation of funds for development, regional considerations had an important place because of concern with the problem of unemployment and the creation of new employment opportunities. But policies favoured capital intensive technology which benefitted the rural elite, the large farmers, not the rural poor.

Land reforms, paddy lands and large agricultural projects such as the Mahaweli scheme were piecemeal approaches to rural development. Integrated rural development strategies and various subsidies for agriculture have succeeded in solving the problem of unemployment to some extent. For example, the legislation designed to improve tenant-landlord relations in paddy lands made the position of the small cultivator more secure, but social and economic gaps have nonetheless widened.

Government policies, particularly industrial ones, have not only increased Sri Lanka’s dependent relationship within the world market system, but the location of public-sector industries has given insufficient weight to underdeveloped rural
areas where resources are abundant, human resources in particular. There has been strong pressure from influential members of Parliament who usually represent the interests of the centre, to ensure that the industry remains at the centre. Moreover, business groups have their own associations such as Planters Associations, the Chamber of Commerce and the Chamber of Industry. These groups were able to lobby the government with regard to their policies. They have exercised considerable influence in the shaping of the policies of all governments. The peasant class, on the other hand, have not organized themselves in any form and the ruling elite have not encouraged them to do so:

This lack of an effective representation of the class or occupational interests of smallholders in the political process seemed to be associated with a tutelary, custodial or paternalistic attitude towards the ‘peasantry’ on the part of the political and administrative elite (Moore, 1985: 3).

This situation thus worked against the development of subsistence agriculture in the countryside.

In all elections except one, the people have cast their ballots to change the political party in power, not on the basis of party policy, but rather because they had experienced enormous economic and social difficulties with the former government. They cast a "negative vote", i.e., to remove the offending government in power. This situation has led to a problem with the continuity of development planning and policies. In fact,

There was a strong tendency on the part of a new
government to dissociate itself from the programmes and policies of previous governments even though they were sound and did not run counter to the new government's policies (Marga: 1970: 55-56).

Since colonial rule, development policies and programmes have favoured urban development in Sri Lanka. The widening gap between urban and rural areas has resulted in social unrest among youth in the country. Most of the youths involved in the insurrection of 1972 were from rural families of low or modest socio-economic status....A serious and costly insurrection became possible when, by the beginning of the 1970's, the frustration and grievances of youth had created an explosive situation that could be ignited by a spark of leadership, organization, and ideology (Kearney and Jiggins, 1975: 44, 51).

In many cases, rural areas were neglected or government interests were not directed toward rural development.

...national party competition has deep roots in the Wec Zone, especially the areas closest to and historically most intimately connected to Colombo; is very much oriented to the issues and political conflicts of the Colombo region; and has been in large part created and continually reshaped by the Colombo-based political elite, which still exerts a major influence (Moore: 10).

The impact of colonial administration and the plantation economy, bureaucratic institutions, institutional changes, industrial policies, international aid policies, party politics and class interests of the elite have been such that urban development has been favoured in Sri Lanka. As a result, skilled, educated workers migrated from rural areas to urban areas. The interests of the central bureaucracy and the political will for centre development was exploited at the
expense of rural areas. As Wijeweera points out, those with rural backgrounds are soon swayed by the city, and must change. The following quotation bears repeating, as it is necessary to stress this unfortunate situation:

If one looks at the major decision-making bodies that are in Colombo and their individual members fairly closely, one cannot fail to notice, by and large, the social homogeneity that binds them together, whether they come from the political sector, bureaucratic sector, academic sector or the private sector. They form a closed corporation—a sort of confraternity—in which the members share common attitudes and values. We are not denying that among them, especially among the political elite, there are some who either by birth, upbringing or inclination have their roots firmly grounded to the soil. But even in these instances, whatever their private philosophies may be, the cumulative effect of having to live in the metropolis, to be in constant contact with each other both at official and informal gatherings, of having put off, to a great extent, the rural and rustic element from their lives due to the nature and pressure of their work, is that they become very much [more] the unfortunate victims of this society than its masters (Wijeweera, 1974: 22).

Therefore, education policies, health policies, infrastructure development and similar strategies have also been biased towards the centre. A balance of development between the centre and the periphery has not occurred.

Decentralized institutions such as the Divisional Development Councils, established in 1973, and District Development Councils, created in 1980, were expected to play major roles in policy-making at the grassroots level. Yet, they have not had a significant impact on the rural poor, primarily because the rural elites have dominated these grassroots institutions. In fact, it has been argued that the present
decentralized system of District Development Councils actually serves to strengthen "those who favour central direction and create more conflict between centre and periphery" (Slater, 1989: 73).

So far, no viable institutional framework has been established to incorporate the needs and values of the masses and to get the village communities more closely involved in decision-making. Regions differ in terms of ethnic composition, religion and culture, and in values and needs. They also differ in resources and development capabilities. The existing centralized political and administrative systems impose barriers to the integration and development of regions that are relatively weak when compared to the centre. As Robert Oberst concludes,

...the decision-making power tends to remain in the hands of the British-educated and westernized elite. It would appear that the democratic institutions created to form the government of Sri Lanka after independence have not opened up the power in the country to all elements of society...those who do not speak English and those who do not come from the most westernized educational institutions in the country are excluded from decision-making (Oberst, 1985: 772).

Therefore, it is clear that despite the establishment of reforms and democratic institutions in Sri Lanka, there is still a powerful group of political and bureaucratic officials who have interests at the centre and who determine the needs of the society as a whole. This group of officials "impose their needs and values on the decisions affecting the rest of the population" (Oberst, 761). The failure of government
development policies to solve major social and economic problems has led to dissatisfaction and frustration among the people, in particular among unemployed youth, and has resulted in unrest and political violence against the political regimes in power.

Our analysis of Sri Lanka's development history shows two major interrelated constraints to rural development: externally dependent relationships with developed capitalist countries, and the internally dependent relationship between the city centre and the rural periphery. But other constraints also stand in the way, such as internal class structure, the nature of political parties and the state's institutional framework and bureaucracy. In short, the development of Sri Lanka, as Hagan Koo points out regarding third world countries in general, is shaped by the interplay of state, social classes and the world capitalist system (1987: 173).

**Institutional Strategies**

As far as decentralization strategies are concerned, since the early 1970's successive governments, particularly the present UNP government, have experimented with several initiatives. Yet governments have failed to devolve central state power in a meaningful way. This is because, as we have seen, all these initiatives were introduced at different times as a piecemeal approach to solve then-existent problems rather than as a genuine overall strategy to solve the rural problems and to answer the demands of the minority Tamils.

The District Political Authority, the first initiative
taken in the direction of decentralization, was created in 1973 because of the immediate requirement of food. There were no constitutional provisions regarding the power and authority of the DPA system. The lack of clear definitions of the power and responsibility of the DPA system led to confusion, conflict and contradiction between the D.A., the GA and the other representatives of the central administration at the district level.

The District Development Council (DDC) system, the second step in the direction of decentralization, which was taken in 1981, was primarily established as a solution to the demand of the Tamil minority for greater autonomy or a separate state. However, as we have seen, the District Minister, who was the executive head of the executive committee, which was the most important part of the DDC in terms of policy-making and implementation, had accountability and responsibility to the centre rather than to the district. As Slater argues the "application of an effective devolution of power was hampered by the desire of the centre to remain firmly in control of local government" (Slater, 1989: 74). The DDC had to depend on the central government for grants as its major source of income. Although the DDC had powers to levy taxes within the district, the total amount of tax revenue was minimal. Also, the DDC had to depend for its functioning on personnel appointed and controlled by the central ministry of local government and also had to depend for plan formulation and implementation on the
personnel employed by central ministries who work at the district level. Finally, in practice, members of Parliament from the district had been given a greater role in the policy-making process of the DDC than the elected local members of the district. In fact, it is argued that "instead of cooperating with the members of DDC, the district ministers were intent on controlling and restricting the powers of the elected representatives of districts" (Manogaran, 1987: 163). For example, the executive committee of the DDC, which was the most powerful and important part of the decision-making and implementation process, was headed by the District Minister who was appointed by the President at the centre. Moreover, the President has enormous powers, including the ability to dissolve the executive committee. As Slater notes regarding the UNP:

While the UNP has been eager to espouse the rhetoric of decentralization, in practice a number of its initiatives have served to reinforce the ruling party at the centre (1989: 70).

The Provincial Council (PC) system has been the latest attempt at decentralization in Sri Lanka. As with the previous two decentralization measures, the DPA and DDC, the PC system was established as a result of extraordinary political circumstances. In the case of the PC, it came about as a requirement of the peace accord between the governments of Sri Lanka and India.

As with the DDC system, the PC system has further strengthened the ruling party's control at the centre through the President's power to appoint governors, who have real
executive power. Hence, the governor is accountable and responsible to the President and to the centre rather than to the province. Moreover, since the President has power to dissolve the PC, he and his Parliament have overriding authority over the PC.

Proposals

As we have seen, the main difficulty is that policy-makers in Sri Lanka have failed to understand and address the real problems of their society. Yet, like many other developing countries, Sri Lanka has the basic resources needed for development.

As we have discussed, much arable land goes unused in Sri Lanka, and that which is used is often wasted, as with chena cultivation. Though irrigation systems are limited, water is available if collected from rivers and monsoon rains. As for other raw materials, the country has substantial reserves of limestone for cement manufacture and silica for glass making. Rubber and sugar cultivation should provide valuable secondary industry, but the raw materials are always exported for processing. Lastly, and most importantly, the land is well-stocked with valuable human resources. Skilled workers and technicians could be developed easily from among the unemployed Sri Lankans, who have the highest literacy rate (86%) in South Asia. Unfortunately, no training programs are provided, and this resource goes untapped.
The legislators need to introduce appropriate policies to utilize the available resources in such a way as to improve the quality of life of the majority of the people. In short, they must focus on the real problems or issues which have roots in the dependent economy and the colonial legacy. Therefore, in our analysis of Sri Lanka's political economy, we have tried to show the interconnections between the present power structure, the dependent economy, and the colonial legacy. It is these interconnections that are the real causes of the development problem, whether national or rural.

The colonial legacy over a 450-year period created an unbreakable economic structure which is still heavily dependent on the capitalist world market. Such dependency needs a highly centralized government. And the colonial legacy provided one, as one historian explains:

The political structure of Sri Lanka was a highly centralized one. Indeed, an over-centralized one. The processes of centralization encouraged and deliberately pursued by the British in the nineteenth century proved to be a formidably stable legacy (de Silva, 1983: 75; emphasis mine).

In addition to the colonial legacy, ethnic diversity, fear of upheaval and disintegration, the uneven distribution of limited resources, the policies of the international aid agencies, and the state's increasing involvement in economic and developmental activities further strengthened the centralization. As a result, now there are a large number of central ministries which have offices at the district level.

Despite the decentralization measures, these offices are
loyal and accountable to their head office ministries at the centre. In fact, there is now a well developed system of deconcentrated administration at the district level. The important point to be made here is that the line ministries at the centre are not prepared to delegate their power and authority to the district or provincial level. This is mainly because, at the centre, these ministries are controlled by the dominant groups of the country who have wealth, power and interests at the centre.

It is true that the ethnic division between the Sinhalese and Tamils and the fear of upheaval, the smallness of the country, and the unequal distribution of resources among the provinces are some factors which contributed to centralization. But they are not the underlying ones. With reference to Sri Lanka's political economy and to the nature of state formation, Bhargava gives this analysis:

The state is a class state. The state is the site for class struggle. Systematic discrimination against the minority ethnic groups has been allowed by the Sri Lankan state. This to an extent prevents class struggle to brew (1987: iv).

Clearly, the political and bureaucratic elites at the centre are not prepared to give up their power and privileges. To Wijeweera,

...it is evident that the real obstacle to decentralization lies not in communal conflict or the lack of grassroots participation, but in the natural reluctance of central ministers to give up their reins (1989: 188) (emphasis mine).

As a result of the lack of political and bureaucratic will for
genuine decentralization, the measures taken have encouraged deconcentration rather than devolution. This is our second hypothesis. At the same time, through the decentralization strategies, the dominant political parties, particularly the present UNP government, have made provision to reinforce and strengthen the central party control at the district and provincial levels. In fact, the present system of decentralization has become an over-centralized form of control, in which the President at the centre controls the district and provincial councils.

It is not an easy task to transform these district offices of the central ministries into locally-oriented institutions which are controlled by the local representatives of the district or province. The problem is more difficult in the case of remote or backward areas because of the lack of qualified manpower who are capable of planning and implementing development activities as well as performing other administrative functions. This means that skilled manpower must be sent to the rural areas from the developed urban centres. Moreover, strong centralization tendencies since post-colonial rule and independence have been encouraging the migration of skilled manpower from the rural to the urban areas. This is not only because of the low level of services in remote or backward areas such as poor education and health facilities, transportation, communication and many other problems, but also because transfers, promotions, and career opportunities are
dependent on the central ministries in Colombo. It is not only difficult, then, to send qualified and experienced manpower to the remote or backward areas, but the few people who have good qualifications and experience have been migrating to the urban cities, particularly to Colombo, where all facilities are available. Therefore, as Swan points out:

decentralization alone is not likely to overcome the attraction of Colombo and the long established urban centres, unless the quality of basic rural institutions and amenities is raised to a higher level, particularly in the sphere of education, the most popular passport to the better life (Swan, 1983: 154).

Policy makers must understand and pay attention to the nature of this badly balanced centre-periphery relationship and its impact on rural development in the country. Prior to the establishment of Provincial Councils in 1987, the district administration and the GA were the basic units of the administration throughout the country. Now that the Provincial Council is the new basic unit of decentralized administration, people sometime have to go to the provincial head office, a journey which is more difficult in terms of distance and hierarchy than the previous district administration. One of the prime purposes of devolution is to bring the government closer to the people, but the PC system appears to have brought about the opposite.

While providing more basic needs for the deprived people, it is essential to develop subsistence agriculture which in the long run is the most productive sector as well as the backbone of any development of a country. Food self-sufficiency and the
development of locally based small-scale industries should be the focus of an industrial policy. The Free Trade Zone and trade liberalization are barriers to this development. The policy makers must understand the danger of the country's dependence upon the world market for export earnings to provide import needs.

If development in the rural areas is to be achieved in a meaningful manner under a genuinely decentralized system, it is essential that it have local administrators and policy-makers who have local knowledge and experience. This knowledge needs to be both general and specific in native subject matter and must deal with provincial, district and local specificities, culture and other related matters. Administrators are needed who can have a significant influence on decision-making at the local levels, where both the local level politicians and the general public are inferior in terms of knowledge and experience. For example, administrators must have not only understanding but also patience, sympathy and motivation to work closely with the rural poor, particularly those peasants who are not familiar with, and who have not been exposed to, the bureaucratic system of administration. That is, it is important to find a way to train and recruit locally based administrators and managers rather than administrators from the urban centres who have little interest in rural development. There are no shortcuts to achieve these goals and objectives. The whole educational system and policies for resource allocation, health
and welfare must be re-oriented towards long-term development.

For example, changes to the educational system are needed because the present system was introduced by the British during the colonial period, and reflected their economic and political interests. The system was designed mainly to train clerks, administrators and others needed to provide law and order and to collect revenue. Such a system does not fulfill the increasing requirements for qualified, skilled personnel to manage complex developmental projects. Therefore, the educational system should focus on job-oriented training and education even from the secondary school level. For example, students could be trained for small-scale industrial activities, handlooms production, brick making industries, carpentry and other technical fields which the country desperately needs today. Instead, the education system continues to produce large numbers of arts graduates and high school graduates who lack the skills to survive in such industrial or managerial climates. Therefore, the problem is not merely one of lack of resources, rather that the available limited resources are not utilized in a meaningful manner.

Another example, the most important one, is the unproductive allocation of resources for agriculture. For example, the governments have been providing large amounts of direct financial aid for the export commodities but not for the most important subsistence productive sector. The following tables show where the money is spent.
Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Tea</th>
<th>Rubber</th>
<th>Coconut</th>
</tr>
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<tbody>
<tr>
<td>Replanting</td>
<td>Rs 48,000</td>
<td>15,000</td>
<td>4850</td>
</tr>
<tr>
<td>New Planting</td>
<td>Rs 30,000</td>
<td>12,000</td>
<td>4650</td>
</tr>
</tbody>
</table>

Source: Tea Small Holding Development Authority Annual Reports 89/90, Rubber Control Department Annual Reports 89/90, Coconut Cultivation Development Board Reports 89/90.

Table 2

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<tr>
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</thead>
<tbody>
<tr>
<td>The total for replanting</td>
<td>18.9</td>
<td>18.2</td>
<td>18.2</td>
<td>19.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The total government aid for new planting</td>
<td>34.9</td>
<td>49.1</td>
<td>4.5</td>
<td>67.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The total government aid for other categories</td>
<td>13.3</td>
<td>12.0</td>
<td></td>
<td></td>
<td>60.1</td>
<td></td>
</tr>
<tr>
<td>Total aid in million Rs</td>
<td>67.1</td>
<td>79.3</td>
<td>22.7</td>
<td>146.3</td>
<td>5.1</td>
<td>72.3</td>
</tr>
</tbody>
</table>

Source: Ibid.

*Data are not available for coconut, except for the total.

The important question to be asked is why the government provides such a huge amount of money for export plantation commodities, whose prices are prone to heavy fluctuation in the world market. Both the price and the demand for these primary commodities has been declining. If the government provides such direct aid to more productive subsistence agriculture, which is the main livelihood of the majority of people in the country, it
will not only provide people's basic food and needs but also will work towards solving the problem of balance of payments, which results largely from the import of essential consumer goods like rice, wheat-flour, onions and potatoes. These commodities can be easily grown in a country that is capable of producing rubber and tea.

Moreover, of the 798,103 hectares of cultivated land, almost 40 percent (39.71) was devoted to the three major export plantation crops. Another 176,500 (or 8.8 per cent) was designated to other permanent crops such as coffee and coco (Department of Census and Statistics, 1990: 62). Thus, nearly fifty per cent of the cultivated land is used for plantation crops. Furthermore, the arable land that lies uncultivated comprises 91,648 acres (Department of Census and Statistics, 1990: 62). These are the causes of the stagnant economy. These are the real issues to be considered if the policy makers are truly interested in rural and national development.

Both short term and long term development strategies should be directed to the deprived sections, which constitute a majority in rural areas. Mere economic growth does not promote rural development. Fair and equal distribution of resources is essential. The government's development policies and strategies, which are based on a liberalized import-export policy, privatization, capital intensive industrialization, capital intensive agricultural policies, and urban-biased development strategies, have done very little to solve the
problems of rural unemployment, underemployment, hunger and poverty and other related problems. In fact, such policies have strengthened those who advocated them - the dominant groups.

In the case study I examined the extent to which decentralized institutions such as District Development Councils have promoted vested interests, thereby accentuating socio-economic disparities in rural areas. I have shown that Divisional Development Councils, the Decentralized Budget, District Development Councils, District Ministers and Governors, Provincial Councils and Pardeshiya Sabhas, all have been serving to promote and strengthen the interests of the rural dominant groups who constitute a small proportion of the population. Therefore, the rural poor have benefitted very little. Decentralization should be an essential instrument for rural development, one that would enable people to articulate their needs through becoming involved in the decision-making process at the grassroots level. It should be of particular benefit to the rural peasants and other deprived interest groups who are not organized as pressure groups and who are usually excluded from the decision-making mechanism. But this cannot be achieved unless social, economic and political power structures are changed at both the national and local levels to create equal access for all citizens without structural, ethnic or cultural barriers.

The elements of feudal and semi-feudal production relations that exist in rural areas must be broken down and the power
structure of the rural social formation must be reshaped if Sri Lanka is to benefit from decentralization strategies. Unless these structural changes are brought about, the political and administrative apparatus in Sri Lanka will continue to be dominated by the elites at the centre.

Most underdeveloped countries, especially those in South Asia, reflect problems similar to those in Sri Lanka, and thus the findings of this thesis may equally well be applied to them.

The Applicability of Our Findings to Other Countries

Agriculture-based third world countries like Sri Lanka, Bangladesh, Pakistan, India and Tanzania, all feeling the effects of colonialism, have given high priority to rural development through their focus on decentralization strategies. Thus, in many third world countries, rural development and decentralization measures have become the core of the overall strategy for rural and national development.

Our study of Sri Lanka shows the complexity of the deep-rooted problems of underdeveloped countries. Their situations cannot be understood or analysed without focusing on the historical specificity of each country, its social classes and class relations, its colonial legacy and the role of the post-colonial state in development. Centering on institutional reforms cannot solve the deep-rooted problems of third world countries. This is evident because, despite the decades of institutional reforms and related development policies, the
problems of third world countries do not disappear, but instead worsen. The Sri Lankan experience with decentralization and rural development shows that their failure is a result of the country's dependent economy, its colonial legacy, and of the post-colonial state's role in economic development. This problem is not unique to Sri Lanka.

With reference to Bangladesh, Mural Islam emphasizes:

Scholars interested in this field now widely share the view that a meaningful understanding of the successes and failure of decentralization attempts in these countries must be analysed in the context of their socio-economic historical background (1990: ii).

The lack of political and bureaucratic will for genuine decentralization is a phenomenon common to many other third world countries. It is clear that many of them have failed to devolve the central state power to the regional level. As a result, countries such as Pakistan, Bangladesh and Tanzania remain highly centralized despite their attempts at political decentralization.

With reference to Pakistan, Abdul Hakim concludes that:

Pakistan's experience in administrative reform provides credibility to the argument that, despite the eagerness of the ruling political elites of the newly independent countries for major administrative reforms [including decentralization] success in this area is extremely limited (Hakim, 1987: 332).

As in the case of Sri Lanka, even though real decentralization is essential for rural development, Pakistan failed to achieve it. Nasir Islam explains:

Pakistan has had a federal form of government, but it has virtually functioned as a unitary regime. Part of the reason for this state of affairs is the persisting
colonial legacy, and part of it may be attributed to the country's class structure and the political system (Nasir Islam, 1990: 68; emphasis mine).

Islam is even clearer than Hakim. He identifies the reasons for the unitary regime in Pakistan, which bear a remarkable resemblance to those identified in our study of Sri Lanka.

Our research shows that the lack of political and bureaucratic decentralization is one of the major constraints not only to the economy of Sri Lanka, but to that of other countries like Bangladesh. In his study on Bangladesh, Hakim argues that:

The single most important factor responsible for the non-implementation of the reform proposal was the lack of firm commitment and determination on the part of political leadership to overcome the bureaucratic resistance to administrative change. Of course, lack of commitment was a product of structural constraints that compelled the political leadership to swallow the bitter pill of status quo (1987: 336-337; emphasis mine).

Although the dependent nature of Sri Lanka's economy is more vulnerable than any other South Asian country (if not any other country in the world), other third world countries such as Bangladesh are also heavily dependent on the world capitalist system. As Rehman Sobban explains:

Bangladesh's external trade is heavily dominated by exports of jute and jute goods which account for 80 per cent of commodity exports. In turn Bangladesh accounts for around 75 per cent of world exports of raw jute and 50 per cent of exports of jute goods (World Bank, 1973) (1989: 103).

Moreover, Bangladesh is not only dependent on external trade on the world market, but also on international aid which fosters dependent capitalist development.
Thus capitalist development in Bangladesh has become a direct function of aid availability intermediated by the state (Sobban, 106-107).

In fact, as we have seen, Sri Lanka's liberal trade policies and new export promotion strategies (Free Trade Zones and industrialization) have been backed up by international aid agencies.

The nature of structural constraints that Hakim emphasizes are further elaborated by Sabban. In particular, as regards the nature of dependency and external domination:

...the prevailing structural constraints of Bangladesh society, the process of development has itself contributed to the growth of external linkages, dependency and domination of the domestic polity. These external linkages have in turn become critical in the emergence and development of an indigenous bourgeoisie, whose entire fortunes are intimately tied up with access to external resources in the name of development (Sobban, 1989: 100).

Like the present UNP regime in Sri Lanka, which represents the dominant local capitalist interests of the country, "the polity in Bangladesh is itself an expression of the interests and ambitions of the aspirant local bourgeoisie" (Sobban, 1989: 106). In the same way in which Sri Lanka's post-colonial state has been heavily involved in capitalist development through its investment, leading to the unique growth of the public corporation sector, in Bangladesh,

...under state patronage extended to the local bourgeoisie through loan and equity financing from state-owned financial institutions, the state itself has become the main source of capitalist growth in Bangladesh (Sobban, 1989: 105).

In Pakistan, the state's active involvement in the economy is
also significant. Again, Islam’s analysis is applicable:

The power and influence of the bureaucracy have increased overtime with increasing state intervention in the economy. Practically every aspect of business activity is regulated by the government. A pattern of elite accommodation has developed between big business and the policy-level bureaucracy. A similar pattern of elite accommodation has existed between the landed elite and the field administration (1990: 96).

As Sri Lanka’s independent governments have emphasized the feudalist Buddhist Sangha’s aspirations through Sinhalization, the public bureaucracy, and through state special favours to the Buddhist religion, the government of Pakistan has followed a somewhat similar pattern. As Islam explains: "[an] important feature of Pakistan’s public administration is the recent emphasis on Islamization" (1990: 96; emphasis mine). Thus, our findings on the lack of commitment which resulted from structural constraints such as the dependent economy and the post-colonial state’s role in dependent development may be applicable to Bangladesh and Pakistan and help to explain the failure of reform in those countries.

In countries like Pakistan and Bangladesh, as was the case in Sri Lanka, it is probable that the main reason decentralization has failed is because the devolution of central state power to the local level constitutes a threat to the interests of the ruling class and other dominant groups of the society.

In another case, with reference to Tanzania, Cosmas A. Mogella concludes that:

For the past twenty years Tanzania has been
experimenting with various forms of decentralized system of administration with little or no success in rural development, or in local democracy and participation (1987: 224; emphasis mine).

"Thus, an objective that failed to be reached in Tanzania was the people's participation in decision-making related to development.

As Hakim explains with reference to Bangladesh and Pakistan, the process of decentralization is necessary, but seldom realized:

The administrative system introduced by the British during the colonial rule has survived very well in post-independent Pakistan (1947-1971) and Bangladesh (1971-1983) with only slight modification in the details. The need for reform and recognition was seriously felt, but very little success in the reform effort could be achieved (Hakim: 336).

Thus, as with Sri Lanka, the centralized system instituted by the British in Pakistan and Bangladesh remains basically unchanged. Although India's capitalist development differs in many significant respects from Sri Lanka's, the impact of colonialism has given rise to similar structural patterns in these two countries. As Alavi explains in "Formation of the Social Structure of South Asia under the Impact of Colonialism":

Expansion of colonial trade and of the colonial state apparatus brought into being a new pattern of urbanization and Indian urban classes (1985: 15).

Furthermore, as Harriss analyses with reference to Bardhan's argument,

the trends of Indian economic development can be explained as the outcomes of conflicts and compromises between three dominant propertied classes: the industrial capitalist class, the class of "rich farmers" and a class of public sector professionals.
Thus, while India’s federal government and inward-looking industrial development differ radically from those of Sri Lanka, they have many resemblances, especially in the area of India’s capitalist development and its state involvement. In these areas, the patterns mirror those of Sri Lanka quite closely.

As explained in our thesis, these third world countries would not politically decentralize the central state power, because the post-colonial state needed a strong system of centralization for capitalist development. Industrialization, urban development and export-oriented growth strategies require strong centralization as well. These development approaches serve as the focus for many third world societies in their nation-building efforts. As a result, they have limited their strategies to deconcentration or administrative decentralization instead of genuine political decentralization.

It appears that the findings as they relate to Sri Lanka may be applied to many other similar third world countries. Many differences exist on a small scale, but on a global scale the similarities between underdeveloped nations are striking. Many, if not most, have a colonial legacy, a dependent economy, a strong centralized government and a large proportion of rural poor. Again, Alavi’s work provides a useful backdrop to the situation as seen in all of South Asia:

The fact that capitalist development in South Asia depended not on raising productivity through investments in technology and human capital but rather on reducing the share of a more restricted social
product accorded to labour, was the result not only of colonialism but also the logic of South Asia's own process of development. It was in the context of this type of capitalist government, the outcome of interactions of colonialism and of "indigenous" process of change, that class formation and the political developments discussed by Alavi took place (Alavi and Harriss, 1989: 2-3).

Thus the problem is not Sri Lanka's alone, but it is shared by most of its neighbours. This helps support our claim that findings in a Sri Lankan study may be equally applied to other underdeveloped countries.

Some Concluding Observations

To summarize, Sri Lanka's responses to economic and political crises have in fact led to the creation of a more centralized system of political authority. This authority comes through central party control at the district and provincial levels, combined with a system of administrative decentralization. This has resulted in an excessive expansion of bureaucratic institutions and political organs which are too costly, and lack real power and authority throughout the country. Participation in these local units by close relatives and party supporters of the political elite, or by members of the dominant rural elite, has given the dominant groups a further opportunity to extend their control.

The massive failure of rural development and decentralization can be attributed to a multitude of structural constraints. The colonial legacy and dependent economy, internal class relations and social formation, and the role of
the post-colonial state in dependent development, have all contributed to the maintenance of the status quo. As Pradeep Bhargava, in his political economy of Sri Lanka says:

the ruling class overwhelmingly representing the plantation interests, were content to perpetuate the colonial economy and maintain the status quo (Bhargava, 1987: 203).

A small westernized group, most of whom are English-speaking members of the ruling class, are able to transcend ethnic, caste and regional boundaries. They thus control the economy, and they have no use for genuine political decentralization, as this would shift the power away from themselves.

One of the major groups that form the structural foundation of Sri Lankan polity are those that one eminent researcher calls "the indigenous elite" (Moore, 1990: 22). Moore believes that this cohesive group grew up in a western commercial atmosphere during the days of Imperialism. These people, largely white collar professionals, model themselves on the British system. As Moore explains:

Socialized around attendance at a few British-model public schools in Colombo and residence in Colombo’s cinnamon gardens area, this elite developed a coherence and consciousness which partly transcended particularistic caste, ethnic and regional identities (Moore, 1990; emphasis mine).

This elite class have as their origins in a variety of regional, social and religious groups. Their family legacy is the source of their control of power. These dominant groups control a wide range of activities, including "commerce, capitalist enterprise,
(especially plantation ownership), urban landlordship, the professions, public service and electoral politics (Moore, 1990: 22).

One of the great strengths of this elite class is their solidarity. Again, Moore provides an explanation. The "single national elite" is said to be "marked by relative coherence, self-consciousness, and capacity to coordinate self-interested action. It continues to occupy almost all significant positions of political leadership" (Moore, 1990: 22).

Thus, the massive failure of rural development and decentralization is not a product of a failure of institutional measures, but is due to structural constraints. The ethnic conflict between Sinhalese and minority Tamils was used as an excuse not to devolve the central state's political power to the provincial or district level.

When the British introduced capitalism in Ceylon, they produced, largely through internal class relations, a stagnant economy. This contributed greatly to the failure of rural and national development. Thus, basic institutional problems have added to the complexity of an already complex situation.

Clearly the failure of institutional measures is not the central problem. With reference to the failure of decentralization measures in Tanzania, Mogella concludes:

...the emphasis given to a decentralized administration as the principal agent of rural development or rural transformation is just a myth, or rather, an oversimplification of the complex nature of the process [of development] (1987: 247; emphasis mine).
Thus, without considering the structural constraints, which are the roots of underdevelopment, one cannot understand the failure of rural development and decentralization strategies. We believe these structural constraints have been the main contributing factors for the failure of rural development and decentralization in many other third world countries.

If policy-makers are genuinely interested in solving the problems of third world countries, they should first address these fundamental structural problems. Otherwise, even though the conductors may change, the music will remain the same. We have stressed, throughout the thesis, that priority must be devoted to measures for developing subsistence agriculture and labour-intensive small-scale industries. Such measures, if they use appropriate technology and indigenous raw material, would ensure a supply of produce and goods for local needs. These are the key factors to be considered by the policy makers. Also, suitable devolution measures must be established and implemented, if they are to create a suitable environment for such improvements. However, by themselves they would be inadequate. What is needed first and foremost are land reforms and a basic needs approach. Such an environment would help to alleviate the severe social and economic problems in Sri Lanka and would involve the majority poor in the process of their own development. Moreover, educational priorities should focus on the creation of a development-oriented, ideologically based mobilization of all ethnic communities that are not advocating
narrow communal ideologies. This would help to eliminate the use of "ethnicity as a resource to be mobilized in the pursuit of political and economic gain" (Akram Lodhi: 163-164). Such strategies would be beneficial not only to Sri Lanka, but also to many other similar third world countries.

The failure of rural development and decentralization measures in these countries is attributable to their social and economic structural constraints. As a result, Sri Lanka and other third world countries are in desperate need of restructuring. Since this illness is a structural one, a remedy must be offered that will bring about a cure through restructuring, before these countries become irreversibly overwhelmed by the virus of political and economic chaos.
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Appendix 1
### Table 1

**Exports, Imports and Balance of Trade 1978 - 1989**

<table>
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<tr>
<th>Year</th>
<th>Customs Data</th>
<th>Adjusted Data</th>
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<tbody>
<tr>
<td></td>
<td>Exports(a) f.o.b</td>
<td>Imports(b) c.i.f</td>
</tr>
<tr>
<td>1978</td>
<td>13,208 (574)</td>
<td>14,667 (750)</td>
</tr>
<tr>
<td>1979</td>
<td>15,268 (760)</td>
<td>22,550 (1,121)</td>
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<tr>
<td>1980</td>
<td>17,388 (808)</td>
<td>33,637 (1,553)</td>
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<tr>
<td>1981</td>
<td>20,199 (891)</td>
<td>35,530 (1,557)</td>
</tr>
<tr>
<td>1982</td>
<td>21,124 (919)</td>
<td>36,878 (1,609)</td>
</tr>
<tr>
<td>1983</td>
<td>25,183 (1,001)</td>
<td>42,021 (1,670)</td>
</tr>
<tr>
<td>1984</td>
<td>37,006 (1,419)</td>
<td>48,913 (1,759)</td>
</tr>
<tr>
<td>1985</td>
<td>35,035 (1,268)</td>
<td>49,069 (1,776)</td>
</tr>
<tr>
<td>1986</td>
<td>34,032 (1,036)</td>
<td>51,282 (1,559)</td>
</tr>
<tr>
<td>1987(c)</td>
<td>39,661 (1,046)</td>
<td>59,750 (1,558)</td>
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<tr>
<td>1988</td>
<td>47,092 (1,101)</td>
<td>70,320 (1,649)</td>
</tr>
<tr>
<td>1989</td>
<td>55,511 (1,202)</td>
<td>75,553 (1,631)</td>
</tr>
</tbody>
</table>

Sources: Customs, Sri Lanka; Central Bank of Sri Lanka.

(a) Includes value of re-exports.
(b) Excludes bullion and specie.
(c) Revised.
Conversion Rates: 1988 - 1 SDR=Rs.42.7577
          1989 - 1 SDR=Rs.46.1874

## Table 2

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<td>1. Consumer Goods</td>
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<td>17,438</td>
<td>20,962</td>
<td>352.5</td>
<td>407.8</td>
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<td>13,136</td>
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<td>0.4</td>
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<td>2,937</td>
<td>4,326</td>
<td>62.7</td>
<td>68.5</td>
<td>93.7</td>
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<td>4.1</td>
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<td>16.4</td>
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<tr>
<td>1.2 Other</td>
<td>6,533</td>
<td>7,225</td>
<td>7,028</td>
<td>166.7</td>
<td>169.0</td>
<td>169.4</td>
<td>10.5</td>
<td>10.2</td>
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<td>10.2</td>
<td>9.8</td>
<td>16.4</td>
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<td>2. Intermediate Goods (d)</td>
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<td>40,325</td>
<td>45,235</td>
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<td>943.1</td>
<td>970.8</td>
<td>57.2</td>
<td>56.8</td>
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<td>228.7</td>
<td>183.3</td>
<td>101.3</td>
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<td>11.0</td>
<td>10.4</td>
<td>14.4</td>
<td>11.0</td>
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<td>1,755</td>
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<td>57.9</td>
<td>130.0</td>
<td>2.1</td>
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<td>2.3 Chemicals</td>
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<td>1,887</td>
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<td>45.8</td>
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<td>2.4 Wheat</td>
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<td>2,690</td>
<td>4,934</td>
<td>50.5</td>
<td>55.5</td>
<td>107.5</td>
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<td>2.5 Textile &amp; Clothing (d)</td>
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<td>8,795</td>
<td>9,981</td>
<td>212.2</td>
<td>205.7</td>
<td>216.1</td>
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<td>3. Investment Goods</td>
<td>11,334</td>
<td>12,081</td>
<td>12,018</td>
<td>297.5</td>
<td>282.5</td>
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<td>18.7</td>
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<td>15.0</td>
<td>11.0</td>
<td>9.9</td>
<td>7.8</td>
<td>9.9</td>
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<tr>
<td>3.1 Machinery &amp; Equipment</td>
<td>6,840</td>
<td>7,047</td>
<td>6,278</td>
<td>174.3</td>
<td>164.8</td>
<td>135.0</td>
<td>11.0</td>
<td>9.9</td>
<td>7.8</td>
<td>11.0</td>
<td>9.9</td>
<td>7.8</td>
<td>9.9</td>
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<tr>
<td>3.2 Transport Equipment</td>
<td>1,418</td>
<td>1,409</td>
<td>1,833</td>
<td>37.2</td>
<td>32.9</td>
<td>39.7</td>
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<td>3.3 Building Materials</td>
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<td>1,038</td>
<td>991</td>
<td>18.6</td>
<td>24.3</td>
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<td>4. Unclassified</td>
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<td>1,990</td>
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<td>Total Imports (c)</td>
<td>60,520</td>
<td>71,030</td>
<td>80,225</td>
<td>1,588.6</td>
<td>1,661.2</td>
<td>1,736.9</td>
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</table>

Sources: Customs, Sri Lanka; Food Commissioner's Department; Ceylon Fertilizer Corporation & other major importers of fertilizer; Ceylon Petroleum Corporation; Co-operative Wholesale Establishment; Central Bank of Sri Lanka.

(a) Revised.
(b) Provisional.
(c) Adjusted.
(d) Textile & Clothing imports previously classified as consumer goods are now being classified as intermediate goods.
## Composition of Exports 1985 - 1989

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<td>19,026</td>
<td>15,764</td>
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<td>22,049</td>
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<td>2,622</td>
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<td>1.3 Coconut</td>
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<td>2,399</td>
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<td>111.9</td>
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<td>1,920</td>
<td>65.3</td>
<td>48.9</td>
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<td>6.6</td>
<td>4.7</td>
<td>3.5</td>
<td>1.9</td>
<td>3.4</td>
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<td>1.3.2 Other</td>
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<td>780</td>
<td>717</td>
<td>643</td>
<td>945</td>
<td>25.7</td>
<td>23.7</td>
<td>18.8</td>
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<td>1.7</td>
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<tr>
<td>1.4 Minor Agricultural Crops(a)</td>
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<td>1,714</td>
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<td>2. Industrial Exports (a) (b)</td>
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<td>48.6</td>
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<td>12,097</td>
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<td>3.9</td>
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<td>0.9</td>
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<td>1,249</td>
<td>1,866(d)</td>
<td>1,536</td>
<td>2,963(d)</td>
<td>73.2</td>
<td>38.0</td>
<td>49.5</td>
<td>35.9</td>
<td>64.2</td>
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<td>3.7</td>
<td>4.6</td>
<td>3.3</td>
<td>5.3</td>
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<td>Total Exports (b)</td>
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<td>34,072</td>
<td>41,133</td>
<td>46,929</td>
<td>56,175</td>
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<td>1,035.7</td>
<td>1,079.5</td>
<td>1,097.5</td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
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</table>

(a) Selected items.
(b) Adjusted.
(c) Includes re-exports.
(d) Includes export of an aircraft.

Sources: Customs, Sri Lanka; Ceylon Petroleum Corporation; Air Lanka Ltd; Central Bank of Sri Lanka.
### Imports of Major Commodities 1983 - 1989

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<tr>
<th>Item</th>
<th>Food Commissioner, C.W.E &amp; C.P.G Data</th>
<th>Customs Data (a)</th>
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<td></td>
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<td>Quantity - Th.M.Tons</td>
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<td>26</td>
</tr>
<tr>
<td>Value - Rs.Mn.</td>
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<td>129</td>
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<td>C&amp;F Price - Rs./M.Ton</td>
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<td>4,876</td>
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<td>Wheat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity - Th.M.Tons</td>
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<td>571</td>
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<tr>
<td>Value - Rs.Mn.</td>
<td>2,340</td>
<td>2,471</td>
</tr>
<tr>
<td>C&amp;F Price - Rs./M.Ton</td>
<td>4,044</td>
<td>4,325</td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity - Th.M.Tons</td>
<td>170</td>
<td>96</td>
</tr>
<tr>
<td>Value - Rs.Mn.</td>
<td>987</td>
<td>470</td>
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<tr>
<td>C&amp;F Price - Rs./M.Ton</td>
<td>5,793</td>
<td>4,917</td>
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<tr>
<td>Crude Oil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity - Mn.BBLS</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Value - Rs.Mn.</td>
<td>7,032</td>
<td>9,542</td>
</tr>
<tr>
<td>C&amp;F Price - Rs./BBL</td>
<td>714</td>
<td>751</td>
</tr>
</tbody>
</table>

| Total Value - Rs.Mn. | 11,764| 12,612| 14,006| 9,247| 10,025| 11,134| 15,712 | 12,921| 13,556| 15,325| 10,403| 12,120| 14,261| 18,582 |

(a) Adjusted.
(b) C.W.E. data included from July 1989 onwards in respect of Rice, Wheat and Sugar imports.
(c) Provisional.

Sources: Food Commissioner's Department;
Customs, Sri Lanka;
Ceylon Petroleum Corporation;
Co-operative Wholesale Establishment;
Central Bank of Sri Lanka.
### Table 5

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Exports</th>
<th>Total Exports</th>
<th>Imports</th>
<th>Balance of Trade</th>
<th>U.S. Equivalent in Rs.</th>
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<tr>
<td>1953</td>
<td>312.9</td>
<td>329.3</td>
<td>337.6</td>
<td>- 8.3</td>
<td>(4.7919)</td>
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<td>378.9</td>
<td>293.4</td>
<td>+ 85.5</td>
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<td>1955</td>
<td>362.1</td>
<td>407.4</td>
<td>308.5</td>
<td>+ 100.9</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>347.0</td>
<td>384.3</td>
<td>343.2</td>
<td>1 22.1</td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>333.5</td>
<td>353.1</td>
<td>378.9</td>
<td>- 25.8</td>
<td></td>
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<tr>
<td>1958</td>
<td>348.8</td>
<td>392.2</td>
<td>365.8</td>
<td>- 1.3</td>
<td></td>
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<tr>
<td>1959</td>
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<td>368.3</td>
<td>421.0</td>
<td>- 97.7</td>
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<tr>
<td>1960</td>
<td>372.7</td>
<td>394.6</td>
<td>411.5</td>
<td>- 99.9</td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td>352.9</td>
<td>388.9</td>
<td>357.7</td>
<td>+ 1.2</td>
<td></td>
</tr>
<tr>
<td>1962</td>
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<td>379.3</td>
<td>248.5</td>
<td>+ 108.8</td>
<td></td>
</tr>
<tr>
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<td>363.4</td>
<td>315.0</td>
<td>+ 48.4</td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>388.7</td>
<td>393.9</td>
<td>414.6</td>
<td>- 20.7</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>402.3</td>
<td>409.2</td>
<td>309.8</td>
<td>+ 92.8</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>352.9</td>
<td>387.0</td>
<td>428.8</td>
<td>- 88.9</td>
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<tr>
<td>1967</td>
<td>332.3</td>
<td>345.4</td>
<td>365.2</td>
<td>- 23.2</td>
<td>(5.3924)</td>
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<tr>
<td>1968</td>
<td>311.8</td>
<td>341.8</td>
<td>365.1</td>
<td>- 23.2</td>
<td>(5.9524)</td>
</tr>
<tr>
<td>1969</td>
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<td>321.9</td>
<td>427.3</td>
<td>+ 105.4</td>
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<td>1970</td>
<td>335.2</td>
<td>341.6</td>
<td>410.7</td>
<td>- 69.1</td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>337.3</td>
<td>340.2</td>
<td>358.0</td>
<td>- 15.8</td>
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<tr>
<td>1972</td>
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<td>328.7</td>
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<td>520.7</td>
<td>683.0</td>
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<tr>
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<td>729.1</td>
<td>- 185.5</td>
<td>(7.1049)</td>
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<tr>
<td>1976</td>
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<td>571.4</td>
<td>551.3</td>
<td>20.1</td>
<td>(8.4259)</td>
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<td>1977</td>
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<td>941.4</td>
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<tr>
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<td>(15.583)</td>
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<td>1026.3</td>
<td>1806.3</td>
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<td>(22.523)</td>
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Table 5

IMPORT DEPENDENCE OF MANUFACTURED EXPORTS 1982

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<th>Contribution to total manufactured exports (%)</th>
<th>Import content of exports (%)</th>
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<td>Petroleum</td>
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<tr>
<td>Ceramic and Wall-tiles</td>
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<td>19.76</td>
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<td>Machinery and equipment</td>
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<td>43.20</td>
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<td>Other manufactured goods</td>
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</tr>
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<td>Total manufactured goods</td>
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</tr>
<tr>
<td>Manufactured goods excluding petroleum</td>
<td>60.90</td>
<td>60.00</td>
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Source: Column 1, Sri Lanka Customs Returns
Column 2, EDB records.
Supplemented with data from the Department of Census and Statistics

### Basic Data on Sri Lanka's Overall Export Performance 1960-83

<table>
<thead>
<tr>
<th>Year</th>
<th>Export Values in Current SDR 000 SDR</th>
<th>Export Volume Index</th>
<th>Export Unit Value Index</th>
<th>Import Unit Value Index</th>
<th>Terms of Trade Index (%a)</th>
<th>Purchasing Power of Exports (b)</th>
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<td>141</td>
<td>100</td>
<td>94</td>
<td>95</td>
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<td>107</td>
<td>104</td>
<td>100</td>
<td>105</td>
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<td>94</td>
<td>123</td>
<td>77</td>
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<td>121</td>
<td>70</td>
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<td>117</td>
<td>80</td>
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<td>72</td>
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<td>102</td>
<td>167</td>
<td>276</td>
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<td>143</td>
<td>270</td>
<td>63</td>
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<td>402</td>
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<td>31</td>
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<td>159</td>
<td>667</td>
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<td>818,234</td>
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<td>164</td>
<td>704</td>
<td>20</td>
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<td>806,456</td>
<td>239</td>
<td>118</td>
<td>199</td>
<td>854</td>
<td>23</td>
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</table>

Note: Unit values indexes are in terms of SDRs. The rupee indexes have been converted into SDR using annual average SDR: rupee exchange rates obtained from the Annual Report of the Central Bank of Ceylon. All indexes, which are on a 1978 base in the original source, have been transferred to a 1960 base.
(a) The ratio of export unit value index to import unit value index [(19/19) x 100]
(b) The ratio of the value of exports to the unit value of - imports [(32/19) x 100]

Source: Sri Lanka Customs Returns (for exports only) and Central Bank of Ceylon, Review of the Economy (for all trade indexes).

Appendix 2

Number of Students Who Entered the Various London External Examinations 1949–1963

<table>
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<th>Year</th>
<th>No. of Students</th>
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<td>1949</td>
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<tr>
<td>1950</td>
<td>2,694</td>
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<tr>
<td>1951</td>
<td>2,675</td>
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<tr>
<td>1952</td>
<td>3,663</td>
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<tr>
<td>1953</td>
<td>3,647</td>
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<td>1954</td>
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<td>1961</td>
<td>10,171</td>
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<td>1962</td>
<td>8,769</td>
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<tr>
<td>1963</td>
<td>8,857</td>
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</table>

Various examinations were:

(a) London Matriculation or General Certificate of Education (Advanced level).
(b) Intermediate in Arts, Science, Law, Commerce & Engineering
(c) Diploma on Education, Public Administration & Geography
(d) B.A., B.Sc., B.Com., LL.B. & B.A. (Hons.).
(e) M.A., M.Sc., LL.M.
(f) Technical
(g) Professional

### Appendix 3

**Number of Ceylonese Students in the Universities of the UK 1948-1970**

<table>
<thead>
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<th>Year</th>
<th>No. of Students</th>
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<td>1968-69</td>
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<td>1969-70</td>
<td>402</td>
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**Sources:**

Appendix 4

List of Provincial Council Ministers of the Uva Provincial Council

1. W.J.M. Samarasekara Bandara
   Minister for Local Government, Housing Construction, Roads and Cultural Affairs

2. M. Suppiya
   Minister for the Cooperative, Energy & Electricity Affairs

3. R.M. Rathnayake
   Minister for Lands, Social Service, Transportation, Women’s Affairs and Rural Development

4. A.M. Muniratne Aththanayake
   Minister for Food, Agriculture, Irrigation and Employment

Members of the Uva Provincial Council

UNP Government Party

1. Chief Minister, Per ci Samaraweera
2. Chairman, R.M. Jayasinghe Bandara
3. Minister, W.J.M. Samarasekara Bandara
4. Minister, R.M. Rathnayake
5. Minister, M. Suppiya
6. Minister, A.M. Muniratne Aththanayake
7. Vice-Chairman, H.M. Weerakoon Banda
8. M.P., D.M. Jayasundara
9. M.P., H.L. Sunil Shantha
10. M.P., H. Sachchiththanandan
11. M.P., Ariyadasa Rathnayake
12. M.P., H.M. Ganaran Banda
13. M.P., J.A. Senavirathna Bandara
14. M.P., W.M. Hayatilake
15. L.S.B. Rathnayake
16. M.P., Kirthi Shantha Samarawilrama
17. M.P., A.P. Bodipala
18. M.P., W.M. Nimal Chandrarathna
19. M.P., K. Welaudam
20. M.P., J.M. Ariyapala

**Opposition Party**

United Socialist Alliance

1. D.D.W. Wicramarathne

Leader of the Opposition

2. M.P., R.M. Kirthisinghe
3. M.P., S.M. Somapala
5. M.P., Dilan Perera
6. M.P., B.M.B. Badanage
7. M.P., W.M.U. Wijekoon
8. M.P., Darmasiri Basnayake
9. M.P., A.M. Ranjith Adikari
11. M.P., K.M. Heenbanda
12. M.P., Kiribanda Herath
13. M.P., M.B. Lilarathne

Sri Lanka Muslim Congress

   Chief Secretary of the Provincial Council
   A.B. Talagune (Sri Lanka Administrative Service)
   Deputy Chief Secretary
   K.D.S. Wijewardene

*Source: Uva Vansakatha, Vol. 1.*
END
22.12.92
FIN