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Managing Group Grievances and
Internal Conflict: Sri Lanka Country Report

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Foreword

This paper has been written within the framework of the research project ‘Managing Group Grievances and Internal Conflict’*, executed at the request of the Netherlands Ministry of Foreign Affairs. The project focuses on the process of, and motives for, (violent) group mobilisation and aims at the development of an analytical tool to assist policy-makers in designing conflict-sensitive development activities.

In the course of the project, a preliminary assessment tool has been developed in cooperation with Dr. Michael Lund, and discussed with the researchers who carried out the assessment in four country cases: Ghana, Mozambique, Nicaragua and Sri Lanka. On the basis of this testing phase, the tool has been substantially amended and refined**.

The present report, which was finalized in September 2002, results from the testing phase and reflects the structure of the analytical tool in its original form. Section I provides a diagnostic, dynamic narrative of various factors that may explain the levels, course or risks of conflict. Section II could be regarded as the background research to this narrative, and consists of thirteen factor assessments. This second section lays out in a structured way two distinguishable sets of factors the researchers were asked to examine in their country of study. Part A of this section covers broad social and economic factors that help to determine the major interests of groups in society and the degree and kinds of incongruities that exist between those interests. Whether these structural predisposing factors will lead to the outbreak or continuation of violent conflict depends on the extent that other factors are operative as well. These intermediating structures, processes and policies are assessed in Part B of this section.

* The project ‘Managing Group Grievances & Internal Conflict’ is part of the research programme ‘Coping with Internal Conflict’ (CICP), executed by the Conflict Research Unit of the Netherlands Institute of International Relations ‘Clingendael’, at the request of the Netherlands Ministry of Foreign Affairs. Responsibility for the contents and for the opinions expressed rests solely with the author.

** The report that sets out the assessment tool will be made available mid-2003.

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I Diagnostic Assessment of Conflict Course and Parameters

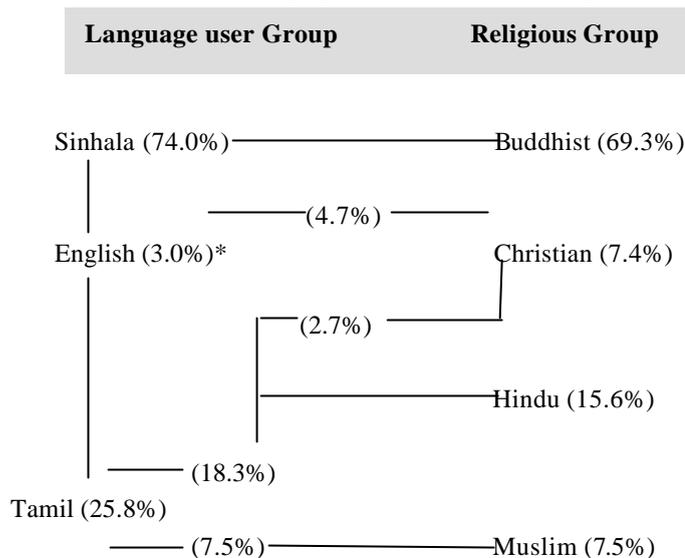
Population and Ethnicity

The 1981 census of population - the last enumeration that covered the entire country - showed that 74% of Sri Lanka's population was accounted for by the Sinhalese, 12.6% by the Sri Lanka Tamils, 7.4% by the Muslims (Moors and Malays), 5.6% by the Indian Tamils, and about 0.4% by several other small ethnic groups. The census of 2001 which generated only rough estimates of the population in most districts of the 'north-east' of Sri Lanka indicate that, between 1981 and 2001, in the country as a whole, while the Sinhalese and Muslim shares of the population has increased, the Sri Lankan Tamil share has declined. There has been controversy on the magnitude of these changes.

Language and religion could be regarded as the main ingredients of group identity of the population of Sri Lanka (Box 1). The overwhelming majority of Sinhalese (people whose mother tongue is Sinhala) are Buddhists. Similarly, the overwhelming majority of those in the two Tamil groups whose mother tongue is Tamil, are Hindus. Muslims, the majority of whom consider Tamil as their 'first language', are adherents of Islam. Christianity draws its followers from the Sinhalese and Tamil segments of the population in roughly equal proportions.

Table 1.1 Linguistic and Religious Group Identities in Sri Lanka

% of the total 1981 population is shown in the parenthesis



*denotes a 'rough estimate'

Note that for the majority of English users, it is a second language. A small percentage of Muslims use Sinhala as their main or only language.

Though several areas of Sri Lanka, especially in the urban sector, have ethnically heterogeneous populations, ethnically homogeneous concentrations do occur in certain parts of the country. The Sinhalese invariably constitute the overwhelming majority in the southern, western, central and north-central parts. While in the south this group accounts for over 90% of the population, elsewhere in these parts, their share ranges from about 70% to 90%, except in the main tea plantation areas at higher elevations of the central highlands where it drops to about 40%. The foremost concentration of the Sri Lankan Tamils is found in the Jaffna peninsula, which is almost exclusively Tamil, and in the adjacent northern lowlands. Small agglomerations of this community are also found along the eastern littoral where their settlements often tend to be juxtaposed with those of the Muslims and, less frequently, with Sinhalese settlements. In 1981, approximately 27.4% of the Sri Lankan Tamil population lived outside the 'north-east'. That proportion is considerably higher today - probably well over 40%. On a regional scale, the principal concentrations of the Muslims are encountered in the eastern lowlands. In many other areas, however, they form an important segment of the urban and sub-urban populations. The Indian Tamils, who constitute the bulk of the plantation workforce, live in large numbers in the central highlands.

In the Sinhalese and Tamil segments of Sri Lanka's population, where there are comparable caste structures, caste differentiations assume considerable importance as an ingredient of group identity. In both these ethnic groups, the 'cultivator' caste (Goigama among the Sinhalese, and Vellala among the Sri Lankan Tamils), conventionally regarded as occupying the highest caste stratum, constitute the majority - probably about 60%. In both ethnic groups, there are many other castes of carefully graded 'subordinate' status. Discrimination on the basis of caste is less pronounced today than it was, say, fifty years ago, and less among the Sinhalese than among the Sri Lankan Tamils. The fact that the Indian Tamils are regarded as having belonged largely to the lower strata of the Tamil caste hierarchy of South India (from where they migrated to Sri Lanka beginning from about the mid-19th century) has been one of the main distinguishing features of this group and the Sri Lankan Tamils. From perspectives of political conflict, it is of interest that most of the key leaders of the 'Liberation Tigers of Tamil Eelam' (LTTE), the most powerful group among the Tamil militant groups, belong to one of the numerically small 'subordinate' castes of the Jaffna peninsula. Similarly, it has also been observed that the Janatha Vimukthi Peramuna (JVP), the radical group that spearheaded two anti-government insurrections (1971 and 1986-90), also draws considerable support from those regarded as constituting some of the 'lower' caste communities of the Sinhalese segment of the population.

Ethnic Relations

The relations between the different ethnic groups of Sri Lanka have been featured by periodic disharmony. The fairly distinct long-term trend from the time Sri Lanka became a sovereign nation-state in the late 1940s has been one increasing rivalry and estrangement of relations between the Sinhalese and the Sri Lankan Tamils at the plane of national politics, punctuated by periodic outbursts of 'communal' violence at the level of the community at which the main victims were invariably the Tamils living in the Sinhalese-majority areas. There were, in addition, the occasional Sinhalese-Muslim and Tamil-Muslim clashes that have tended to be brief and localised. The noteworthy exception in this regard is represented by the Tamil-Muslim hostilities in parts of the 'north-east', sustained since about the late 1980s as part and parcel of the secessionist strategy by the Tamil militants.

Under detailed scrutiny it is possible to identify in the long-term trend of deteriorating Sinhalese-Tamil relations, three phases, each with distinctive confrontational characteristics. The first began in mid-1955 when the 'official language dispute' emerged at the forefront of issues. It extended up to about 1961 when a *modus vivendi* was reached on language policy.

After a period of quiescence - one of 'unstable peace' when inter-ethnic resentments simmered beneath the surface - conditions in the country drifted towards the second phase of confrontation in the 1970s - one which was featured by more vehement extra-parliamentary agitation by the leaders of the Sri Lankan Tamils for a greater share of political power, articulating a variety of real and perceived economic grievances. For example, the representatives of the main Tamil parties in parliament boycotted the process of constitution-making in 1971-72 as a gesture of their opposition to the concept of a unitary state of Sri Lanka. The dispute over a new system of selecting students for admission to the universities introduced in 1971 caused intense resentment in this community. The highly politicised procedures of job recruitment in state sector institutions was also looked upon with understandable hostility by the Tamils. The 'peaceful' demonstrations of protest they staged in Jaffna at this time were featured by considerable violence. Their political rhetoric became increasingly vituperative and acrimonious. The government, in turn, with its massive majority in parliament, remained rigid in its stance on many controversial issues, seemingly unmindful of the deepening crisis in the north. Law enforcement became increasingly harsh. It was under these conditions that one finds embryonic Tamil militancy, and the inception of a formally declared separatist challenge to the integrity of the Sri Lankan state. In the country at large, political tensions generated by the turbulences in the Tamil areas of the north culminated in 1977 in a wave of anti-Tamil riots. Occurring as it did in the aftermath of the spectacular victory of the United National Party at the parliamentary elections of 1977, it appeared as if the riots had the sanction of the newly elected leaders of the country.

By the early 1980s, in the context of rapid economic advances under the new policy dispensation of 'liberalisation' (see Section 4, below), there were traces of easing tensions. Over a brief spell, the economic buoyancy gave the government the self-confidence to enter into political negotiations with the Tamils, ignoring extreme viewpoints of the Sinhalese. This generated some optimism regarding the prospects of working out a constitutional arrangement that would satisfy the Tamil political demands. The economic upsurge, however, was short lived, and the political hopes proved to be illusory. Throughout these years, in Jaffna peninsula, there were persistent turbulences - which continued to be perceived by the government as a 'law and order problem' - with the civilian administration gradually losing grip in the face of massive sathyagraha (peaceful protest) campaigns, intensifying guerrilla attacks on government institutions and the security forces, and harsh retaliatory action by the security forces.

The deepening crisis outlined above provided the backdrop to the beginning of the third phase of Sinhalese-Tamil confrontation. It was triggered off by an anti-Tamil riot of unprecedented ferocity that took place in July 1983. The riot caused extensive damage to life and property, and a massive displacement of the Sri Lankan Tamil population in the Sinhalese-majority areas - one which included an outflow of refugees from the country. It disrupted economic activity and brought the 'liberalisation boom' to an abrupt halt. It tarnished the image of Sri Lanka abroad, generated a global tide of sympathy towards the Tamils, and attracted international attention and concern towards Tamil grievances. It paved the way for the intervention of India (untrammelled by pressures from the 'west') in the internal affairs of Sri Lanka. It also represented a major turning point in the history of Tamil politics in Sri Lanka, with the militant groups and their strategy of armed confrontation and terrorism

gaining ascendancy over the older Tamil political parties and their proclaimed commitments to peaceful agitation and protest. The militants became a power in their own right, and ceased to be looked upon as the 'boys' of the established Tamil leadership. Thus, the 'third phase' soon assumed the form of a 'secessionist uprising' conducted concurrently (without mutual co-ordination) by several groups of Tamil militants against the Sri Lankan state. An Indian military intervention begun in 1987 failed in its objective of restoring peace, and, in the immediate aftermath of withdrawal of the Indian troops from Sri Lanka in March 1990, the LTTE established its hegemony over the secessionist effort. Since that time the 'Eelam War' (as the military confrontations between the government forces and those of the LTTE are often referred to) has continued almost without respite, with only a few brief spells of unsuccessful negotiation between the government and the LTTE. The LTTE has wielded effective control over many areas of the 'north-east'. The military confrontations between the government and the LTTE, and the terrorist attacks launched by the LTTE, have caused extensive damage to economic infrastructure and disrupted production. The estimated death toll of the 'Eelam War' since the mid-1980s has been placed at about 65,000.

Ever since the onset of the Eelam War, the relations between the Sri Lankan Tamils living outside the 'north-east' and the other ethnic groups - Sinhalese, Muslims and Indian Tamils - have remained remarkably free of mutual confrontation with violence, despite the many thousands of deaths of Sinhalese military personnel in the war against the LTTE, and the relentless campaign of terrorism sustained by the LTTE in the Sinhalese-majority and certain Muslim-majority areas of the country in the form of massacre of civilians - at times, entire villages en masse, assassination of political leaders, attacks on Buddhist and Muslim places of worship (including the bombing of one of the most sacred Buddhist shrines in the country), and destruction of key economic infrastructure. Amidst all this mayhem, it appears ironical that throughout the recent years there has been a steady inflow of migrants from the north to the Greater Colombo area - Tamils who apparently prefer to live among the Sinhalese and the Muslims, escaping from not only the physical hardships created by the war but also, in the case of certain source areas, the tyranny of LTTE rule. At the same time, it also seems from these recent experiences that the Sinhalese, in turn, have learnt their lessons from the tragic events of July 1983 of not reacting to provocative acts by the terrorist groups and of the vital necessity of peaceful coexistence.

The Sinhalese-Tamil relations outlined above need to be understood in the context of transformations in the composition of the political elites of the two communities during this period. At independence the national leadership consisted almost entirely of English-speaking persons from the more affluent strata of society - land owners, business magnates, higher level professionals - who apparently commanded the allegiance of the 'masses', patron-client relations between the upper and lower strata of society being an accepted way of life. Though the Sinhalese outnumbered the others, leaders of minority communities, including representatives from some of the larger 'depressed' castes, were accommodated in this elite which, in fact, had not been entirely exclusive and impenetrable even in pre-independence times. From the early years of independence there was an accelerated process of absorption of persons from a widening social base - individuals from what may be referred to as the bourgeoisie with exclusively Sinhala and Tamil backgrounds, and more parochial interests and outlook - ascending to the elite levels. This meant that, with the passage of time, an increasingly fragmented national leadership with diminishing interaction and contact across ethnic barriers came into being. The transformation referred to, however, should not be understood as implying that there was unrestricted entry into the ranks of the political elite from all segments of society. Indeed, by

about the late 1960s, in the context of an economic milieu that imposed increasingly stringent curtailments on the upward social mobility of those from the lower strata of society (to be discussed presently), new forms of organised political activism began to emerge outside the mainstreams in both the Sinhalese as well as the Sri Lanka Tamil communities (such a development was less evident in the smaller Muslim and Indian Tamil communities.). The JVP which proclaimed commitment to a 'revolutionary transformation of society through an armed uprising' began to attract large numbers of Sinhala-educated young men and women from rural areas, especially from the 'depressed' communities. Likewise the deprived and disgruntled youth in the Tamil areas of the north began to rally round the leadership provided by clandestine groups that began to pursue the objective of establishing an independent Tamil nation-state and 'liberate the community from Sinhalese oppression'. The rise of the JVP as a political force has, of course, been periodically interrupted, and they still remain largely confined to the periphery of the national political elite. The LTTE (the militant group that has had more durable and spectacular success than any other), on the other hand, has virtually displaced the earlier bourgeois leadership of the Sri Lanka Tamils. One of the important consequences of these changes is that, in the present leadership interactions of the two communities, there is, in addition to the differences associated with ethnicity, a fairly distinct 'class' difference that has connotations in respect of paradigms that govern perceptions and courses of action.

The current ethnic conflict in Sri Lanka is a much more complex business than a simple straightforward confrontation between a once well-entrenched minority - the Sri Lanka Tamils - and a now powerful but still insecure majority - the Sinhalese. Nor are the Sinhalese majority and the Sri Lanka Tamil minority the only players in this intricate political drama even though, at present, they play the principal roles. Suffice it to say here that there are two conflicting perceptions of the conflict. Most Sinhalese believe that the Tamil minority has enjoyed a privileged position under British rule and that the balance has of necessity to shift in favour of the Sinhalese majority. In this perception, the Sri Lanka Tamil minority is an achievement-oriented, industrious group who still continues to enjoy high status in society, considerable influence in the economy, a significant if diminishing role in the bureaucracy and is well placed in all levels of the education system. The Tamils for their part would claim that they are now a harassed minority, the victims of frequent acts of communal violence and calculated acts and policies of discrimination directed at them. Nevertheless they could hardly be described as a beleaguered minority, the only victims of ruthless acts of violence - though violence admittedly has been frequent enough in recent times - given the impassioned ferocity with which they have fought against the Sinhalese-dominated security forces since 1984-85, and their frequent terrorist attacks against the civilian population - Sinhalese in the main. This is quite apart from the 'ethnic cleansing' they have indulged in at the expense mainly of the Muslim population of the north and northwest. Most of the Tamil fears and their sense of insecurity stem from the belief that they have lost the advantageous position they enjoyed in colonial times in many areas of public life in the country; in brief, a classic case of a sense of relative deprivation.

Ethnic Conflict and Historical Memories

Ethnic conflict between the Sinhalese and Tamils is a twentieth century manifestation of an age-old rivalry, and one needs to keep in mind the historical dimension of the rivalries, layer upon layer of troubled historical memories. The country is haunted by a history which is agonising to recall but hazardous to forget. This is not a peculiarly Sri Lankan or even a South Asian or South East Asian

phenomenon; one turns to the contemporary situation in the Balkans - Bosnia, Serbia, Kosovo, Macedonia and Albania - or if one ventures further into the east of Europe, to the Caucasus region, for powerful reminders of the play of historical memories on the imagination of people.

The Sinhalese outnumber the Tamils 5 to 1 within Sri Lanka, and yet far from this overwhelming majority status giving them a sense of security they regard themselves as a historically beleaguered minority facing an ancient antagonist whose main stronghold lies across the seas in Tamil Nadu in South India. The Tamils of South Asia - of Tamil Nadu and Sri Lanka - outnumber the Sinhalese by more than 4 to 1. We thus confront the powerful influence of the Sinhalese sense of historical destiny, of a small and embattled people who have preserved Theravada Buddhism when it was obliterated in Southern India under a Hindu revivalist tide, and whose language, despite its roots in classical Indian languages, is uniquely Sri Lankan. And along with it there is the perception of the Tamils as the traditional national enemy against whom their ancestors fought at various times in the past. There is, above all, the perception of Southern India as the source from which scores of invasions of the heartland of ancient Sri Lanka were launched.

These historical memories reinforce the present sense of Sinhalese insecurity in dealing with the Tamils, and reinforce too their belief that they are a minority. Yet to accept the Sinhalese perception of themselves as a minority facing a massive and implacable Tamil phalanx is to ignore several facts of Sri Lankan politics. First of all, the Sri Lankan Tamils living outside the Tamil areas of the 'north-east' of the island generally have distinct political outlooks of their own, and if these were occasionally distinct from the outlooks of the Sinhalese majority, just as often they were distinct also from those of the Tamils of the Jaffna peninsula. Secondly, the Indian Tamils have had strong political links with the United National Party in a political alliance that withstood the vicissitudes of Sri Lanka's changing political system for thirty years since 1964; they shifted their allegiance to the People's Alliance (PA) government in 1994, but returned to their traditional links with the UNP in 2001. If the Sinhalese were - and are - insecure because of the burden of history and memories of the past, the Tamils are insecure because of fears for their future. And just as the Sinhalese sense of insecurity lies behind the misguided policies intent on forcing the pace of change, when change in their favour was inevitable if somewhat slower than they wished it to be, the Tamils sought to protect their interests and to redress the balance which was now shifting markedly against them by making exaggerated claims to a special status in the Sri Lanka polity, claims asserted in a number of forms and at various times, all of which made the management of ethnic tensions harder than it might have been without them.

Thus we see the emergence of a duality in the Tamil political attitudes from the early 1920s, combining an assertion of minority rights, with the persistent search for a wider and larger role. In the early stages this duality took the form of a leadership of a phalanx of minorities, with the Tamils distinctly in the lead. This duality inevitably led to confusion about the nature of the Tamils' role or position in the Sri Lankan polity, and this confusion has continued to affect the political vision of the Tamil leadership ever since. Then came the '50-50' campaign of the 1940s, when the principal Tamil politicians demanded an equal division of representation in the legislature between the Sinhalese and the minorities. This campaign can only be explained as an attempt to perpetuate this duality at a time when the terms of the transfer of power were being negotiated, between the British and Sri Lankan politicians. Traces of this duality linger on in contemporary Tamil politics in Sri Lanka. It takes various forms. It appears in the concept of the 'Tamil-speaking peoples of Sri Lanka' with its assumption of tutelage over the Muslims; it is immanent in the insistence on federalism; and it lies at

the heart of the campaign for separatism and in the insistence on the ‘traditional homelands of the Tamils.’

Thus the present conflict between the Sinhalese and the Tamils takes on an unusual complexity. It is much more than a conflict between a majority and minority, or indeed a conflict between two minorities. The conflict is between a majority with a minority complex, and a minority with a yearning for majority status, a minority with a majority complex. The conflicts in Sri Lanka illustrate the operation of some of the most potent triggering factors in ethnic tension and confrontation: language, religion, long historical memories of tensions and conflict, and separatist aspirations. The Sri Lankan experience also illustrates the important point that minorities seeking redress of grievances, and guarantees of protection of their identities are by no means always agents of democratic change or adherents of the very liberalism they advocate for themselves. Minorities could be just as harsh as (and indeed harsher than) anybody else within the territorial limits over which they have dominance, as the Liberation Tigers of Tamil Eelam (LTTE) have demonstrated in recent times.

Macro-Economic Change and Political Unrest

At the time Sri Lanka gained independence from British rule about fifty-five years ago, there was a widespread belief that the new nation has bright prospects for both continued political stability as well as rapid economic growth. The reasons for the optimism about the country’s future were, indeed, quite tangible. The second world war had left it virtually unscathed, and with a healthy balance of external monetary reserves. The transfer of political power had been a peaceful and orderly process, remarkably free of the type of convulsions that accompanied the withdrawal of the British from the neighbouring subcontinent. There was, at least at the apex of the political system, the semblance of mutual tolerance if not unity among the different ethnic groups. External threats to peace such as those faced by the emerging nation states of Southeast Asia were non-existent. The reins of government were in the hands of an indigenous political leadership that had gained considerable competence in the exercise of executive responsibility. Institutions of government founded upon principles of democracy and rule of law had taken root, and seemed appropriate to the country’s needs and circumstances. The modern sector of the economy with plantation enterprise constituting its core was generating a surplus which, given sound economic management, was thought to be adequate to provide for a take-off towards accelerated development on all fronts. Untapped physical resources, particularly for agriculture, appeared to be available in abundance. There were, in addition, comparatively high levels of literacy, health and nutrition among the population, and a firm government commitment towards further promotion of the related welfare services.

The problems confronting the new nation were, of course, acknowledged to be quite formidable. At independence, the most formidable challenge in Sri Lanka’s development prospects was the widespread prevalence of poverty. What this meant, more than all else, is that priority has to be accorded to the task of catering to the short-term survival needs of the poor, regardless of what that meant from the perspectives of long-term development needs of the country as a whole. The existing policy commitment to the further promotion of social welfare also had similar adverse ‘trade-off’ effects.

Secondly, there was the excessive dependence of Sri Lanka on a few primary commodities for all its external earnings, which meant, among other things, the vulnerability of the economy to vagaries in foreign markets where a general decline in the barter value of primary products was already taking

place. Similarly, the bulk of the country's consumer needs were being obtained from foreign sources at escalating prices. Thus, the outlook in external trade, if the pattern inherited from the colonial era was allowed to remain unchanged, was towards increasing adverse balances.

There was yet another development challenge that took the form of diversities and divergences of economic interests among the ethnic groups that constituted Sri Lanka's population. The diversity referred to stemmed from the pronounced functional specialisation of each ethnic group - a feature that had evolved during the British regime. Subsistence agriculture centred around paddy production, for example, was largely a function of the Sinhalese peasantry. The principal spheres of economic activity of the Sri Lankan Tamils were commercialised horticulture and white collar employment. Internal trade, though shared by all ethnic groups, was a sector of the economy in which there was a preponderance of Muslims in relation to their numbers. The 'Indian Tamils' were almost entirely confined to the plantation workforce. Fisheries, though once again shared by all ethnic groups, had a pattern of caste specialisation among the Sinhalese and the Tamils. Under colonial dominance this 'specialisation' might have had advantages such as the absence of inter-group competition within most sectors of the economy. From policy perspectives of post-independence times, however, it had two distinct disadvantages. One of these was the presence of socio-economic status differences associated with the ethnicity-based functional differences which made certain minority groups appear more privileged than the majority community. The other was the unequal distribution of the benefits that accrue from a given strategy of development among the different segments of the population.

Sri Lanka's population, continuing to remain largely rural and heavily dependent on agriculture, was also increasing at a rate of about 2.5% per annum with a projected acceleration of the rate of increase in the years ahead. While the pressure of the farm population on developed agricultural land was already intense in most parts of the country, the indications from past experiences were that domestic agriculture was slow to respond to efforts at raising productivity. A further expansion of the plantation industries was believed to be detrimental to the country's interests. Moreover, there were serious entrepreneurial, technological and market constraints on the possibilities of developing modern manufacturing industries. The implications of these features from macro-economic perspectives were, first, a persistent trend towards an increasing shortfall between investment and consumption needs, on the one hand, and the income generated through internal production, on the other; and second, the availability of only a narrow range of options to the development policy makers of the country.

With the passage of time it was the impact of the constraints and adverse circumstances rather than the advantages referred to earlier that came to be increasingly evident in the performance of Sri Lanka's economy. Rapid population increase alongside low rates of capital formation and investment (consequent mainly upon excessively high expenditure on consumption including the welfare services), and the persistent scarcity of foreign earnings, meant slow real growth - a per capita rate which is unlikely to have averaged more than 2% in the long run. Slow growth, in turn, meant low rates of employment generation, and the further impoverishment of the poor, especially those dependent on the more sluggish segments of the economy.

The aggravating problems associated with slow economic growth - high rate of unemployment, persistence of low incomes, non-fulfilment of material aspirations - were, of course, the basic causes for the political instability experienced in Sri Lanka over the first few decades after independence. It found expression in several ways. In the formal economy it took the form of trade union unrest. Over the first three decades after independence, strikes and other forms of collective protest by the organised working class became almost endemic, depressing productivity, acting as a disincentive to

investment, and further retarding economic growth. In other situations where conditions facilitated collective action by groups with shared interests (among university students, for example) protests became increasingly virulent. More generally, among the educated youth of the lower income strata, radical political ideology and the advocacy of militant action to secure political objectives found considerable support, providing impetus to the formation of small 'Neo-Marxist' and/or 'Neo-Nationalist' clandestine groups that searched for ways and means of challenging the existing social order. As noted in the previous section, among the Sinhalese, by the late 1960s, Janatha Vimukthi Peramuna was making considerable headway preparing in earnest for a 'revolutionary uprising'.¹ A few years later, in the early 1970s, the same developments were being replicated among the Tamils of the far north.

The similarity between the Sinhalese and the Sri Lankan Tamil segments of society in respect of their responses to the deepening economic crisis, it seems reasonable to suggest, has not received adequate attention in scholarly writings on political conflict in Sri Lanka. For a proper understanding of the emergence of militant politics in the country, it is essential to devote attention to the general phenomenon of 'youth unrest' which extended across the country's ethnic differentiations. The conceptual framework for the study of this phenomenon in Third World situations has been derived largely from certain theoretical writings on youth behaviour in western societies. It begins with the postulate that the change from childhood through adolescence to adulthood which, in more traditional societies was a brief transitional phase, tended to become prolonged under the demands and opportunities associated with processes of modernisation. It proceeds to explain that 'youth' as a social class in most societies of today thus represents an adolescence extended well beyond physiological maturation. Persons in this phase of life have to endure post-pubertal psychological stresses and are inclined to be introspective, hypersensitive to criticism, conscious of the contradictions in the world of adults, suffer various frustrations and impelled to assert their individuality. The individual responses are situation specific. In many situations - especially those that are relatively free of excessive economic and social deprivations - the tendency of the large majority of 'youth' is to conform to systemic expectations. Under certain conditions (the United States at the time of the Vietnam war is often cited as the classic example) some 'youth' opt out of the system, forming sub-cultures such as those that used to be associated with the 'hippies'. High rates of suicide among 'youth' prevalent in certain societies (Sri Lanka is reported to have the highest suicide rate in the world) is obviously the most permanent form of such opting out on an individual basis. The upsurge of certain types of criminal/deviant behaviour manifested in phenomena such as *gangsterism*, drug addiction and alcoholism are also said to represent the rejection of societal norms by segments of the 'youth'. Others, those of special interest to the subject of this report, participate in collective political revolt against the system.

In applying this conceptual postulate to Sri Lanka, it is necessary to take into account both the numerical increase of the 'youth' as a social category as well as the intensifying stresses and strains to which the large majority of youth have been subject, especially in the form of bleak prospects for the future and the widening gap between expectations and what could be achieved in the prevailing socio-economic ethos. Permissiveness in sexual behaviour and, more generally, the 'pleasure ethic', which are believed to serve as relief valves for these stresses in certain affluent societies are not available to

¹ For details, see Peiris G H (2000): 179-234.

youth in societies that condemn such behaviour as depravity or promiscuity.² The fact that the Sinhalese and Sri Lankan Tamil youth from the rural areas (especially those such as the southwest lowlands and the Jaffna peninsula which, through educational progress, have been relatively more exposed to the changes associated with social modernisation) have been particularly vulnerable to these circumstances could be regarded as an explanation for the higher levels of social unrest in these areas in the recent decades.

Poverty and Impoverishment as Factors in Political Conflict

Trends of Income, Poverty and Conflict

Making allowance for the fact that Sri Lanka's household income/expenditure data lack the precision and comprehensiveness of coverage required for tracing either the related temporal trends or the ethnic and regional differences at a given point of time, analysts have been inclined towards the views that may be summarised as follows:

- the large majority of Sri Lankans lived in conditions of dire poverty at the time of independence;
- since then, the average per capita real income in the country has increased in the long term, but with sharp short term fluctuations which have probably been more pronounced in the rural sector than in the urban sector;
- despite this income increase, even by the end of the 20th century, the overall average per capita income was the equivalent of only about US\$3 per day, with about one-fifth of the population receiving less than a dollar a day;
- up to about the late 1970s, there was a barely perceptible trend towards greater equalisation of household/personal real income;
- since that time, in those parts of the country on which income/expenditure estimates are available (i.e. outside the 'north-east'), the earlier trend towards equalisation of income appears to have been reversed;
- while fairly pronounced urban-rural income differences have persisted throughout, inter-ethnic differences in the average levels of per capita income have been of a relatively small magnitude; and
- the trend in respect of inter-ethnic income disparities up to about the early 1980s has been towards equalisation (the differences between the Sinhalese and the Sri Lanka Tamils have certainly been negligibly small throughout).

On the assumption that the defects in the data base are not serious enough to falsify the foregoing observations, it is possible to conclude that, while the persistence of 'income poverty' (considered in the definitional frame of current usage) is likely to have contributed to dissatisfaction and economic frustrations that occasionally find expression in outbursts of political unrest, there has been no

2. It is suggested that the ascetic personal behaviour and the adherence to strict codes of conduct enforced upon the cadres of the JVP (during the insurgency of 1971) and by the LTTE (all along) are the 'idealistic' responses

correspondence between variations in the incidence and intensity of poverty and the ethnic differentiations of the country. In presenting this conclusion, however, it becomes necessary to add the qualifying comment that it has been derived from the related 'average' values on the different ethnic groups. It is, indeed, possible that within each ethnic group there are segments whose 'income poverty' is so intense that it has an impact on the attitudes and responses of the group as a whole towards other groups and towards the entire system of governance. This possibility is left for later discussion.

Entitlement Dimensions of Poverty and Conflict

There is general acceptance of the notion that income measurements provide only a narrow perspective of poverty, and that a more holistic understanding of the concept of poverty, specially in its application to inter-group relations, should include perspectives such as 'entitlement deprivation' and 'curtailment of capability'. There is evidence that in the ethnic conflict of Sri Lanka these latter dimensions have figured more prominently than 'income poverty' as impulses for the intensification of grievances against the system and inter-group disharmony.

Geographical diversities in Sri Lanka have produced certain inequalities among the ethnic groups of the country in respect of resource entitlements - especially those that provide the base for agriculture. For instance, in the context of an increasing scarcity of arable land in relation to demand in the country as a whole, this scarcity has been more intense in the northern lowlands (the main Sri Lankan Tamil population concentration) than in most other parts of the country. Until about the early years of independence, opportunities for 'occupational migration' out of the agricultural sector were available to the people in these areas to keep in abeyance the agrarian unrest that could have resulted from this scarcity. In the more recent past, however, there has been hardly any alleviation of this problem. Conscious policy has also produced entitlement inequalities. There was, for example a severe curtailment of access to physical resources of the Indian Tamils through the denial of citizenship rights to the large majority of that community soon after independence. In addition, it has been argued that the minority communities of the country, especially the Sri Lankan Tamils, have throughout been denied their due share of the physical resources that have been developed since about the mid-1930s in the drier areas of the country by harnessing river water for irrigation. This criticism has been levelled specially at the disbursement of benefits (mainly arable land with irrigation facilities) from the 'Mahaveli Development Programme' - the largest development project undertaken in the country. Though this grievance has tended to be highly overstated on the basis of misinformation, it cannot be denied that, largely as a result of the turbulences in the 'north-east', the inhabitants of that part of the country are yet to receive tangible benefits from these massive projects by way of their access to agricultural resources.

In regard to the distribution of other physical resources, it is not possible to discern significant spatial and inter-ethnic inequalities of access except in regard to the potential for development of hydroelectric power - the only locally available resource used for the production of commercial energy (other than biomass) - which is largely confined to the central highlands. Though this has hardly ever been a contentious issue, the fact that the 'north-east' has been dependent on commercial energy produced in other parts of the country could assume far greater importance than at present in the event of its conversion to an autonomous political entity in the future. Other entitlement-related

to this social ethos.

controversies and group grievances have figured far more prominently in the ethnic conflict of Sri Lanka than those concerning the distribution of physical resources. Among these, two contentious issues - state-sector employment and access to higher education - have generated greater resentment among the Sri Lankan Tamil relations than any other.

What provides the background to the issue of state-sector employment is the fact that in Sri Lanka under British dominance the Sri Lankan Tamils had a proportionately greater share of the upper and middle grades of government employment than the Sinhalese and the Muslims mainly on account of the easier access they had to facilities for education in the medium of English. Since these avenues of employment ranked high in socio-economic status, those of this community who worked among the other ethnic groups had the image of a privileged minority. After independence, with overall advances in education and the elevation of Sinhala to the status of the country's official language in the late 1950s (with Tamil also being accorded the same status in the early 1960s), while the Sinhalese share in several principal avenues of state sector employment increased, there was a corresponding decline in the share held by the Sri Lankan Tamils. The trends referred to here became accentuated when, from about the early 1980s, the security forces (armed services and the police) to which Tamils were not recruited became numerically large fields of government employment. This change in 'entitlement configurations', it should be stressed, was also the outcome of highly politicised recruitment procedures adopted by government institutions at the behest of the ruling parties, upon which leaders of the Tamil community (who had no share of office in the executive branch of government) had hardly any impact. This was one of the main processes of change that contributed to the economic 'marginalisation' of the Sri Lankan Tamils in the recent decades.

The Tamil grievance on access to higher education is somewhat less forceful in its objective validity than that concerning employment. It emerged out of a government decision to adopt a system of language-based standardisation of marks scored by candidates at the public examination on the basis of which students are selected for admission to the universities (Candidates sit this examination in Sinhala, Tamil or English). This system was introduced in 1971 but was withdrawn in 1976. In the period during which it was in force, there was a sharp decline in the Sri Lankan Tamil share of admission to the more 'prestigious' university courses of study such as those in Medicine and Engineering. Admittedly, this was a preposterous measure that was totally lacking in educational rationale. It probably caused greater embitterment among the Tamils than any other grievance. It deserved condemnation, as, indeed, it was by a wide spectrum of public opinion. Two considerations, however, are salient to an objective assessment of this grievance - one is that, throughout this 6-year spell, the proportion of Sri Lankan Tamils admitted to these courses never dropped below 20% of the total admissions (their population ratio is 12.6%); the other is that no language-based standardisation of marks has ever been used for selecting students for admission to the universities since 1976 (though in supposedly scholarly writings on Sri Lanka's ethnic conflict published even as recently as July 2002, the impression conveyed is that such standardisation continues to be in operation).

'Liberalisation' and Conflict

In 1977 a package of economic policy reforms aimed at accelerating economic growth by reducing government intervention in the economy and stimulating private sector investment was initiated in Sri Lanka. Over a spell that lasted about 6 or 7 years this process of 'liberalisation' did have the envisaged impact of achieving substantially higher rates of economic growth than in earlier times. Certain critics

have asserted, however, that the reforms also brought about an increase of inequality of income distribution and, thus, an intensification of poverty, if not in absolute terms, at least in relative terms. It has also been suggested that the political turbulences from about the mid-1980s were a direct outcome of this intensification of poverty.

The impact of 'liberalisation' on living standards in Sri Lanka is a complex and highly ramified subject many aspects of which cannot be analysed with hard data for the reason that such data are not available. However, there is a scatter of evidence which suggests that, while certain changes ushered in by 'liberalisation' were detrimental to the interests of those living in the 'north-east', more generally, the benefits of the reforms in the form of higher incomes and new employment opportunities have had hardly any positive impact on that part of the country. For instance, the relaxation of government controls over export-import trade meant that the producers in the fields of subsidiary food crops and light manufacturing in Jaffna peninsula lost a crucially important advantage it had enjoyed in the 'protected' market of earlier times. This, it appears, caused them a substantial loss on income and employment. Similarly, no direct benefits accrued to the north from the so-called 'lead projects' launched in the 'liberalisation' milieu - Mahaveli Programme, Capital City Development Project, Housing Development, Integrated District Development Programme - initially because the related plans did not encompass that part of the country and, later, because of restrictive effects of the secessionist war. Mainly for the latter reason, the potential of the 'north-east' was not harnessed in the expanding tourism industry. Tamils, it so happened, benefited little from the expanding job market of West Asia (though they did migrate in large numbers to other destinations as permanent settlers). The adverse effects of 'liberalisation' have not been confined either to the venues of the war in the 'north-east' or to the Sri Lankan Tamil community. There are indications that certain areas and/or communities (southeast lowlands, eastern foothills of the central highlands, parts of the northwest, for example), experiencing hardly any real progress under the new policy dispensation, have lagged behind, resulting in the further impoverishment of the poor. The curtailment of resources channelled to the welfare services which has resulted from the demands of the war appears to be felt far more in these remote rural areas than in the more dynamic urbanised areas of the country. The potential for political unrest generated by these conditions could resonate on the search for a resolution of the ethnic conflict.

Economic Impact of the War on Conflict

The overall impact of all these adverse circumstances have, of course, been exacerbated by the devastations caused by 'war' - disruption of production activities and the services such as those in health care, education, transport and communication; destruction of economic infrastructure; scarcities caused by trade embargos; massive displacements of people; manpower losses in the form of large-scale emigration; and, above all, the innumerable deaths. These apart, there have been other 'curtailments of capability' - the 'essence of poverty' as perceived by Dreze and Sen (1995). The 'war', having persisted for almost twenty years, an entire generation in the 'north-east' - youth and young adults - are unlikely to have experienced the norms of life under conditions of peace. The only skills the large majority of them are likely to have are those of inflicting destruction and death.

Popular Perceptions of Inter-Group Economic Inequalities

In a general evaluation of the 'poverty factor' in Sri Lanka's ethnic conflict, it appears that in the moulding of popular perceptions, what is genuinely important is not so much the stratifications of wealth and income that cut across ethnicity seen in the various sets of data relating to the physical quality of life in the country, but the fact that, where there is daily contact between people of different ethnic groups, it is seldom interaction among equals, except at elite levels and in segments of the city working class. Thus, for example, in most of the Sinhalese-majority rural areas, Sri Lankan Tamils and Muslims with whom the poor among the Sinhalese come into routine contact were (and in some instances, continue to be) usually those of higher social strata - state sector employees, professionals, traders etc. The mirror image of this phenomenon, though far less distinct in the main Tamil and Muslim concentrations at the time of independence, came to be replicated in at least some of these areas with the steady increase of the Sinhalese proportion in the upper and middle grades of the state sector workforce. And then, from about the mid-1970s, as the police and the armed forces gradually became near-exclusive Sinhalese domains, it assumed even greater prominence. The large majority of the poor in any ethnic group, of course, has hardly any direct contact with the poor of other ethnic groups, being kept apart by barriers of geography, language and culture. Thus, regardless of the fact that poverty has always been a phenomenon shared almost equally by all ethnic groups, to the large majority among the poor the people of 'other' ethnic groups invariably appear economically privileged and powerful than those of one's own community.

Institutions of Government and Power Sharing

A point which emerges with a fair degree of clarity in an assessment of the different sets of causes that have contributed to Sri Lanka's ethnic conflict is that almost throughout the past few decades the Tamils have been under-represented in the main institutions of government, especially those of the executive branch. The feature could be traced back to 1936 when, in the second legislature formed under the Donoughmore Constitution, through inter-personal manoeuvre, the Sinhalese representatives succeeded in electing persons of their own community to all seven chairmanships of the 'Executive Committees' to thus form what has been referred to by critics since that time as the 'Pan-Sinhalese Board of Ministers'. Ever since that time, except over a brief spell in the immediate aftermath of independence, no Tamil representative elected to parliament from a constituency in the Northern Province has ever held a cabinet portfolio in Sri Lanka.

It could, of course, be argued on the basis of a persuasive body of evidence that, since about the early 1950s, the 'exclusion' referred to above was very largely an outcome of deliberate choice on the part of the political leaders of the Sri Lankan Tamil community. It is not merely that they opted persistently (except over the two-year period 1965-67) to remain in the parliamentary opposition, but pursued a policy of taking a confrontational stance vis-a-vis the government in almost all national issues, regardless of how a given issue affects their community and in disregard of the political parties in office. On this, a clear contrast could be drawn between the political leadership of the Sri Lankan Tamils and those of the other minority groups of the country - the Muslims and the Indian Tamils.

It also needs to be stressed here that most heads of governments in the post-independence period were inclined to accommodate as wide a spectrum of groups and interests as possible in their respective cabinets. This, above all else, was part and parcel of sound political strategy. It appears in

retrospect, however, that in the governments formed on the basis of the general elections of 1970 and 1977, on account of the massive parliamentary majorities secured by the winning parties - over two-thirds of the total number of seats in 1970, and four-fifths in 1977 - both the necessity as well as the political inclination on the part of the heads of government to work towards the formation of such broad alliances were conspicuously absent. Thus, over this critical phase in the history of Sinhalese-Sri Lankan Tamil relations, the latter group became firmly entrenched in their stance as an 'opposition' to the government both within as well as outside parliament. In parliamentary business they ceased to have any impact upon policy formulation. The constitutional and electoral reforms introduced in 1978 and 1981 which, among other things, established an executive presidential system of government and a system of proportional representation in parliamentary elections have had the effect of changing the conditions that prevailed over a greater part of the 1970s, making it necessary for those who aspire to high office in government (including the post of president) to depend substantially more on the support of the minorities than in earlier times. Unfortunately, the potential benefits of this change, especially by way of drawing the Sri Lankan Tamils back into the political mainstreams, were nullified by the widening chasm in Sinhalese-Sri Lankan relations.

Up to about the early 1970s Sri Lanka had a vibrant system of local government consisting of a country-wide network of institutions that catered to a variety of local-level needs. The dormancy of this system during the 1970s had further curtailing effects on the participation of certain minority communities in governance. The rich variety and abundance of community level non-government institutions found in almost all parts of the country, though functionally useful, have not been effective enough to compensate for the curtailment of Sri Lankan Tamil participation in the formal institutions of government.

Prospects for a Negotiated Settlement of Sri Lanka's Ethnic Conflict

Preparation for Negotiations

An agreement between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE/Tigers) entered into on 22 February 2002 brought about, with immediate effect, a formal suspension of the campaign of war and terrorism conducted by the LTTE since the mid-1980s with the declared objective of establishing in the northern and eastern parts of Sri Lanka a sovereign Tamil nation state. The agreement took the form of a 'Memorandum of Understanding' (MOU), the signatories to which were the Prime Minister of Sri Lanka, Ranil Wickremesinghe, and the LTTE leader, Velupillai Prabhakaran. The MOU contains a series of conditions and courses of action prescribed on both the government as well as the LTTE. These were intended to pave the way for peace negotiations expected to commence on or before 2 August 2002.

The MOU was, by and large, the product of efforts by the Government of Norway which, over several months prior to the ceasefire of 22 February, had acted as an intermediary between the two parties at conflict. The Norwegian mediation had received not only the concurrence of the Government and the LTTE, but also the tacit approval of many countries sympathetic towards Sri Lanka. A 'Monitoring Mission' (SLMM) manned by representatives of several Scandinavian countries with the Norwegians constituting both its leadership as well as its majority was entrusted the task of supervising the implementation of the MOU.

Background to the Ceasefire

Among the conditions within Sri Lanka that formed the immediate background to the 'ceasefire' was the victory of the 'United National Front' (UNF, a coalition of political parties led by the United National Party that had been in opposition since 1994) at the parliamentary elections of December 2001. The widespread support which the UNF had mobilised from the ethnic minorities of the country - Tamils and Muslims - was one of the main ingredients of its electoral success. This, in turn, was at least partly the outcome of the UNF pledge to pursue a negotiated peace settlement with the Tigers based upon an offer of partial autonomy to the northern and eastern provinces as a compromise to the secessionist demand. Sri Lanka, it should be noted, has had a system of 'Provincial Councils' adopted in 1987 as a constitutional modality of devolving a measure of government authority from the centre to elected bodies at the level of the provinces. At the time of the elections of December 2001 there was an understanding that the UNF is committed to bringing about further constitutional changes which, on the basis of the principle of 'asymmetrical devolution', would enhance the powers and functions of the council of the 'North-East' province. It was in this context that, in the immediate aftermath of the elections, the LTTE announced a unilateral declaration of a 30-day suspension of its armed confrontations with the government.

In initiating the ceasefire the LTTE obviously expected an immediate reciprocal response from the new government in office. Yet, the change of government in Sri Lanka was not the only reason - and not even the main reason - for this peace overture. There could be no doubt whatever that its principal impulse was the global tide against terrorism that arose in the wake of 'September 11th'. In the dramatically changed political milieu the LTTE's international operations, like those of many other terrorist outfits, suffered a major setback. For instance, in the United States where the LTTE had already been proscribed, there was an intensification of vigilance by the law enforcement agencies over the activities of the LTTE's front organisations, especially following the disclosures on LTTE links with Islamic militant groups such as the Harkut-ul-Mujahideen of Pakistan and the Moro Islamic Liberation Front of the Philippines. Canada, the United Kingdom and Australia which, for many years, had served as important operational bases of the LTTE, imposed a similar ban, albeit less effectively in its actual implementation. More importantly, there was the concurrent hardening of the Indian government's stance towards the Tigers. This, it appears, reflects the impact of several factors - notably, the realisation of the potential threat posed by the LTTE to the Indian polity, the persistence of the wayward but unpredictable strands of Tamil nationalism in South India as represented by, say, the MDMK of Tamil Nadu and its leader V Gopalasami ('Vaiko'), and the re-emergence of the Rajiv Gandhi assassination as a live issue in electoral politics. To the LTTE these external changes meant, apart from all else, a drastic reduction in the inflow funds - a curtailment of its income-generating clandestine operations including the revenue it derives through extortion from Tamil expatriates. It also seems likely that the LTTE had incurred substantial losses of fighting cadres and weaponry in its military offensives of 1999-2001. The recovery from these setbacks needed respite - time for the memory of its past atrocities to fade, time for transformation of its image, time for its new propaganda onslaught to take effect, and, above all, time for rebuilding its military strength.

To the government and the people of Sri Lanka the need for a respite from war and terrorism was even more intense. The country was reeling under the impact of several military setbacks and terrorist attacks. In most parts of the 'north-east', even the basic services in social welfare had been disrupted or destroyed. Foreign investment had been reduced to a trickle. The conflict-related conditions

attached to aid were becoming increasingly stringent. And, with the seemingly ineffective war effort absorbing well over 40% of the total government revenue, economic progress had virtually ceased, resulting in both inflation and increasing unemployment. The only redemption, it appeared, would lie in a peace settlement with the LTTE.

Operation of the 'Memorandum of Understanding'

The present ceasefire for negotiation is not the first of its kind. There have been three such earlier episodes - the ceasefire of mid-1985 which provided the prelude to the 'Thimpu Talks' (between the delegates of the Sri Lanka government and of Tamil political groups including the LTTE) sponsored by the Government of India, that of 1989-90 which accompanied direct dialogue between the government of President Premadasa and the LTTE, and the negotiations of 1994-95 when Chandrika Bandaranaike assumed office, first as Prime Minister, and then, as the President of Sri Lanka. All these negotiations failed to achieve a breakthrough towards peace primarily because, given the intransigent centrality of 'Eelam' as the eventual goal of the Tamil demands (as articulated in 1985 by all Tamil political groups represented at Thimpu, and by the LTTE at later negotiations), there has been hardly any space for manoeuvre towards the type of compromise that could be made acceptable to the majority ethnic group and even the other minority groups of the country. Moreover, all these episodes of negotiation enabled the LTTE to emerge as a much stronger force than before, both in its capacity to mobilise support from outside Sri Lanka, as well as to wage war and engage in terrorism within the country. What these past experiences demonstrate more than all else is that the LTTE has nothing to lose but, potentially, much to gain by indulging in periodic spells of 'peace negotiation'.

Since the signing of the MOU there have been many reported violations of its terms by both the government as well as the LTTE - those by the former resulting mainly from problems of logistics, and those by the latter invariably representing political and military strategy. According to local media reports, by 1 July 2002, there were about 174 complaints against the government, and 340 complaints against the LTTE, lodged with the Scandinavian Monitoring Mission. Hitherto, the main allegation against the government has been that its armed forces continue to occupy public buildings in the northern and eastern parts of the country which, under the terms of the MOU, were to have been evacuated. Complaints have also been made of occasional misdeeds of the army directed at both LTTE cadres as well as Tamil civilians. The charges of MOU violations against the LTTE have been more numerous. These include fund-raising through extortion and kidnapping accompanied by ransom demands, the forced conscription of children into its fighting cadres, attacks on activists of other Tamil political groups, and the persistence of efforts to increase its military strength. Large-scale military training by the LTTE is still being conducted. There has also been at least two major episodes of clandestine procurement of arms from overseas sources. Perhaps the most outrageous among these MOU violations by the LTTE is the abduction of two Norwegian peace monitors on 14 July 2002.

Several other features of the ceasefire period could be regarded as far more ominous in their implications for the on-going peace efforts than the specific MOU violations referred to above. One of these is the sharply escalated rivalry and tension between Tamils and Muslims of the Eastern Province over the past few months (these two groups constitute, respectively, about 40% and 35% of the population of the province). Apart from several localised clashes, there was a massive conflagration of communal violence in June-July 2000 in the east which, according to independent observers, was basically the outcome of attempts by the LTTE to eliminate resistance to its authority in certain

Muslim-majority areas in this part of the country. One of the consequences of this is that the Muslim political leadership has become more vehement in its demands in relation to the political rights of their community which, they allege, are being ignored in the government's preoccupation with peace negotiations.

Under the terms of the MOU the LTTE has been permitted to engage in political activities outside its area of military control in 'Vanni' - i.e. the northern interior. During the past few months this has been utilised by LTTE cadres to organise spectacular pro-Eelam political rallies in several townships of the 'north-east' as part and parcel of a so-called Pongu Tamil movement. This movement, according to experts³ draws its inspiration from the vision of 'Tamil awakening' embodied in certain poetic works written during the heyday of Tamil cultural nationalism which is said to represent the formative stages of the Dravida Munnetra Kazhaham (DMK) during the closing decades of the British regime. The DMK, it may be recapitulated, posed the only serious regional challenge to the All India Congress Party in the mid-20th century. The LTTE-directed Pongu Tamil demonstrations in Sri Lanka have been featured by nationalist rhetoric and certain ritualistic associations with belligerence such as the mass performance of the 'Nazi salute' to Prabhakaran's cardboard icon which, incidentally, drew considerable media attention. Despite occasional reiterations of its commitment to peace, in the Pongu Tamil movement and in many other things, the LTTE has persistently displayed its war-like image and intentions which, as several critics have pointed out, does not auger well for the expected peace negotiations.

Thirdly, over the recent months, the LTTE has established its almost total hegemony over Tamil politics in Sri Lanka. The Tamil United Liberation Front, the foremost Tamil political party of the past, has announced that the government should regard the LTTE as the sole representative of the Tamils in the impending peace negotiations. The leadership of the LTTE has, on several occasions, summoned the leaders of other Tamil political groups to its headquarters in the Vanni in order to issue political directives and/or to castigate these groups for failure to fulfil requirements. More generally, threat and intimidation are being employed by the LTTE to curb the political activities of these groups in the Tamil majority areas of the country.

Outlook for Peace Negotiations

Despite the MOU stipulation that direct negotiations between the government and the LTTE must begin by 2 August 2002, after much indecision, it has finally been decided that direct negotiations will commence in mid-September 2002. The Government of Thailand has indicated its willingness to provide a negotiation venue and to perform the function of official host. The Sri Lanka government has met some of the demands made by the LTTE as preconditions for negotiations. These include the recognition de facto of the LTTE as the sole political representative of the Tamils, the total lifting of all restrictions on the movement of non-military goods to the LTTE-held areas, and the tacit acceptance of the principle of an interim administration for the north-east headed by the LTTE. The government has also indicated that the existing proscription of the LTTE would be lifted as soon as a definite date is set for negotiations. Mainly in order to avert a derailment of the 'peace process', spokesmen for the government have been trivialising the MOU violations by the LTTE. The LTTE, on the other hand, remained throughout the past few months evasive in regard to the fixing of a

³ See 'Pongu Thamizh: Cultural and Political Antecedents' in *Tamil Times*, 15 April 2002.

preliminary time-schedule for negotiation on the grounds that the government is yet to fulfil its MOU pledges.

Meanwhile, on 10 April 2002, the LTTE leader Prabhakaran, accompanied by Anton Balasingham (ideologue and international spokesman for the Tigers), Thamil Chelvam (the leader of the LTTE 'political wing'), and two of his senior military commanders (Karuna and Pathuman), staged a much publicised press conference in the presence of an estimated 400 journalists from Sri Lanka and abroad. This was evidently the first appearance of Prabhakaran at a press conference since the press briefing conducted by him 12 years earlier on 1 April 1990. Its ostensible purpose was that of explaining the LTTE stance vis-a-vis the 'peace process'. In reality, it was, more than all else, an internationally-broadcast exercise in propaganda, one which appeared to have a special focus on the Indian public in the context of the insistence of the Government of India on treating the LTTE as a criminal outfit. Evaluations of Prabhakaran's performance at the press conference, though lacking in consensus, are generally inclined towards the view that, as an exercise in image-building, it was a failure. Indian journalists, some of whom have not been unsympathetic towards Prabhakaran's cause, expressed outrage at Prabhakaran's response to their questions on the Rajiv assassination. The Editor of *The Hindu*, for instance, wrote: 'The manner in which Mr Prabhakaran fielded questions on his complicity in the assassination of India's former Prime Minister and political leader, Rajiv Gandhi, testifies to the LTTE leader's total lack of remorse for the ghastly act'. In India, according to the London-based *Tamil Times* (15 April, 2002), 'the press conference evoked renewed hostility towards the LTTE'.

More important from the viewpoint of this sketch on the prospects for peace was the re-statement at this conference of the 'core demands' of the LTTE. These were:

- the recognition of a Tamil homeland comprising the Northern and Eastern provinces;
- the acceptance of the Tamils of the island as a distinct nationality; and
- the recognition of the Tamils' right to self-determination.

These, of course, were the 'core demands' at the Thimpu Talks seventeen years ago, and at several negotiations thereafter. Asked whether the LTTE would give up its armed struggle following a permanent solution, Prabhakaran said, 'We will seriously consider renouncing our armed struggle if a solution acceptable to the people is worked out'. If formal negotiations take place at all, it seems unlikely that the response of the Government of Sri Lanka will be fundamentally different from its response to these 'core demands' on earlier occasions.

There is, however, one factor which might assume decisive importance to the directions of the negotiations after their commencement in mid-September. This is the intensified pressure which is likely to be applied on the negotiating parties, especially the LTTE, to relax their stances. The pressures are likely to come from two sources - internal and external. The former is likely to take the form of responses and reactions of the war-weary Tamils of the 'north-east'. The source of the latter will be the international community. That the government of Sri Lanka has already demonstrated an unprecedented level of flexibility in its dealings with the LTTE appears to have been appreciated at an international plane. Hence the abundance of goodwill demonstrated by the 'west' (including Japan) towards Sri Lanka. The central government of India has also given qualified support to Colombo's efforts.

On the negative side, one cannot ignore the obstacles in the way of a negotiated settlement of the conflict that are associated with certain elements of internal politics of the 'south' of Sri Lanka. In this context, there is, first, the possible disruptive effects of the intensifying power struggle between President Chandrika Kumaratunga and the government headed by the Prime Minister Ranil Wickremesinghe. As matters stand at present, the possibility of this tug-of-war culminating in a constitutional crisis that could undermine the entire peace process cannot be entirely ruled out. Secondly, there is a growing body of opinion in the Sinhalese segment of the electorate that the concessions already made by the government to the LTTE are excessive, and have, in fact, paved the way for a decisive victory for the Eelam movement. Thirdly, there is the unresolved 'Muslim Factor' - the intricate challenge of meeting the just demands of the Muslims of the Eastern Province through an arrangement which is acceptable to the government and the protagonists of Eelam. There could be hardly any doubt that any conceivable agreement between the government and the LTTE in the impending negotiations would result in legitimisation of the LTTE and its cause. The vital question to which no answer is presently evident is whether this would result in a permanent resolution of Sri Lanka's conflict or elevate the conflict to a far more complex and intractable plane.

That durable peace and stability in Sri Lanka will depend on finding effective solutions not only to the ethnic conflict but also, more vitally, to the other problems of governance - unrest generated by interwoven causes such as poverty, deprivation and adverse transformations of entitlement configurations; corruption and malpractices in public affairs; upsurge of crime - should be evident in a thematic sense from the discussions contained in the second part of this report. It is appropriate to conclude our discussion on 'peace prospects' with the observation that there appears to prevail among the present decision makers at the apex of government a belief - one of questionable validity - that solutions to these larger problems will emerge out of the hoped for resolution of the ethnic conflict.

II Sources of Conflict and Capacities for Peace

A. Basic Social and Economic Conditions

Factor # 1. Level of General Economic Development or Deterioration

Are Basic Social and Economic Resources Widely Available or Increasingly Scarce?

The statistical summary presented below is intended to provide an overview of the current state of the economy of Sri Lanka against the backdrop of the data on the corresponding criteria on the Low Income Economies. An answer to the key question with which this 'Factor' is concerned, could be formulated, in summary form, as follows:

'Overall economic growth (related official estimates cover, roughly, the past 50 years), though fluctuating in the short-term, has remained slow. High rates of inflation have been recorded since the late 1970s. Spells of rapid economic growth have tended to coincide with sharp upsurges of inflation. The unemployment rate has fluctuated, but in the formal sector it has remained above 12% of the labour force at most times during the past 25 years, occasionally reaching peaks of over 20%. Estimates of household income available for the entire country from the early 1950s up to about the early 1980s indicate that during this period there has been a trend of increase in per capita real incomes. More recent estimates of household income do not cover the entire country. The classic 'export-import' accent of the Sri Lanka economy is illustrated by the substantially higher per capita values of the country's exports and imports compared to the corresponding values for all low income economies. Sri Lanka's debt burden has increased over the years, and debt servicing in the recent years has accounted for 30-40% of the total government expenditure. The 'coverage' of the government-sponsored services in education, health care, housing, and public utilities increased persistently in all parts of the country up to about the early 1980s. This was accompanied by a reduction of the related spatial inequalities. Economic reforms initiated in 1977 entailed, among other things, a drastic curtailment of government intervention in food supply, and an attempt to target government-sponsored welfare services to the most needy segments of the population. Since the early 1980s, these attempts have, however, been dysfunctional in areas directly affected by the secessionist war. The trends reflected in the social welfare indicators - morbidity and mortality rates, life expectancy, and levels of literacy and education - correspond closely to those of the provision of these services. Sri Lanka has throughout recorded net gains in capital flows. Emigration, a pronounced demographic feature of the past twenty years, has been a consequence of the war.'

Table 1.1. Current State of the Economy: Selected Indicators

Indicator	Sri Lanka		Low Income Developing Countries (1998, average)
	1999	2000 provisional	
GNP per capita			
- US\$ equivalent	813	841	410
Sectoral Composition of the GDP (%)			
- Agriculture	21.3	20.5	27.0
- Manufacturing	16.8	17.4	18.0
- Other	62.9	62.1	55.0
Employment			
- Open Unemployment (% of labour force)	8.6	7.6	-
Wage Index (% change from previous year)			
- Central government employees	0 %	8.4%	-
- 'Wages Board' categories of workers	2.6%	2.2%	-
Inflation (% change from previous year)			
- Greater Colombo Consumer Price Index	+ 4.6%	+6.2%	-
Foreign Trade (value of goods and services)			
- Exports, per capita (US\$ million)	242.1	314.0	86.6
- Imports, per capita (US\$ million)	285.8	378.1	100.9
- Trade deficit (US\$ million)	1,369	1,797	34,594
Debt (as a percentage of the GDP)			
- External debt	59.2	54.5	58.7
- Public debt	94.7	97.1	
Demographic Changes (rough estimates)			estimates on 1999
- Total population (000s)	19,043	19,359	2,417,000
- Population growth rate (%)	1.4	1.7	2.0
- Rate of natural increase (%)	1.1	1.2	
- Net migration (%)	+0.3	+0.5	
- Average population density (per km ²)	304	309	73

Remarks: 1. Demographic data are rough estimates based upon registration of births and deaths and returns furnished by the department of immigration and emigration.

2. According to expert opinion the Greater Colombo Consumer Price Index, though used as an indicator of inflation, underestimates actual inflation.

3. These unemployment estimates cannot be used for tracing the related temporal changes.

4. Wage indices are available only for these two categories of workers.

Sources: Central Bank of Sri Lanka; and World Development Report

Each of the foregoing changes has been discussed in detail in many research writings. Their respective databases, however, have defects in both accuracy as well as coverage. Some of these changes have

also been subject to scholarly dispute. Accordingly, the discussions that follow should be considered as providing the bare outlines of their different dimensions.

1.1 Economic Growth

Most of the criticisms that were levelled at the performance of Sri Lanka's economy during the first three decades after independence dealt with the general theme of slow growth. The available estimates of national income, considered alongside the rates of population change, indicate that up to about the mid-1970s the per capita growth rate averaged out to no more than 1.5% per annum (Table 1.1).⁴ One of the main consequences of this slow growth was increasing unemployment (Table 1.2) which, with rising aspirations generated by the advances in the field of general education and mass communication, became, in course of time, the most volatile problem of the country from a political perspective.

The government elected to office in 1977 initiated a package of economic reforms which were intended to reduce government intervention in the economy, stimulate private enterprise, and orient the economy towards the free market. 'Liberalisation', as these reforms were referred to has remained the dominant economic policy paradigm since that time. Studies on Sri Lanka's economic growth undertaken in the context of the policy reforms have tended to focus both on the authenticity of the related official estimates as well as on the extent to which the post-1977 growth trends could be attributed to 'liberalisation'. At one extreme in the conflicting views on these issues, there is the contention that the new policies liberated the economy from its earlier pseudo-socialist shackles and set in motion a process of growth, unprecedented in both pace and form, which, had it not been for the disruptions caused by political unrest, would have placed Sri Lanka on the trail of the Newly Industrialised Countries of Asia. At the other extreme, there is the peremptory rejection of the officially claimed growth rates as statistical fiction intended to justify the capitalist policies of the government and to conceal its subservience to international aid agencies.

The extreme viewpoints referred to above contain a strong flavour of both ideological bias as well as prejudice of partisan politics. According to what could be regarded as more refined analyses, there was indeed an acceleration of economic growth in the aftermath of the change in policy directions, and this reflected at least partly the responses of the economy to the stimuli of 'liberalisation'. However, since the economy began to falter from as early as mid-1983 during a decisive spell of unrest and violence in the country, it is not possible to determine whether the short-run impact of the new policies on growth would have withstood the test of time. There were faint indications that even by 1983 the effects of 'liberalisation' were dissipating.

Several features borne out by the data presented in Table 1.1. are of relevance to the perspectives of this study. First of these is the marked inconsistency which characterised the economic growth trends until about the late-1970s. The growth rate oscillations of this period could be explained largely with reference to output variations in the agricultural sector and price movements of the main export crops. Throughout these decades agricultural product of a given year tended to be determined by many variables among which weather was the foremost. Among the other determinants that tended to enhance or counteract weather-induced fluctuations in agricultural output were the availability and

4. There has been some controversy among experts on (a) the accuracy of the national income estimates, and (b) the validity of the deflator/s used in the 'current' to 'constant' price conversion. The overall upper limit of 1.5% is based on the related estimates furnished by the Central Bank of Sri Lanka.

costs of inputs, price incentives, and policy-induced institutional and operational changes in the agricultural sector.

Since the introduction of the economic reforms of the late 1970s, the growth rate, though profoundly affected by political instability, has, in general, been higher than those of earlier times. It is seen, for example, that unprecedented advances were made during the 10-year period 1977 to 1986 when the GDP increased at an average annual rate of about 5.4%. This trend ended abruptly in 1986 when most parts of the country were plunged into intense political turmoil featured by an escalating secessionist war alongside a fierce anti-government revolt. Thus, from 1987 to 1989, the GDP growth rate averaged a mere 2.2% per annum. Following the suppression of the revolt in 1990, there was, once again, a restoration of stability in most parts of Sri Lanka, paving the way for a steady increase of the GDP at an average annual rate of 5.5% between 1990 and 1996. Since then, there has been a perceptible slowing down of growth, with annual growth rates averaging approximately 3.5%. This recession, it is widely believed, has been caused partly by the spiralling cost of the war against the secessionist militants (which, while severely curtailing investment, has also disrupted production in several spheres of the economy), and partly to economic mismanagement that had retarded returns to investment. In 2001 there was a further intensification of the recession when, for the first time in the post-independence era, the estimates of the Central Bank of Sri Lanka indicated a negative growth of the economy (-1.4% from that of 2000). This has been attributed (Central Bank, 2002) to series of internal and external 'shocks' such as: (a) the intensified disruptions caused by terrorist attacks on key economic targets, (b) drought-induced curtailments of production, (c) increased military expenditure, and (d) the slowing down of the global economy in the wake of the terrorist attacks on the United States on September 11, 2001.

Table 1.2. Rates of Economic Growth and Population Change: Sri Lanka, 1951 to 2000

Year	GDP Growth Rate (%)	Population Growth (%)	Year	GDP Growth Rate (%)	Population Growth (%)
1951	6.2	2.6	1976	3.0	1.6
1952	4.6	2.6	1977	4.2	1.6
1953	1.9	2.0	1978	8.2	1.8
1954	2.7	2.8	1979	6.3	2.0
1955	5.9	2.4	1980	5.8	1.9
1956	0.7	3.9	1981	5.8	0.7
1957	1.5	2.6	1982	5.1	2.3
1958	2.9	2.4	1983	5.0	1.5
1959	1.4	2.5	1984	5.1	1.2
1960	6.8	2.8	1985	5.0	1.5
1961	2.1	2.7	1986	4.3	1.8
1962	4.6	2.7	1987	1.5	1.5
1963	2.8	1.3	1988	2.7	1.4
1964	6.4	3.0	1989	2.3	1.4
1965	2.3	2.4	1990	6.2	1.0
1966	3.8	2.5	1991	4.6	1.5
1967	5.1	2.3	1992	4.3	0.9
1968	8.2	2.5	1993	6.9	1.2
1969	4.8	2.2	1994	5.6	1.4
1970	4.3	2.1	1995	5.5	1.4
1971	0.2	1.4	1996	3.8	1.1
1972	3.2	1.3	1997	6.3	1.2
1973	3.7	1.8	1998	4.7	1.2
1974	3.2	1.5	1999	4.3	1.4
1975	2.8	1.6	2000	6.0	1.2
1976	3.0	1.6	2001	-1.4	n.a.

Source: Central Bank of Sri Lanka

1.2 Growth Rate Oscillations and Political Vicissitudes

What becomes more readily evident than all else in a search for causal connections between economic growth and political stability is that prolonged political unrest has had the effect of retarding economic growth. To cite examples, the economic stagnation experienced in the late 1950s could, in substantial measure, be attributed to both recurrent communal violence as well as widespread trade-union unrest. Again, the adverse impact of insurrection on the performance of the economy is clearly reflected in the production records of the calamitous early 1970s and the late 1980s. What appears somewhat more problematic is whether economic stagnation or decay as portrayed by macro-economic data have generated political unrest. The related temporal correspondences being hazy, there is an element of conjecture in identifying growth-related causes for the political vicissitudes of post-independence Sri Lanka.

First, it could be suggested that in an agriculture-led economy in which the household incomes of a large segment of the population hovers around the 'poverty line', sharp output fluctuations in the short-term, unpredictable as these invariably are, create at the grass-roots an ethos of instability which, when combined with the impact of other destabilising factors, could find expression in political unrest.

Secondly, and perhaps more significantly, there is the curtailing impact of slow and uncertain economic growth on the labour market - wage rates and the labour absorption capacity of the economy. The statistical data on rates of employment, though defective in precision, leave no doubt whatever that within a long-term trend of increasing unemployment that has persisted almost throughout these decades (Table 1.2), periodic spells of exceptionally slow growth have tended to coincide with sharp upsurges of open unemployment. Additionally, in a consideration of the link between slow growth and rising unemployment, and their political repercussions, it is also necessary to bear in mind that deprivations caused by underemployment, especially in the informal sectors of the economy (a phenomenon hardly ever captured with precision through surveys of the labour market) could be as destabilising in their impact as high rates of unemployment.

There are two other features associated with labour force participation patterns which demand special emphasis in the present analysis. The first of these is the higher incidence of unemployment among those in the upper strata of education. The related estimates from the recently conducted socio-economic surveys indicate, in fact, that the highest rates of unemployment prevail among those with 11 or more years of formal education. The second feature is that, though the female participation rate has continued to remain substantially lower than that of the males, the post-1977 trends are that while the male participation rate has remained more or less unchanged, there has been a slow but distinct increase in the female participation rate in the labour force.⁵ What this feature suggests is the relatively slow growth of employment opportunities for the male segment of the labour force during the recent decades. While unemployment is a form of economic deprivation which causes social unrest under any circumstances, what has made it particularly volatile in Sri Lanka, creating the potential for anti-systemic insurrection, are the two features referred to here - the higher incidence of unemployment among the educated, and the slower expansion of employment opportunities for males.

5. Following 'liberalisation', it is in the garment industry that the expansion of the workforce has been more rapid than in any other field. There has also been a sharp upsurge of employment opportunities in the Middle-East during this period. In both these spheres, the overwhelming majority employed are women.

Table 1.3. Estimates of Labour-Force Participation Rates and Unemployment

Source/Year	Labour Force (‘000)	Participation Rate (%)			Unemployed (% of labour-force)
		Male	Female	All	
Census of Population, 1953	2,993	53.1	18.9	37.0	n.a.
Census of Population, 1963	3,464	49.8	14.2	32.7	16.6
Census of Population, 1971	4,888	50.7	19.1	35.4	18.7
Labour Utilisation Survey, 1975	4,957	50.2	22.1	36.6	19.7
Consumer Finances Survey, 1978/9	5,521	50.4	26.2	38.0	14.8
Census of Population, 1981	5,016	49.4	17.1	33.8	17.9
Consumer Finances Survey, 1981/2	5,282	49.7	19.4	34.3	11.7
Consumer Finances Survey, 1986/7	6,238	51.7	25.4	38.1	15.5
Central Bank Estimates, 1992	5,757	64.3	31.1	46.7	15.9
Central Bank Estimates, 1996	6,245	65.9	31.7	47.3	9.0

Note: Estimates furnished in several other sources have been excluded from this table because of wide divergences in the definitions of the basic concepts such as ‘labour force’ and ‘participation’ used. Though exact uniformity of definitions is not found even among those that have been cited here, the trends portrayed by the data up to 1986/87 could be regarded as being free of significant distortions. The estimates on 1992 and 1996, apart from not covering the entire country, are based on definitional framework which differs substantially from those of the earlier estimates.

1.3. Regional Inequalities of Economic Growth

Only a few estimates have ever been made of the gross ‘regional’ product (i.e. GDP disaggregated on a district or province spatial frame) that covers the whole country including the war-torn areas of the north-east. The estimates presented in Table 1.3 are based upon an annual compilation relating to the 6-year period 1990 to 1995 which show that, over this period, there were wide inter-provincial differences in the rate of growth, with the Northern Province recording a persistent decline. This table is also intended to facilitate a comparison between growth trends and changes in the incidence of poverty at the level of the province.

The decline in the gross product of the Northern Province by about 28% over the 6-year period covered by these data reflects the disruptive impact of the war. In the context of the fact that extensive areas of the Eastern Province were also affected by the war, its growth rate averaging 5% could be explained mainly with reference to trends of agricultural production in Ampara District in parts of which (i.e. ‘System C’ of the Mahaveli Programme) there was considerable expansion of the extent of land under irrigated agriculture during the early 1990s. The absence of a correlation between these two sets of data (growth rate and incidence of poverty) is yet another feature of special interest. In this respect, the Western Province with its annual growth rate well above the national average, and with a decline in the incidence of poverty, stands apart from the other provinces where, typically, regardless of variations in the rate of growth, there was an increase in the incidence of poverty. The largest increases in the incidence of poverty have been reported in the Northwestern and Uva provinces which have also had growth rates falling well below the national average.

Table 1.4. Average Annual Rates of Growth and the Incidence of Poverty, 1990-95

	Average Annual Growth (constant 1990 prices)	Incidence of Poverty (%)	
	1990 to 1995 (%)	1990/1	1995/6
N'Central Province	9.9	8.2	31.2
Western Province	6.4	15.2	13.3
Southern Province	6.1	23.7	26.5
Sabaragamuwa Province	5.3	23.1	31.6
Central Province	5.0	23.5	27.9
Eastern Province	5.0	n.a.	n.a.
Northwestern Province	4.3	18.0	33.9
Uva Province	3.5	23.7	37.0
Northern Province	-6.2	n.a.	n.a.
Sri Lanka	5.5.	22.4	25.2

Source: Gunawardena, 2000

1.4. Economic Growth, Inflation and Wage Rates

In a context of low levels of real income, high rates of inflation could have a politically destabilising impact. Among the several measures of inflation used in Sri Lanka, it is the Colombo Consumer Price Index (Table 1.4) that has been in more frequent use than any other. What the related data show is that up to about the late 1970s, barring a few exceptional years, the rate of inflation remained low, and that, thereafter, it has been persistently high with the rate in certain years exceeding 20%. It is also noteworthy that, while the relationship between economic growth and inflation has not been persistent, periods of relatively rapid growth (late 1960s, 1977-84, and 1990-94) have been featured by the higher rates of inflation. The extraordinarily high rates of inflation in the 1977-84 period was caused mainly by large-scale investment in capital development projects that had long periods of gestation.

Table 1.5. Changes in the Colombo Consumer Price Index

Year	% change								
1951		1961	+ 1.3	1971	+ 2.8	1981	+18.0	1991	+12.2
1952		1962	+ 1.4	1972	+ 6.3	1982	+10.8	1992	+11.4
1953	+ 1.2	1963	+ 2.4	1973	+ 9.6	1983	+14.0	1993	+11.7
1954	- 0.5	1964	+ 3.1	1974	+12.3	1984	+16.6	1994	+ 8.4
1955	- 0.6	1965	+ 0.2	1975	+ 6.7	1985	+ 1.5	1995	+ 7.7
1956	- 0.3	1966	+ 0.2	1976	+ 1.2	1986	+ 7.9	1996	+15.9
1957	+ 2.5	1967	+ 2.2	1977	+ 1.2	1987	+ 7.7	1997	+ 9.6
1958	+ 2.1	1968	+ 5.8	1978	+ 2.3	1988	+14.0	1998	+ 9.4
1959	+ 0.2	1969	+ 7.4	1979	+10.8	1989	+11.7	1999	+ 4.7
1960	- 1.6	1970	+ 5.9	1980	+26.1	1990	+21.5	2000	

Source: Central Bank of Sri Lanka

High rates of inflation could contribute to political unrest especially if rates of labour absorption and wage levels do not keep pace with inflation. That, in the long term, the rate of labour absorption has not kept pace either with expansion of the labour force or with inflation is abundantly clear from the temporal changes in the unemployment rates which have already been examined. But there have been periods during which upward revisions of salaries and wages and the rapid expansion in employment opportunities, and the resulting enhancement of households incomes, have at least partly offset the adverse effects of inflation. For instance, there were indications that the early aftermath of 'liberalisation' was a period during which the impact of such compensatory changes were clearly evident (UNICEF, 1985).

1.5. Household Income and Poverty: Trends up to the early 1980s

From the time of the first survey of household income conducted in Sri Lanka (1953), the average per capita real income in the country has increased in the long term, albeit with sharp short-term fluctuations. The income estimates, taken at face value, and considered alongside the other socio-economic indicators of development, also convey the impression that the long-term trend up to the early 1980s was one of decline in the incidence of poverty (i.e. the poverty headcount), sectorally (urban-rural-plantation), and in the country as a whole. If one were compare the household income estimates of 1985/86 with those of 1995/96, it appears that, in the more recent past, the earlier trend of decline in the incidence of poverty has persisted in the areas outside the north-east.⁶ In the war zone of the north-east where even the basic needs services have been defunct over prolonged spells, despite the lacuna of precise income estimates, there could hardly be any doubt that a substantial upsurge of poverty has occurred from about the mid-1980s.

On income distribution, it is widely believed that over the first twenty-five years after independence the trend in Sri Lanka was towards greater equalisation of household/personal real income. This belief, though based mainly on the data from the Surveys of Consumer Finances (CFS) conducted in 1953, 1963 and 1973, has been reinforced with sets of information on other income-related economic changes such as those concerning fiscal policies, wages, and other impacts of various equity-oriented reforms (Jayawardena, 1974; Lee, 1977; Moore, 1989), and has thus found general acceptance. The subject of income distribution trends from the early 1970s to the early 1980s has, however, been controversial (see, in particular, Lee, 1977; Bhalla & Glewwe, 1986; Isenman, 1987; Pyatt, 1987; Moore, 1989; Lakshman, 1997). What may be regarded as the view to which most critics explicitly or implicitly subscribe is that there was a significant widening of income disparities since the CFS of 1973. It has, for instance, been pointed out (Lakshman, 1997:180) that, while in 1973 the average income of the highest income decile was 16 times more than that of the lowest decile, by 1978/79 this ratio had increased to 33 times, and by 1981/82 to 36 times. A careful examination of the various viewpoints on this issue suggests that, while the notion of widening income differences between the rich and the poor which followed closely on the heels of 'liberalisation' cannot be discounted, a fairly large share of the increase in the disparities reflected in the CFS data (Table 1.5) should be attributed to the mutual incompatibility of the different data sets than to genuine changes in household incomes.

6. In most areas, however, the overall decline of poverty from the mid-1980s to the mid-1990s appears to have been only marginal and featured by short-term oscillations (See, 'poverty headcount' estimates of 1985/6, 1990/1 and 1995/6 furnished below).

Table 1.6. Income Distribution in Sri Lanka, 1963, 1973, 1978/79 and 1981/82

	1963	1973	1978/9	1/2
Urban Sector	0.51	0.41	0.51	0.54
Rural Sector	0.50	0.37	0.49	0.49
Estate Sector	0.41	0.37	0.32	0.32
Sri Lanka	0.50	0.41	0.49	0.52

Note: Gini coefficients based on estimates of average income in each income deciles

Source: Surveys of Consumer Finances

The differences in the poverty headcount estimates made at different points of time with data from the surveys conducted in 1963 and thereafter could be explained largely with reference to the absence of uniformity in the criteria used for fixing the 'poverty line'. Making allowance for this, however, it is possible to discern in the estimates the semblance of a long-term decline in the poverty headcount (a 'mild tendency', according to Lakshman, 1997:207) from about the late 1960s to the early 1980s, in each sector (urban-rural-estate), regionally (in the 'zones' into Sri Lanka is divided in CFSs), and in the country as a whole.

Almost all estimates (except Visaria, 1979; and Department of Census & Statistics, 1983) have placed the poverty headcount in the urban sector substantially lower than those of the rural and estate sectors. Throughout the 1970s, the 'headcount' in the estate sector, as estimated in the majority of studies, has also remained at least marginally lower than those of the rural sector. Regionally disaggregated poverty headcount estimates show that inter-zonal differences in the incidence of poverty in the four predominantly rural 'Zones' (of the regional frame used in the CFSS) are negligibly small. The 'headcount' in 'Zone 5' (Colombo city) has, of course, persistently remained lower than in the other zones.

1.6. Household Income and Poverty: Trends after the early 1980s

Subject to the qualification that the household income data on the past two decades do not cover the northern and eastern provinces of the country, the poverty headcount trends reflected in the data from the Household Income and Expenditure Surveys (HIES) conducted after the early 1980s appear more distinct than those of earlier times. Based upon a 'poverty line' fixed at a per capita monthly expenditure equivalent to Rs. 791.60 person/month in 1995/96 prices (regarded equivalent to the poverty thresholds applied in an earlier study (Dutt & Gunewardena, 1997), the World Bank (2000:A15) estimated that the overall poverty headcount dropped from 30.9% in 1985/86 to 19.9% of the population in 1990/91, and then increased to 25.2% in 1995/96. The features listed below have been highlighted in the commentary on these national trends and the related sectoral trends (World Bank, 2000:28-29):

- 'Income poverty' has remained fairly high in Sri Lanka, probably as high as 25% of the total population even outside the North-East;
- The long-term trend in overall poverty levels shows a decline over the period 1985-96. This is in conformity with the trend discernible in the data from the CFSs of 1986/87 and 1996/97;

- There has been a slower progress in poverty reduction between 1990 and 1996 than between 1985 and 1990. The short-term fluctuations of the 'headcount' have also been sharper in 1990-96 than in the earlier period;
- The drop in the rural poverty headcount between 1985/6 and 1995/6 has been greater than that of the urban sector. The estate sector recorded a decline in the incidence of poverty between 1985/86 and 1990/91, and a reversal of that trend thereafter;
- According to estimates by Gunewardena (World Bank, 2000:30), in 1995/96, the incidence of poverty exceeded 30% in several areas of the country, with the highest 'headcounts' recorded in the North-western Province (33.9%) and Sabaragamuwa Province (37.0%). There is uncertainty about whether this represented a short-term dip in agricultural incomes (caused by widespread failure of the paddy crop and low prices of rubber and coconut), or a trend of increasing impoverishment. The available income estimates for the 1990s, considered together with production and price trends in agriculture during the decade point, however, to the likelihood that the incidence of poverty increased appreciably in these predominantly rural areas of the country, in contrast to the more urbanised south-western lowlands.

1.7. Resource Allocation for Social Welfare

The strategies pursued by successive governments in the promotion of social welfare reflect certain policy commitments that have remained more or less constant throughout the period after independence. The data presented on trends and patterns of resource allocation on the main welfare services of the country since 1960 indicate that the overall government expenditure on education, health care and the food subsidy - three of the main spheres of social welfare - increased steadily throughout the 1960s and the '70s, with the food subsidy recording the highest rate of increase. When converted to per capita values, however, the trends of government expenditure become somewhat less distinct. To generalise, though the per capita expenditure on these services have fluctuated from year to year, one could discern a general trend of increase up to about the early 1980s, and a decline thereafter.

Throughout the first three decades after independence there was never an attempt on the part of the government to target the main welfare services to any particular segment of the population. Yet, there is no doubt that the urban sector benefited more from these services than the rural and 'estate' (i.e. plantation) sectors. The food subsidy (mainly a government subsidy of a part of the consumer need in rice, the staple food grain), for example, operated to the disadvantage of the producers of food - the peasantry. Again, since the facilities for health care and education were largely concentrated in the towns, it was the urban dweller who, on account of easier access, consumed a disproportionately large share of such services (Richards & Gooneratne, 1980; Peiris, 1982). Up until very recent times, those in the plantation sector benefited least from the government services in health and education - the related facilities receiving only a meagre flow of resources.

In 1978, the government discontinued the 'universal' food subsidy which had been in operation up to that time, and replaced it with a 'Food stamps Scheme' enabling its beneficiaries (so identified on the basis of low income) to barter the stamps for certain basic consumer goods. During its initial stages of the scheme covered about 50% of the total population and did provide a 'safety net' to the poor. However, since the barter value of the stamps issued to each family remained largely unchanged, with rising prices of consumer goods, the income transfer effect of the Food Stamps Scheme declined.

Even more significant from the perspectives of the present study is the fact that well over 90% of the 'estate' population, consisting as it does largely of the so-called 'Indian Tamils' did not receive the benefits of this subsidy.

The turbulent political conditions in Sri Lanka during the latter half of the 1980s prompted the government to embark upon a programme of direct 'poverty alleviation'. Janasaviya, as this multi-faceted programme was named, envisaged the provision of assistance to the most needy segments of the population not only in their consumption needs but also in the promotion of savings, investment and self-employment. In 1994, following a change of government, a programme, similar in design, but substantially larger in its level of investment and more elaborate in management, was initiated under the name of Samurdhi. The highly politicised nature of both these programme has hitherto prevented objective assessments of their achievements and failures. There are fragments of evidence which indicate that, in certain areas of the country, some of their objectives have, indeed, been achieved. What is of special importance to the present study is that neither Janasaviya nor Samurdhi reached the poor in the venues of armed confrontation in the Northern and Eastern provinces.

Apart from the sectoral imbalances in resource allocation and the exclusion of certain segments of the population from some of the recent welfare-oriented programmes referred to above, there is no evidence of any policy-induced group discrimination (or favouritism) in the patterns of resource allocation to social welfare. The related urban-rural differences are, however, likely to have had the effect of favouring (or discriminating against) those groups that are confined largely to one or the other sector. Although it is not possible to quantify the significance of these inequalities, one could generalise that the Sinhalese - the majority community - has certainly not been among the more favoured groups.

1.8. Social Welfare Indicators

International comparisons of the 'Physical Quality of Life' (Chenery & Syrquin, 1975; Isenman, 1980; Morris, 1980; World Bank, 1991) show that, on the basis of indicators such as life expectancy, mortality and literacy, Sri Lanka has made greater progress during the past few decades than almost all other 'developing' countries. This is mainly a result of the fact that, since about the late 1930s, the development strategies pursued in the country had a greater and more persistent commitment to the promotion of social welfare than those in most other countries at comparable levels of per capita national income, and that, in general, this policy focus on welfare has been a key factor in the advances made by the country in respect of increasing life expectancy and literacy, and lowering mortality and morbidity. (Note: HIV/AIDS rate in Sri Lanka has hitherto remained low, the number of 'positive' cases reported in early 2002 being about 4,000 (in a total population of about 19 million). Sri Lanka's vulnerability to the spread of AIDS, however, is considered to be high.

Table 1.7. Selected Welfare Indicators of Sri Lanka, 1950 to 1999

Year	Crude Death Rate (per 1000 of population)	Infant Mortality Rate per 1000 of live births	Life Expectancy at Birth (years)	Adult Literacy Rate (% of 15+ years population)	Per Capita availability of food (Kcal per day)
1950	12.6	82	42.2 ¹	62.2	1,990
1960	8.6	58	61.7 ²	70.6	n.a.
1970	7.5	48	65.5	77.9	2,060
1980	6.2	34	69.9	86.8	n.a.
1990	5.8	19	72.5	86.9	2,200
1999	5.6	17	n.a.	n.a.	n.a.

Notes: 1. estimate for 1946

2. estimate for 1963

Source: Department of Census and Statistics

1.9. Emigration and Loss of Manpower

In the early aftermath of independence British residents of Sri Lanka, employed mainly in the higher rungs of the administrative and professional services and in the plantation sector, left Sri Lanka, either to return home or to other colonial destinations. This was, of course, a continuation of an earlier trend. Similarly, throughout these times there was a slow but steady outflow from the 'Burgher and Eurasian' communities (0.63% of the population in 1946), mainly to Australia, which also represented a loss of scarce manpower resources for the country, their departure being induced mainly by the superior economic prospects of their new countries of domicile. From about the late 1960s, professionals from the other ethnic groups of Sri Lanka joined these streams of out-migration, more or less for the same reasons. In general, however, at least up to about the early 1980s, manpower losses resulting from emigration tended to be considered a phenomenon of negligible economic importance, except perhaps in fields such as higher education.

Political instability, especially the intensification of the ethnic conflict, enhanced the earlier processes of manpower losses due to migration, adding to its earlier economic impulses the desire for personal security. Thus, for example, recent reports of the UNHCR indicate that, by 1995, there were 363,000 asylum seekers from Sri Lanka who have been settled as 'Refugees' under the 1951 convention relating to the status of refugees (241,000 in Europe and 123,000 in North America). The number of Sri Lankan Tamil refugees in other countries excluding India is estimated to range between 150,000 and 200,000. Though there is wide diversity in the estimates on Sri Lankan refugees in India, they point to a figure of about 150,000. Thus, the total number of persons who have migrated from Sri Lanka on a permanent basis as refugees may be placed at about 700,000. This number consists almost entirely of Sri Lankan Tamils. However, the 'professionals' among the migrants - doctors, engineers, architects, lawyers, university teachers etc. - include large numbers from other communities as well. Granting the fact that only a segment of the 'refugee' population would fall into the category of 'scarce resources', in the context of the relevant scale parameters, the manpower losses of the recent decades caused by emigration from Sri Lanka should be considered very large and severely detrimental in its impact on the country.

Summary

1. **Economic Growth:** The long-term rate of growths of Sri Lanka's economy has been low. It has, however, been subject to short-term fluctuations. Since the introduction of a package of economic policy reforms in late 1970s, the growth rate, though profoundly affected by political instability, has, in general, been higher than those of earlier times.
2. **Unemployment:** One of the main consequences of slow growth was increasing unemployment which, with rising aspirations generated by the advances in the field of general education and mass communication, became, in course of time, the most volatile problem of the country from a political perspective. While unemployment is a form of economic deprivation which causes social unrest under any circumstances, what has made it particularly volatile in Sri Lanka, creating the potential for anti-systemic insurrection, are the two features referred to here - the higher incidence of unemployment among the educated, and the slower expansion of employment opportunities for males.
3. **Impact of 'Liberalisation':** The economic policy reforms initiated in the late 1970s under the rubric of 'liberalisation' had the intended effect of accelerating economic growth. At the same time this policy has increased inflation. Several critics have also subscribed to the view that the reforms have also had the effect of widening income disparities.
4. **Household Income and Poverty Trends:** It is necessary to exercise caution in tracing temporal trends from the household income data on Sri Lanka especially because the data generated by the related surveys that have been conducted from time to time lack mutual compatibility. Nevertheless it appears that there has been a general long-term trend of decline in the incidence of poverty over the past five decades. However, since the mid-1980s, the incidence of poverty is likely to have increased in the war-affected areas of the 'north-east'. Almost all estimates have placed the poverty headcount in the urban sector substantially lower than those of the rural and estate sectors.
5. **Social Welfare Trends:** At least from about the mid-1930s, Sri Lanka's development efforts have had a special focus on social welfare. Per capita expenditure on government-sponsored services such as those in health care, education, housing, water supply and direct poverty alleviation has been relatively high (compared to that of most low income economies), but has fluctuated from year to year. In the overall levels of social welfare expenditure, it is possible to discern a general trend of increase up to about the early 1980s, and a decline thereafter. In the long-term Sri Lanka has made substantial advances in social welfare. But these have not been shared equally by the different segments of the country's population. The benefits of government-sponsored social welfare have accrued more to people living in urban areas. Up until very recent times, those in the plantation sector benefited least from the government services in health and education - the related facilities receiving only a meagre flow of resources. Moreover, the benefits of the direct 'poverty alleviation' programmes that have been in operation since the late 1980s - Janasaviya and Samurdhi - have not reached the poor in the venues of armed confrontation in the Northern and Eastern provinces.
6. **Emigration:** Political instability, especially the intensification of the ethnic conflict, enhanced the earlier processes of manpower losses due to migration, adding to its earlier economic impulses the desire for personal security.

Factor # 2. Resource Base and the Structure of the Economy

Does Sri Lanka have diverse and expanding, or limited economic production capacities?

2.1. Changes in the Patterns of Production

The main structural changes of the economy of Sri Lanka since the early 1960s are reflected in Table 2.1. Similar estimates on the 1950s, though available in published form, do not have the identical classification frame.

	1960	1970	1980	1990	2000
Agriculture, Forestry & Fisheries	38.8	35.8	28.3	26.3	19.4
Mining & Quarrying	0.5	0.7	2.3	2.4	1.9
Manufacturing	11.6	11.0	15.1	14.9	16.8
Transport, Storage & Communication	8.3	9.3	9.4	9.9	11.7
Public Administration, Defence & Other Services	9.6	15.2	16.9	9.1	9.2
Construction	4.5	6.3	7.2	7.4	7.3
Electricity, Gas, Water & Sanitary Services	0.1	0.2	1.4	1.3	1.2
Trade	14.7	15.3	19.2	21.3	22.6
Banking, Insurance & Real Estate	0.9	1.3	3.9	4.5	8.1
Ownership of Dwellings	3.4	3.4	2.4	2.4	1.8
G.D.P.	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Sri Lanka

The more important macro-economic changes portrayed by the data presented in Table 2.1. are:

- the drop in the share of the gross domestic product accounted for by Agriculture, Forestry and Fisheries; and
- the concurrent increase in the share of 'Industries' (Mining and Quarrying, and Manufacturing), Construction, Trade and Financial Services.

It is, of course, not possible to determine with precision the manner in which these changes either reflect or have affected the overall production 'capacity' of Sri Lanka's economy. A brief survey of the changes witnessed in the different sectors of the economy, however, could provide the basis of certain observations on their respective production capacities and ranges of opportunities.

2.2. Trends of Agricultural Production

2.2.1. Production Trends in Peasant Agriculture

In the sectoral output trends, it is in 'Peasant Agriculture' that one could discern the most tangible long term-gains. The production of paddy, for example, recorded an increase from approximately 0.25

mmt/year during the triennial period 1945-47 to about 2.4 mmt/year in the triennial period 1994/96. Genuinely spectacular advances were indeed made in paddy production over the period mid-1960s to the early 1990 under the combined impact of 'Green Revolution' technology and the rapid expansion of irrigated agriculture. While this enabled domestic rice production to increase the share of the country's total demand to which it catered from about one-third at the time of independence to slightly over 90% by the mid-1990s, what the evidence from many detailed surveys of 'production economics' in paddy conducted during this period suggest is that it is only in certain situations - especially those featured by an assured supply of irrigation water for two crop seasons - that the output increases brought about a sustained increase of real income to the producers of paddy. To be more specific, there appears to have been a general elevation of paddy producers' income up to about the early-1980s, and, thereafter, the net income from paddy appears to have levelled off or dipped mainly as a result of large increases in the cost of inputs without a corresponding increase in yields. The segment of the population that experienced the direct impact of these changes in the paddy sector consists largely of the Sinhalese peasantry.

The so-called 'Other Field Crops' (OFCs) ⁷ constitute another component of peasant agriculture in which major changes in the pattern of production have been witnessed during the past few decades. In these, according to estimates published by the Central Bank, the total output which is estimated to have averaged 40,000 mt/year during the three-year period 1950-52, increased to 252,000 mt/year during the three-year period 1994-96. The increase in the output of OFCs could also be regarded as representing a diversification of the production capacity in peasant agriculture. Almost throughout the first three decades after independence, domestic production of these commodities was largely confined to the Jaffna peninsula. Horticulture in this part of the country, with its highly deserved reputation for the efficiency of production and marketing operations, generated high income, specially in the protected market milieu of pre-'liberalisation' times. From about the late 1970s, the significance of this source of income to the Jaffna peasant declined as a result of both the lifting of import restrictions under the general policy framework of trade liberalisation', as well as the emergence of new areas for the production of these commodities which was also an outcome of government policy in agriculture. ⁸ While the lifting of import restrictions on OFCs depressed their prices in the domestic market and thus benefited mainly the urban consumer, the beneficiaries of new land being brought under some of the more important OFCs were almost exclusively the Sinhalese settlers on land developed under the Mahaveli Programme. Assuming the veracity of some of the estimates that have been made of income from horticulture in the Jaffna peninsula under the restrictive trade policies of the that were in force up to 1977, the changes that came in the wake of 'liberalisation' could undoubtedly be seen as a major curtailment of production capacities of the Tamil peasantry of Jaffna.

2.2.2. *Production Trends in Plantation Agriculture*

Plantation agriculture is a segment of the economy that has failed to make tangible advances during the past 30 years. The decline in the fortunes of the plantation sector began with the 'nationalisation' of plantations during the programme of land reform implemented in Sri Lanka from 1972 to 1976. One of the related changes that are important to the perspectives of the present study is the steady decline

7. The official production estimates on OFCs are compiled on the basis of data relating to chillies, onion, potato, green gram, sugar cane and maize. Most of these crops generate substantially higher returns per unit of land/labour than paddy.

8. Gunasinghe N (1986): 37-67

in the 'effective acreage' under tea and rubber (the main plantation crops) by an estimated 150,000 ha between 1970 and 1999. While a part of this decline could be attributed to the conversion of plantation land to other uses, the abandonment of large extent of 'marginal' (i.e. less productive) plantation land has also been a major cause. This reduction of the 'effective acreage' under tea and rubber has lowered the labour requirements in the plantation sector which, in turn, has had the effect of curtailing the employment opportunities of the 'Indian Tamils' who constitute the bulk of the plantation labour force.

2.3. Production Trends in the Tertiary Sectors of the Economy

The most pronounced structural change witnessed in the economy of Sri Lanka in the recent decades is the increase in the relative importance of tertiary activities - especially trade, services, and manufacturing - in respect of both value of output as well as employment. This change could be interpreted as a consequence of the emergence of new economic opportunities, mainly though not exclusively in urban areas. The emergence of manufacturing and certain service industries such as tourism also marks a distinctive shift away from the near-exclusive dependence on the plantation sector for foreign exchange earnings (which was a feature of the economy inherited from colonial rule) to a diversification in respect of export commodities, foreign earnings, and external trade links.

Foreign investment in Sri Lanka during the past two decades has been largely confined to the tertiary sector, and represents one of the main beneficial consequences of 'liberalisation'. As seen in the data furnished in Table 2.4, despite the political turbulences that have persisted almost throughout the period 1979-1999, approximately 56.7% of the capita in manufacturing and the services enterprises established within the new policy framework is accounted for by foreign investment.

Table 2.3. Changes in Foreign Trade: Sri Lanka, 1948 to 1999 (% composition of total value)

	1948	1999
Exports		
Tea, Rubber & Coconut products	89.9%	19.1%
Minor Export Crops	3.8%	3.2%
Manufactured Goods	-	72.7%
Others (mainly semi-processed minerals)	6.3%	4.9%
Imports		
Consumer Goods	52.2%	19.0%
Intermediate Goods	10.7%	54.9%
Investment Goods	37.1%	22.5%
Others	-	3.7%

Notes: Export estimates exclude re-export of petroleum products
Source: Central Bank of Sri Lanka

Table 2.4. Investment in the Industrial Sector, 1979 to 1999

Field of Industry	Estimated total Investment (Rs. million)	
	Foreign Investment	Total Investment
Manufacturing	38,714.9	65,183.2
Service Industries	41,502.2	66,618.5
Primary Industries	2,481.4	6,181.1
Total for all Industries	88,637.6	156,252.4

Notes: These data relate to the ventures approved by the Greater Colombo Economic Commission/Board of Investment, and probably cover the entirety of foreign investment in industry, and well over 90% of all industrial investment during this period.

Source: Board of Investment

2.4. Employment Opportunities

The estimates available on unemployment rates at various times during the past few decades examined in Section 1 of this report indicate that employment opportunities in the economy have remained scarce in relation to demand, with 'open unemployment' ranging between about 12% and 25% since the mid-1970s. During this period, however, there has been a substantial increase in the employment opportunities in certain segments of the economy and for certain categories of workers. The details relating to this latter phenomenon, as outlined below, could be regarded as representing a diversification of economic opportunities. The non-availability of the related data precludes any attempt at a sectoral (urban-rural) disaggregation of employment data. In the purview of formal economic activities, however, there has been a substantial increase in the relative importance of the job market of the private sector. At a very rough estimate, the proportion of the workforce accounted for by the private sector could be placed at about 60%.

2.4.1. Employment in Modern Manufacturing and Service Industries

Ever since the introduction of the package of economic policy reports in the late 1970s, there has been a rapid increase of the numbers employed in export-oriented manufacturing industries and in modern service industries (especially those relating to tourism, education, curative health care). These could be considered as representing the response of the private sector - local and foreign - to the package of incentives offered under the new policy dispensation. The values tabulated below (Table 2.5) leave little room to doubt that, during the past two decades, it was in these segments of the economy - export-oriented manufacturing and modern service industries - that the largest increases in employment opportunities were recorded. It should also be noted that the large majority of these employment opportunities generate low wages (approximately \$1 to 1.50 per day), and that females account for over 75% of the total employed. A sectoral disaggregation of these data is not available. It could, however, be assumed that an overwhelmingly large share of these jobs emerged in urban areas, offering employment to those in the relatively lower age strata of the labour force in both rural as well as urban sectors.

Table 2.5. Employment in Private Sector Manufacturing and Service Ventures established from 1978 to the end of 1996

Category	Male	Female	Total
Labour Grades	35,451	157,507	192,958
Supervisory Grades	4,512	4,388	8,900
Technical	4,075	663	4,738
Administrative	2,720	946	3,666
Clerical & allied Grades	3,400	4,513	7,913
Other	6,399	17,393	23,792
All Categories	56,557	185,410	241,967
percent of total	23.4%	76.6%	100.0%

Note: The table refers to ventures that came within the purview of the Greater Colombo Economic Commission and, later the Board of Investment, and hence cover an overwhelmingly large share (probably well in excess of 90%) of all 'industrial ventures' that were launched during this period.

Source: Board of Investment, Sri Lanka

2.4.2. Employment in the Security Services

The armed services, the police, and the private sector security services also constitute an avenue of employment that has expanded rapidly during the recent decades. The related numerical data, available only for the state sector security services, point to an overall expansion from about 50,000 in 1980 to about 250,000 in 1999. It is not possible to discern a sectoral bias in the employment opportunities in this field.

2.4.3. Employment Opportunities Abroad

Sri Lankan workers venturing out of the country in large numbers for employment is a relatively recent phenomenon the origin of which could be traced back to about the early 1970s. According to the Sri Lanka Bureau of Foreign Employment, the number of such migrant workers increased steadily until about the mid-1990s when the annual out-flow reached a peak of about 170,000 persons. Their

total number at a given point of time is not known; but related estimates of the recent past suggest that it could be as high as 500,000. Typically, these migrants remain outside the country for several years. The large majority among them work in West Asia in skilled and semi-skilled labour grades. An estimated 75% of expatriate Sri Lankan workers in West Asia are women employed as domestic servants. They remit their savings to Sri Lanka. Such remittances now constitute an important source of foreign income for Sri Lanka. The benefits of employment opportunities in West Asia have accrued largely to the Sinhalese and the Muslims. Only a very few Tamils have utilised this avenue.

2.5. The Informal Economy

What is known about the 'informal economy' of Sri Lanka is based on general observation, the occasional press report, and a few community-level studies. In the case of certain economic activities it is, indeed, the fact that they do not fall within the purview of official enumerations that makes them 'informal'. 'Informal economic activities' may be placed in two broad categories - licit and illicit. In Sri Lanka, as in other less developed countries, the former category is large, and consists of a wide variety of occupations at the levels of both individual households as well as communities (rural and urban). There is often an absence of a distinction between many of these and occupations in some of the formally enumerated fields of 'self-employment'. Yet another feature which Sri Lanka shares with other less developed countries is the absence of a clear distinction between licit and illicit activities. As Moore (1998) has correctly pointed out, even in many activities that fall well within the 'formal sector', there tends to be many transactions outside the bounds of legality.

There is an abundance of evidence which indicates that an enormous expansion of illicit economic activities has been witnessed in during the past few decades. Given the clandestine nature of these activities, no quantification of this phenomenon is possible. However, the indications are that its expansion has been part and parcel of the changes that have accompanied both economic liberalisation as well as the escalating ethnic conflict. More specifically, the available evidence shows that from about the early 1980s, Sri Lanka has increased in importance both as a point of transit in the outflow of narcotics from the opium-growing areas of inner Asia (especially the 'Golden Triangle' and the 'Golden Crescent') as well as a market for heroin and cannabis - the latter, mainly a result of the expansion of tourism. In addition, there appears to have been an increase in the smuggling of goods between India and Sri Lanka. The emerging socio-economic ethos in the country is also believed to have brought about a general increase of bribery and corruption in public life at all levels. There have, for instance, been several major scandals involving those at the highest levels of government associated with the 'privatisation' of state-owned capital assets and the procurement of arms and other war-related goods. Though these yet remain un-investigated, they have had an adverse impact on the public and investor confidence in the government.

Summary

1. Structural Changes of the Economy: The most significant macro-economic structural change in the post-independence period is the drop in the share of the gross domestic product accounted for by Agriculture, Forestry and Fisheries, and the concurrent increase in the share of 'Industries' (Mining and Quarrying, and Manufacturing), Construction, Trade and Financial Services.
2. Changes in Sectoral Production Capacities:
 - Among the different sectors of the economy it is in 'Peasant Agriculture' that one could discern the most tangible long-term gains. There appears to have been a general elevation of paddy producers' income up to about the early-1980s, and, thereafter, the net income from paddy appears to have levelled off or dipped mainly as a result of large increases in the cost of inputs without a corresponding increase in yields. The segment of the population that experienced the direct impact of these changes in the paddy sector consists largely of the Sinhalese peasantry.
 - 'Liberalisation' policy reforms initiated in the late 1970s, had the effect of curtailing production capacities in commercial horticulture which was a major source of income to the Tamil peasantry of Jaffna in earlier times.
 - Over the past few decades there has been a progressive reduction of the 'effective acreage' under tea and rubber. This has lowered the labour requirements in the plantation sector which, in turn, has had the effect of curtailing the employment opportunities of the 'Indian Tamils' who constitute the bulk of the plantation labour force.
 - Manufacturing & service industries have made significant advances under 'liberalisation'. The benefits of this have not reached the politically turbulent 'north-east' where the majority of Sri Lanka Tamils live. Employment opportunities in these fields generate low wages. This has the potential of causing social unrest even in the Sinhalese-majority areas.
 - 'Informal economic activities' are almost always important in agrarian/rural economies. A range of new informal activities (smuggling, narcotics transactions) has emerged in importance during the past two decades. This has had far reaching adverse effects on the economy and society - increase of corruption in public life, crime, and moral degeneration.

Factor # 3. Population Distribution

Are population pressures exacerbating competition over resources?

A brief reply to this question should be in the affirmative, and should be based upon the considerations of existing high overall population density in the country, and the scarcity of resources in relation to the demand, in the context of the rapid expansion of the country's population up to about the 1980s, and the decelerated yet substantial population increases since that time. These resource-related demographic features imply that, at least in respect of certain basic natural resources, there has been, and there will continue to be competition over the control and use of resources between groups,

especially where the population is ethnically heterogeneous. Various sets of information that pertain to the features outlined above are presented in the sections that follow.

3.1. Population Growth

Table 3.1. Population Growth in Sri Lanka, 1946 to 1996

Census Year	Total Population (000s)	Average Annual Growth Rate (%)
1946	6,657	3.1
1953	8,098	2.8
1963	10,582	2.7
1971	12,690	2.2
1981	14,846	1.7
1991 ¹	17,247	1.4
2001 ²	19,200	1.1

Notes: 1 Mid-year estimate by the Department of Census & Statistics

2 Estimate of the total population of Sri Lanka based on a census enumeration which did not cover the Northern Province and the districts of Trincomalee and Batticaloa of the Eastern Province

The data tabulated above show:

- that there has been an almost three-fold increase of Sri Lanka's population during the second half of the 20th century;
- that, throughout this period, there has been a steady decline in the rate of population growth in the country.

In both density of population as well as rate of population growth, there are wide spatial diversities. This is reflected in Table 3.2. which shows that, at the census of 1981, while the average population density in Sri Lanka was 230 per km², it varied from above 1,500 km² in Colombo District to 48 km² in Vavuniya District.⁹ The spatial variations of population growth rates are reflected in the fact that between 1946 and 1981, while the increase in the population density in the southern districts of Galle and Matara was, respectively, 81.1% and 75.5%, the corresponding value for the northern district of Jaffna was 409.0%. During this period, in Sri Lanka as a whole, the population density increased by about 123.3%.

9. The data from the census of 1981 are being used here because there has been no enumeration of population that covered the entire country since that time. See notes appended to Table 3.1. Note also that in 1946, Colombo District consisted of the present districts of Colombo and Gampaha, Navuniya District included the present Mullaitivu District, Badulla included Monaragala, and Anuradhapura included Polonnaruwa. The tabulated averages have been adjusted accordingly.

Table 3.2. Changes of District Population Density in Sri Lanka, 1946 to 1981

District	1946	1981	District	1946	1981
Colombo & Gampaha	687	1,514	Vavuniya & Mullaitivu	6	40
Kalutara	286	602	Batticaloa & Ampara	29	103
Kandy	304	550	Trincomalee	28	97
Matale	68	179	Kurunegala	103	252
Nuwara Eliya	221	351	Puttalam	108	164
Galle	275	498	Anuradhapura & Polonnaruwa	14	54
Matara	286	502	Badulla & Monaragala	45	109.7
Hambantota	58	164	Ratnapura	107	245
Jaffna	166	845	Kegalle	245	405
Mannar	13	53	Sri Lanka	103	230

Note: Intra-district variations of population density are also substantial, especially in districts such as Batticaloa, Ampara, Badulla and Monaragala.

Source: Department of Census & Statistics

3.2. Population and Natural Resources

In the long-term, spanning (say) the past one-hundred years, the basic natural resources of Sri Lanka have become increasingly scarce - the known resource base and the technologies applied to resource exploitation having remained more or less static, and the resource demands of the expanding population having increased and diversified. As the sketches that follow illustrate, the acute scarcity of the basic natural resources, which is a serious problem even at present, is likely to act as one of the most formidable constraints on future production capacities of the country.

3.2.1. Overall Availability of Land

Sri Lanka has a total land area including land covered by inland water bodies, of approximately 6.56 million ha. Its distribution among the main climatic zones is as follows:

Table 3.3. The Zonal Distribution of Land in Sri Lanka

Wet Zone	1,524,512 ha	23.5 %
Intermediate Zone	871,182 ha	13.3 %
Dry Zone	4,171,781 ha	63.5

Source: Land Commission, 1990

From a resource point of view, this extent could be regarded as the 'upper limit of physical availability' of land which, given the need and the techno-economic capacity, could be harnessed for innumerable uses.

Perhaps the most pronounced feature concerning the physical availability of land in Sri Lanka is its long-term trend of decline in relation to the size of the population. When converted to per capita values, the land availability is seen to have declined from about 2.0 ha at the end of the 19th century to less than 0.3 ha at the end of the 20th century. The extent of land available for agriculture, human settlements and other more common human activities, given the prevailing techno-economic milieu, is,

of course, considerably less than the overall total extent of the land. Making allowance for the land that needs to be set apart for conservational purposes, the 'upper limit of potential economic availability' of land may be placed no higher than about 4.5 million ha. This includes the land presently in use which would account for approximately two-thirds of this 'upper limit'.

In the circumstances outlined above, and in the prevailing technological milieu, for the country as a whole, land is an acutely scarce resource. From perspectives of inter-group relations, the significance of this fact is enhanced by the consideration that the physical potential for further expansion of agriculture and human settlements is almost entirely confined to the drier areas of the country.

3.2.2. *Water Availability and Needs*

Since water requirements are determined by the highly complex interaction of a variety of factors each of which is featured by wide ranging temporal and spatial diversity, it is not possible to make precise assessments of the availability of water in relation to requirements, either for Sri Lanka as a whole, or any part thereof. There are, however, certain general estimates of water requirements worked out at a global scale (Falkenmark, Lundqvist & Widstrand, 1989; Gleick, 1996) which may be used for the purpose of gaining insights into comparative conditions pertaining to water availability and needs in the country. Applying the estimates given in the former study,¹⁰ for the purpose of estimating the 'Total Available Water Resource' at both national and district levels,¹¹ Amarasinghe, Mutuwatta & Sakthivadivel (2000) have shown that, at present (represented by estimates on 1991), with an overall average annual per capita water availability of 2,800 m³, there is no severe water inadequacy in the country as a whole, but that in districts such as Colombo, Jaffna and Puttalam where the average per capita availability falls below 1,000 m³, the level of availability is substantially below what is deemed the ideal requirement for human health and well being. The more important finding of this study is that, by the year 2025, determinants of water availability remaining constant, but with the projected increase of population, while the overall national average of per capita availability of water will decline to 1,928 m³, in 5 districts it will drop to less than 1,000 m³. Even if one were to question the validity of the threshold values used by these researchers, their study has undoubtedly highlighted two vitally significant facts concerning water as a resource in Sri Lanka - first, that its per capita availability varies widely from one district to another, and second, that effective steps towards conservation and efficient use of water are urgently needed to avert severe scarcities in many parts of the country in the near future.

10. According to Falkenmark, Lundqvist & Widstrand (1989), a per capita water supply of 1,700 m³ per year is the water stress threshold for a country in the sense that, while at a level of supply above this threshold, water scarcities are rare, a supply of less than 1,700 m³ usually means seasonal or regular water-stress conditions. Below 1,000 m³ of supply, water shortages begin to hamper human health and well-being.

11. The total available water resource (T) in each district has been estimated as the sum of the Inflow (precipitation within the district, and the net surface flow of water along rivers, channels etc. from other districts), the Net Groundwater Recharge, and the change in Reservoir Storage carried over from one year to the other. Needless to stress, the values on these parameters could be no more than very rough estimates.

Table 3.4. Estimates of Per Capita Water Availability, 2025 - Sri Lanka & Districts (cubic meters per person)

Colombo	449	Galle	2,817	Batticaloa	1,907	Mannar	1,323
Gampaha	871	Matara	1,806	Trincomalee	2,508	Vavuniya	1,676
Kalutara	3,438	Hambantota	1,604	Polonnaruwa	6,888	Mullaitivu	3,416
Kandy	717	Badulla	2,227	Anuradhapura	1,684	Kilinochchi	1,525
Nuwara Eliya	2,146	Monaragala	4,877	Kurunegala	914	Jaffna	284
Matale	2,275	Ampara	3,209	Puttalam	579	Sri Lanka	1,928

Source: Amarasinghe, Mutuwatta & Sakthivadivel, 2000

3.2.3. *Forest Resources*

In the context of rapidly increasing demand for land for agriculture and other human uses, the forest resources of Sri Lanka have become alarmingly scarce. The related basic data point to a general trend of decline in the extent of forest cover in the country, one which has persisted almost throughout the past 200 years. The rate of decline, however, appears to have varied from time to time. An estimate made in the early years of the 20th century soon after the completion of the first round of country-wide ordinance surveys (by which time at least about 300,000 ha of forest would already have been cleared to accommodate, first, the coffee plantations, and then, the early upsurge of plantation tea and rubber) placed the extent then covered by forests at 3.3 million ha or, roughly, 49% of the island. This estimate, unlike those made at various times in the 19th century, did not include under the category of 'forest' the land devoted to shifting cultivation (chena). Had chena land been included the estimate would have been about 65-70%. In the early decades of the 20th century, expanding economic activities do not appear to have made significant inroads into forest land. For example, the increase in the extent of land under plantation rubber which commenced at the turn of the century and reached 200,000 ha by 1930, and the concurrent addition of 100,000 ha of tea to the plantation sector, appear to have been, by a large, a process of converting land under other agricultural uses including chena cultivation, to plantation crops. Thus, at the time of independence, an estimated 48% of the country was still forested. Since then, however, there appears to have been a remarkable acceleration of the rate of deforestation - one that is estimated to have averaged about 44,000 ha per annum. According to official estimates, roughly about 22% of the country still remains under forest cover. Certain experts in the field of Ecology believe, however, that 'closed canopy' forests extend over no more than 10% of the country.

3.2.4. *Other Basic Resources*

Sri Lanka, has easy access to an abundance of aquatic resources (including those of wetlands), only a small proportion of which is presently being exploited. In mineral resources, the country is not particularly well endowed. It is believed that in minerals such as gemstones, graphite, ilmenite, quartz, mica, industrial clays and salt the resource potential is considerable. Of fuel minerals, the only known resource is the low grade peat, the total reserve of which is believed to be about 50 million mt. As for minerals that form the basis for metallurgical industries, only iron ore has been found in quantities that are of some economic significance. Among these resources, gemstone, graphite and ilmenite have some importance in export trade.

3.3. Population Distribution, Group Identities and Resources

The 'groups' referred to in this section are those identified on the basis of ethnicity. The main ethnic groups of Sri Lanka are the Sinhalese (74.0%), Sri Lanka Tamils (12.6%), Muslims (7.4%), and Indian Tamils (5.6%). [Note that the values shown in parenthesis are the percentages of the respective groups at the census of population conducted in 1981]. There is a fairly close correspondence between ethnicity and religion. While the overwhelming majority of Sinhalese are Buddhist (69% of the country's population), the overwhelming majority of Tamils are Hindus. Muslims are adherents of Islam. Christianity (7% of Sri Lanka's population) draws its followers from the Sinhalese and Tamil communities. The mother tongue of the Sinhalese is Sinhala, and that of the Tamils is Tamil. The majority of Muslims are Tamil-speakers.

The Sinhalese invariably constitute the majority in the southern, western, central and north-central parts. While in the southern lowlands, this group accounts for over 90% of the population, elsewhere in these parts their share ranges from about 70% to 90% except in the main tea plantation areas where it drops to about 40%. The foremost concentration of the Sri Lankan Tamils is found in the Jaffna peninsula (which is almost exclusively Tamil) and in the adjacent parts of the northern lowlands. In 1981, these areas accounted for about 50% of the total Sri Lankan Tamil population of the country. Smaller Sri Lankan Tamil agglomerations are also found along the eastern littoral where the Tamil settlements are juxtaposed with those of the Muslims and, less frequently, with Sinhalese settlements. Approximately 27.4% of the Sri Lankan Tamils live outside the northern and eastern areas, usually in urban settlements. On a regional scale, the principal concentrations of the Muslims are encountered in the eastern lowlands. In many other areas, however, they form an important segment of the urban and sub-urban population. Such pockets of Muslim population are found along the west coast and the highland areas of the interior. The Indian Tamils, the vast majority of whom are engaged in plantation crop production, live in large numbers in the higher areas of the Central Highlands. The Colombo Metropolitan Region is an area of mixed ethnicity.

A Note on Population Change from 1981 to 2001

According to a preliminary press release by the Department of Census and Statistics on the results of the population census conducted in July 2001 (after a lapse of over 20 years) in all administrative districts of the country barring Jaffna, Mullaitivu and Kilinochchi, and parts of the districts of Mannar, Vavuniya, Trincomalee and Batticaloa, the total population of the country (including projected interpolations on the excluded districts) had risen to 18.73 million at the time of the census. What is of special interest in these estimates, provisional though they are, is that fairly pronounced changes appear to have occurred between 1981 and 2001 in the ethnic composition of the country as a whole and in some of the provinces. In the total population of Sri Lanka, while the Sinhalese and Muslims proportions have increased, respectively, to 81.9% and 8.0%, the Sri Lanka Tamil and Indian Tamil proportions have dropped to 4.3% and 5.1%. The reported decline of the Sri Lanka Tamil population ratio from 12.7% in 1981 to 4.3% in 2001 might not be accurate. Nevertheless, there is little room to doubt that a substantial drop has occurred. This diversity in the magnitude and direction of change at the national level is explained mainly with reference to the effects of large-scale emigration of Tamils (outflow of 'refugees'), and, to a lesser extent, to inter-ethnic differences in fertility rates. At the provincial level, internal displacement (mainly on account of the conflict) has also contributed to the change.

Table 3.5. Ethnic Composition of the Population of Sri Lanka, 1981

	total population per country / province	% of the total				
		Sinhalese	SL Tamil	Ind. Tamil	Muslim	Other
Western	3,919,807	84.7	5.8	1.5	6.9	1.1
Central	2,009,248	65.6	7.5	19.0	7.5	0.4
Southern	1,882,661	95.0	0.8	1.3	2.7	0.2
Northern	1,109,404	3.2	86.3	5.7	4.6	0.2
Eastern	975,251	25.0	40.9	1.1	32.5	0.5
N'Western	1,704,334	89.9	2.8	0.5	6.6	0.2
N'Central	849,492	91.2	1.6	0.5	6.9	0.2
Uva	914,522	76.2	4.7	15.1	3.7	0.3
Sabaragamuwa	1,482,031	85.4	2.3	8.8	3.4	0.1
Sri Lanka	14,846,750	74.0	12.7	5.5	7.3	0.5

Notes: 1. The distinction between the 'Sri Lanka Tamils' and 'Indian Tamils' lacks precision on account of inconsistency on the part of census enumerators in placing those of 'recent Indian origin' (i.e. plantation Tamils) who had secured Sri Lanka citizenship in one or the other category of the Tamil population.

2. 'Other' include Burghers, Parsees, Veddhas, and a small number of various other permanent residents of Sri Lanka

Source: Department of Census & Statistics

In the context of the general scarcity of basic resources in the country as a whole referred to above (Section 3.2), there is a wide spatial diversity of the availability of these resources within the country. It is this spatial diversity that is exemplified in inter-group differences in respect of access to such resources. It is not possible to attempt an exact quantification of such differences. As a generalisation, however, it could be said that some of the main population concentrations of the minority communities - the northern lowlands and the eastern littoral - is less well endowed with both arable land as well as water for surface irrigation than most other parts of the country. This is borne out in Figure 2 which brings out in sharp focus the contrasts between the predominantly Tamil districts of Vavuniya, Mullaitivu, Mannar, Kilinochchi and Jaffna, on the one hand, some of the predominantly Sinhalese districts such as Colombo, Gampaha, Kegalle, Matara, Kalutara, Galle and Ratnapura, on the other.

3.4. Miscellaneous Demographic Parameters

3.4.1. The 'Youth Bulge'

In Sri Lanka, as in other countries that have experienced a rapid 'natural increase' of population, a relatively large share of the population falls into the lower age groups, with those in the age strata of 16 to 29 years accounting for almost 30% of the population recorded at the census of 1981 (Table 3.6). This is attributable to the fact that at least up to about the early 1970s, Sri Lanka had a relatively high birth rate alongside sharply declining mortality rates in all age groups.

Table 3.6. Age Composition of the Population of Sri Lanka, 1986

Age Group	Percent of total	Age group	Percent of total
below 15	35.2	45 to 49	4.1
15 to 19	10.8	50 to 54	3.6
20 to 24	10.3	55 to 59	2.8
25 to 29	8.6	60 to 64	2.2
30 to 34	7.6	65 to 69	1.7
35 to 39	5.7	70 to 74	1.2
40 to 44	4.7	75 and above	1.4

Source: Department of Census & Statistics

Between 1945-50 Sri Lanka's annual population growth rate was about 3.0 percent per annum. From the mid-1950s until the late 1960s it was around 2.5 percent. As a result of this high growth rate the base of the population pyramid expanded greatly resulting in a 'youth bulge' in the population. Thus in 1963, 67 percent of the population was under 30 and in 1971 and 1981 it was 64 percent. This posed an enormous challenge to the government in regard to provision of health and education facilities and jobs. In this context it is useful to note that the 1971 and 1987-90 JVP rebellions were largely associated with youth, many of whom came from the ranks of the 'educated' unemployed. Similarly it is the youth in the north who took the lead in forming the 'militant' movements such as the LTTE. It is said that these latter group drew considerable support from young northern Tamils who failed to gain admission to the universities.

3.4.2. Unemployment among Educated Youth

The unemployment rate among the 'youth' in Sri Lanka (i.e. those of the lower age strata in the labour force) has always been high. The recent estimates available on this phenomenon (the latest available are shown in Table 3.7) are not comparable with those of earlier times due both to related definitional changes as well as the fact that estimates made since the mid-1980s do not cover the country's 'north-east'. There is also evidence which indicates a higher incidence of youth unemployment among those who have reached the higher levels of formal education. This has aggravated the political instability associated with the phenomenon of unemployment.

3.4.3. Birth Rates: Inter-Group Differences

The census of population conducted in Sri Lanka in 1963, 1971 and 1981 indicated the presence of marginally higher fertility rates and birth rates in the Muslim community than among the other ethnic groups of the country. The preliminary releases of results of the census enumeration conducted in 2001 suggest that this margin of difference between the Muslims and others has increased. The related details are not available. Demographic data on Sri Lanka also point to the prevalence of an inverse relationship between fertility rates and levels of income, with women in the lower income groups having a higher fertility rate than those of the higher income groups.

3.4.4. *Internal Displacement of Population*

Throughout the past few decades, internal displacement of population in Sri Lanka has been a by-product of the country's ethnic conflict¹². Each major episode of inter-group conflict produced a wave of displacement. For instance, the outburst of communal violence in the late 1950s had the immediate impact of inducing large numbers of people who constituted the minorities in the riot affected areas seek refuge elsewhere. In the long term, these turbulences had the effect of reducing the Tamil share of the population in the predominantly Sinhalese areas, and reducing the Sinhalese share of the population in the predominantly Tamil areas of the country.

The landmark event that made 'internal displacement' a permanent demographic feature and an endemic problem of Sri Lanka was the communal violence of July 1983 targeted mainly at the Tamils living in the Sinhalese-majority areas. The displacement of an estimated 150,000 to 200,000 Tamils from their homes either to temporary 'refugee camps' established by the government and non-government institutions, or to the Tamil-majority areas of the north and the east was one of the immediate effects of the mob attacks. The long-term effects of this episode of violence were more complex and varied. There was, first, the trauma produced by the violence which acted as an incentive for a large number of Tamils to move out either abroad as 'asylum seekers' or to the Tamil majority areas on a permanent basis. Secondly, in the principal areas of mixed ethnicity - especially, Greater Colombo - there was the acceleration of the trend towards greater spatial segregation on ethnic lines. Thirdly, there was the ramified impact of the escalation of the secessionist war. As confrontation between the security forces of the government and the Tamil militants intensified, there was:

- a vastly increased outflow of refugees from the country to various destinations abroad;
- the displacement of people from zones of military confrontation, mainly in the Northern and Eastern provinces;
- the forced eviction of people both by the armed forces as well as by the militant groups for 'strategic' and/or political reasons;
- the flight of civilians away from areas peripheral to the 'war zones' in response to threats, raids and reprisal attacks by both the armed forces of the government as well as the terrorists.

The various forms of displacement referred to above have been in operation almost continuously since 1983. The related data (Table 3.7) are deficient in coverage and accuracy.

12. In the 1980s and the early 1990s the construction of large reservoirs under the Mahaveli Programme involved the displacement of an estimated 25,000 families from the reservoir sites and venues of other types of infrastructure. This involved the payment of fairly generous compensation to the displaced, and, barring some exceptions, did not cause serious grievances.

Table 3.7. Estimates of Internal Displacement in Sri Lanka, 1983 to 1998

Time	Number Displaced	Related major Event/Background
1983 July	100,000	Anti-Tamil riots in Sinhalese-majority areas
1983 December	150,000-200,000	Continuing instability in the aftermath of the July riots
1987 January	97,000	
1987 October	415,000	'Indian Peace-Keeping Force' operations in the north-east
1990 September	977,777	Clashes over the control of the north-east among the Tamil terrorist groups, and the expulsion of Muslims and Sinhalese from the north-east
1991 January	1,030,000	Breakdown of peace negotiations, and the onset of the 'Eelam War II'. Continuing 'ethnic cleansing' of the north-east by the LTTE
1992 January	610,667	Stalemate in the military confrontations between the government and the LTTE, occasional terrorist attacks on civilian settlements and in Colombo
1993 April	607,620	
1993 November	563,029	
1994 May	597,732	
1995 April	515,429	Government-LTTE peace negotiations (October 1994 to April 1995)
1996 January	787,732	The on-going 'Eelam War III'; and a major military offensive and recapture of Jaffna peninsula by the government
1996 August	770,000	Continuing Government-LTTE military confrontations, LTTE terrorist attacks on civilian targets
1996 October	785,187	
1998 December	718,900	
2002 February	450,000	Government-LTTE ceasefire agreement pending peace negotiations

Note: The statistical estimates have been extracted from miscellaneous sources

However, these do portray the related temporal patterns which indicate, inter alia, that during the past ten years, the total number of internally displaced persons in Sri Lanka had ranged between about 500,000 to 1,000,000. Numerically the Tamils have been displaced substantially more than the others. Large-scale displacement of Muslims from the Northern Province has also occurred on account of the strategy of 'ethnic cleansing' pursued at various times by the Liberation Tigers of Tamil Eelam (LTTE) constituting the vanguard of the secessionist movement. The thin scatter of Sinhalese in Jaffna peninsula (about 35,000 in 1981) has all but disappeared. This ethnic group has also been displaced in fairly large numbers from localities that border the LTTE-held areas.

3.4.5. Rural-to-Urban Migration

As several demographers have noted, Sri Lanka has been remarkably free of the phenomenon of massive migrations of destitute rural people to metropolitan areas - feature experienced in many Third World situations. Similarly, though rural-to urban migration has contributed to the demographic expansion of Sri Lanka's urban areas, on account of the 'traditional' policy focus on social welfare

(referred to above) the socio-economic differences between the urban dwellers and the peasantry have also been substantially less than that witnessed in other low-income countries.

Against the foregoing background, the rapid urban expansion which appears to have occurred since the population census of 1981 is of special interest and importance, and could denote a change of earlier trends. Preliminary releases of the 2001 census data indicate, for instance, that there has been an extraordinary increase in the population of the smaller urban centres of the Greater Colombo Area between 1981 and 2001. This appears to have been accompanied by an increase in the Tamil population ratio of this area - a consequence of a large inflow of Tamils from the war-affected areas of the north to the City of Colombo and its suburbs. There is evidence indicating that the upsurge of the urban population in and around Colombo has created or intensified the environmental and socio-economic problems associated with urban overcrowding.

Summary

The considerations that are of salience to the question of whether population pressures are exacerbating competition over resources drawn from the discussion could be summarised as follows:

1. According to the census of 1981, the percentages of the country's population accounted for by the different ethnic groups are: Sinhalese, 74.0%; Sri Lanka Tamils, 12.6%; Muslims 7.4%; and Indian Tamils (5.6%).
2. In the context of the overall scarcity of basic resources such as land, water, forests and economically significant minerals in relation to the country's population, there is, indeed, a scarcity of such resources and an on-going intensification of that scarcity consequent upon population increase. Thus, the scarcity of the basic natural resources, which is a serious problem even at present, is likely to act as one of the most formidable constraints on future production capacities of the country.
3. Since ethnicity provides one of the main ingredients of group identity in Sri Lanka the competition over resources have often had elements of inter-ethnic rivalry. This rivalry has tended to be reflected in inter-group interactions both at the level of the country as a whole as well as in parts of the country that have ethnically mixed populations.
4. Certain demographic features have had the effect of exacerbating the problems associated with the scarcity of resources and the intense competition over scarce resources. These include:
 - the so-called 'youth bulge' (the high proportion of the population falling into the category of 'youth' and the enormous challenge it poses in the provision of services in education and health care and in the creation of employment - unemployment among youth has throughout the past few decades been one of the main causes of social unrest and political upheaval;
 - the displacement of population in certain areas of the country on account of the ethnic conflict in the forms of 'refugee flows' and large scale 'internal displacement';
 - the migration of Tamils (in fairly large numbers) into the Greater Colombo Area mainly for escaping from the hardships created by the ethnic conflict in the northern and eastern parts of the country.

Factor # 4. Society's Cohesion or Division

What are the principal distinguishable groups in society as defined by differences in social and cultural practices and institutions such as religion and language, economic circumstances, location, and other non-political factors that have the potential to create political division?

4.1. Religious and Linguistic Divisions

Sri Lanka shares with the other nation states of South Asia the characteristic of highly complex group diversities based upon distinctions of religion, language and caste. In respect of religion, however, with the Buddhists comprising no more than 70% of the country's population (as enumerated in 1981), the composition of the population is somewhat less asymmetrical than in some of the other countries of the region. Moreover, the proportion of the population accounted for by each of the main religious minorities - Hindus, Muslims and Christians - is also larger than the corresponding proportions elsewhere in the region. The political importance of this is enhanced by two other factors. One is the relatively more conspicuous spatial polarisation of the religious minorities in rural Sri Lanka, where, in relation to the country's size, there are fairly extensive areas inhabited almost exclusively by one or another religious minority group (Table 4.1). The other is the absence of a marked diversity in socio-economic status between the different religious groups.

As a historical legacy, the association of Theravada Buddhism¹³ with Sri Lanka is comparable to that of the Hindu-India link. Indeed, despite the highly controversial nature of the issues concerning national identity that prevails in the context of the current ethnic conflict of Sri Lanka, there has never been a serious refutation of the perception that Buddhism has provided the distinctive elements of the country's cultural heritage from the past. Moreover, the two groups that have been directly involved in the current conflict - Sinhalese Buddhists and Tamil Hindus - have had, throughout history, close links at the plane of popular religion in the form of similarities in beliefs and value paradigms, complementary rather than conflicting interaction in religious ritual, and shared deities and places of worship.

13. Theravada refers to the orthodox school of Buddhism that has its literary traditions in the Pali language. It is the major form of Buddhism prevalent in Sri Lanka, Myanmar, Thailand, Cambodia and Laos. Sri Lankan Buddhists believe that it adheres closely to original teachings of the Buddha, and that, historically, their country has been the citadel of the Theravada doctrine. It thus serves as a major ingredient of Sinhalese-Buddhist nationalism.

Table 4.1. Population Classified by Religion: Sri Lanka and Districts, 1981

District	Number	Buddhists	Hindus	Muslims	Christians	Others
		(percentage of the district total)				
Western Province						
Colombo	1,698,322	70.8	7.6	10.0	11.4	0.2
Gampaha	1,389,490	71.1	1.9	3.4	23.5	0.1
Kalutara	827,189	84.4	4.5	7.6	3.5	0.0
Central Province						
Kandy	1,126,296	74.4	11.9	11.2	2.3	0.2
Matale	357,441	78.7	11.6	7.4	2.3	0.0
Nuwara Eliya	522,219	35.4	55.6	3.0	5.9	0.1
Southern Province						
Galle	814,579	94.1	1.8	3.2	0.6	0.3
Matara	644,231	94.6	2.4	2.6	0.4	0.0
Hambantota	424,102	97.3	0.4	2.2	0.1	0.0
Northern Province						
Jaffna	831,112	0.5	85.2	1.7	12.6	0.0
Mullaitivu	77,512	1.3	78.3	4.9	15.5	0.0
Mannar	106,940	3.0	26.7	28.1	42.1	0.1
Vavuniya	95,904	16.5	69.3	7.1	7.1	0.0
Eastern Province						
Trincomalee	256,790	32.4	31.8	29.5	6.0	0.3
Batticaloa	330,899	2.7	66.3	24.1	6.8	0.1
Ampara	388,786	37.7	19.1	41.6	2.0	10.1
Northwestern Province						
Kurunegala	1,212,755	90.4	1.1	5.3	3.2	0.0
Puttalam	493,344	47.5	4.2	10.2	38.0	0.1
North-Central Province						
Anuradhapura	587,822	90.2	1.0	7.5	1.2	0.1
Polonnaruwa	262,753	89.9	2.0	6.7	1.3	0.1
Uva Province						
Badulla	642,893	68.3	25.0	4.5	2.2	0.0
Monaragala	279,743	92.8	4.6	2.1	0.5	0.0
Sabaragamuwa Province						
Ratnapura	796,468	84.6	11.9	1.9	1.6	0.0
Kegalle	682,411	85.2	7.7	5.4	1.7	0.0
Sri Lanka	14,850,001	69.3	15.5	7.6	7.5	0.1

Source: Department of Census & Statistics

Despite these Buddhist-Hindu commonalities, the fact that distinctions of religion are so prominently displayed in Sri Lanka's ethnic conflict must also be understood in the context of the past legacies. The historiographic mainstreams of Sri Lanka is essentially a monastic tradition that has placed almost exclusive focus on Buddhism, and emphasised the theme of Buddhist custodianship of the Sri Lankan state. More significantly, the growth of national consciousness under colonial rule derived its initial impulses from religious revivalist movements among which Buddhist revivalism posed the strongest challenge to Christian dominance. And then, as electoral politics emerged in importance in the affairs of governance, and in the context of a persistent gap between material aspirations and achievements in all segments of society, religious symbolism acquired increasing significance in political mobilisation.

In respect of both doctrine as well as ritual Islam stands distinctly apart from Buddhism and Hinduism. Yet, what appears to stand out in the history of relationships between those of the latter religious groups and the adherents of Islam in Sri Lanka is that religion itself has seldom acted as a barrier to their peaceful coexistence, especially in pre-modern times. There have, of course, been spells of violent confrontation between the Muslim community and other groups, the most thoroughly investigated among which were the 'Riots of 1915' against the Muslims living in some of the predominantly Sinhalese areas of the country. In an incisive analysis of this episode, de Silva (1981:381-5) has clarified that the riots were directed specifically at the section of the Muslim community called the 'Coast Moors', and has explained the virulence of the outburst with reference to the '... ubiquitous activities of the Coast Moors in retail trading [that] brought them in contact with the people at their most indigent levels [which] (...) earned them the hostility alike of the people at large and of their competitors among the Sinhalese traders (...) who had no compunctions about exploiting religious and racial sentiments to the detriment of their well established rivals'. De Silva added: 'Since the low-country Sinhalese traders were an influential group within the Buddhist (revivalist) movement, religious sentiments often gave a sharp ideological focus and a cloak of respectability to sordid commercial rivalry'.

In Sri Lanka, group identities based on language have a distinctive feature of crucial relevance to an understanding of the divisive impact of the plurality of language - namely, the close demographic correspondence between language and religion. While about 94% of the Sinhalese (those for whom Sinhala is the mother-tongue) are Buddhists, 96% of those for whom Tamil is the mother tongue (or first language) are either Hindu or Muslim. Against this backdrop, the Sinhalese-Tamil socio-cultural divide gets blurred only by a Christian overlap which consists of small fragments drawn from each of these linguistic groups, and the use of English as a 'second language' by a largely urbanised, and partially Christianised thin upper stratum of society - probably less than 3% of the total population - which extends across this ethnic divide. Sinhala-Tamil bilingualism is virtually non-existent in the upper and middle levels of society, and prevails only among a tiny minority consisting mainly of those of the Muslim community living in the predominantly Sinhalese areas and among a scatter of urban workers. The implication of this complex religio-linguistic pattern, considered in the context of the spatial polarisation of the main religious groups in the rural areas, is that there has hardly been any direct social and cultural communication and contact between the Sinhalese and the Tamils except through the medium of English by the elites of the two communities that have the required proficiency. In the past, as explained in Section 6 of this report, there was some contact between the retail traders from the Tamil community with the Sinhalese peasantry in many parts of the country. That has disappeared almost completely. Tamil professionals (doctors, administrators, etc.) working in Sinhalese rural areas, dwindling in numbers, also continue to have some mutual interaction with the

Sinhalese. It should, in any case, be noted that the type of interaction between professionals or tradesmen, across class barriers, with the impoverished peasantry could hardly serve to bridge barriers of ethnicity.

4.2. Caste Divisions

Caste identity in the Sinhalese and Tamil communities of Sri Lanka, though less important in political affairs than it is in Hindu India, is associated with the country's inter-group confrontations in several ways. In examining these associations, it must be noted that Sri Lanka's caste system has certain important differences from that of Hindu India. The first of these is the absence in Sri Lanka of an equivalent to the Indian Brahminic elite either in its priestly-scholarly functions or in wealth and social privilege in society. The second is that the large majority of Sinhalese and Tamils belongs to their respective upper castes, with the largest of these - the 'farmer' caste (Goigama among the Sinhalese, and Vellala among the Tamils) - constituting 60% or more of the total population of each of these ethnic groups. Thirdly, at least from the early decades of the 20th century, several Sinhalese castes, despite conventionally accepted variations among them in social status, were fairly well represented in the political and economic elite of the country which included members of Tamil, Muslim and Burgher communities as well. In contrast to India where the depressed caste groups - the so-called 'untouchables' (Dalits) and the officially recognised 'Other Backward Castes' account for well over 50% of the total population, the depressed castes of Sri Lanka constitute numerically small groups. Fourthly, one could attach some significance to the fact that in Sri Lanka, especially among the Sinhalese, caste practices such as endogamy and commensality, and the concept of ritual purity and untouchability are less pronounced than in Hindu India.

In pre-modern times it appears that the social strata equivalent to the 'aristocracy' and the 'landed gentry' consisted almost entirely of those from the Goigama and Vellala castes. From about the mid-19th century, the development of capitalist enterprise and other transformations associated with 'modernisation' facilitated the emergence of entrepreneurial groups both within these castes as well as among certain other Sinhalese castes such as Karawa, Durawa and Salagama, making the Sinhalese segment of the indigenous economic and political elite a medley of several castes (Roberts, 1982). There was a conspicuous absence, however, of a similar change among the Sri Lanka Tamils. As noted in several studies (Pfaffenberger, 1991; Hellmann-Rajanayagam, 1994; Peiris, 2001), the 'Vellala hegemony' of Tamil politics - which meant, among other things, the exclusion of groups such as the Karaiyar, considered only marginally lower in social status than the Vellala - has been a significant cause for the emergence of extra-parliamentary insurrectionary movements from within the Tamil community of the far-North. It was, for instance, in the Karaiyar community in the township of Velivettithurai (located on the northern coast) that the Liberation Tigers of Tamil Eelam (LTTE) originated in the early 1970s. And, it is from this caste that almost all its key leaders - Velupillai Prabhakaran (the 'supreme leader'), Selvadurai Yogachandran (alias Kuttimani), Gopalasamy Madendraraja (alias Mahattaya), Yogaratnam Yogi, Balakumar, Thangadurai, Karikalan, Karuna, Sathasivam Krishnakumar (alias Kittu) and Kumaran Padmanadan (alias Tharmalingam Shanmugam, the international chief of arms procurement for the LTTE) - have been drawn ever since that time.

Caste distinctions also constitute an important ingredient of social separation between the Sri Lankan Tamils and the so-called 'Indian Tamils' of Sri Lanka. The latter group consists mainly of descended from plantation workers brought to the island in the 19th century and early 20th century.

The majority of 'Indian Tamils' still remain confined to the main plantation areas of the Central Highlands. Having been drawn almost entirely from the lowest levels of the caste hierarchy of South India, the stigma of low caste has continued to be attached to this ethnic group in their dealings with Tamils from other parts of the country. Inter-marriage between 'Indian Tamils' and Sri Lankan Tamils has been very rare. The former group has always had its own political leadership consisting of persons of 'Recent Indian Origin'. In the past few decades, these leaders have expressed resentment about that they perceive as 'Sri Lankan Tamil encroachment' into certain avenues of white-collar employment (teaching profession, in particular) in the plantation areas. Sinhala-Thamil bilingualism is more common among 'Indian Tamils' than among Sri Lankan Tamils. Above all, the 'Indian Tamils' have not made common cause with the demand for 'Eelam'. At times of ethnic conflagrations, however, all Tamils living among the Sinhalese, regardless of this ethnic distinction, have been victims of mob violence.

Yet another caste dimension of contemporary Sri Lankan affairs which deserves mention is that the Janatha Vimukthi Peramuna ('JVP'/ literally, the 'People's Liberation Front') that has constituted the vanguard of radical politics of the country since about the late-1960s, providing leadership to two fierce anti-systemic armed insurrections (the first in 1971, and the second, during 1986-1990), appears to draw considerable support from the youth belonging to the depressed caste communities of the Sinhalese. This caste connection was specially evident in their main strongholds during the two insurrections. The relevance of these facts to the themes of the present study lies mainly in the fact that the JVP, in addition to its professed commitment to a fiery brand of socialism, is also seen to be strongly influenced by some of the main ideological strands of Sinhalese nationalism in the courses it pursues within and outside parliament.

4.3. Class Stratifications

Since 'class' distinctions in Sri Lankan society tend to cut across ethnic identities, in the current ethnic conflict, group formation based upon shared economic interests is somewhat less pronounced than ethnic differences. Economic circumstances, however, are not entirely insignificant as an ingredient of conflict. Indeed, it could be argued that both the on-going ethnic conflict itself as well as the insurrections (1971 and 1986-89) in the Sinhalese-majority areas of the country are/were products of economic deprivation and political marginalisation of the youth - particularly the rural youth.

4.4. Regional Identities

In addition, there are certain 'regional' identities that assume some significance in the political affairs of the country. For instance, among the Sinhalese, there is the distinction between those of the 'low country' (proselytised and culturally more 'westernised', mainly a consequence of almost 450 years of colonial rule over the maritime areas of the country), and the Kandyan Sinhalese (who regard themselves as being more 'traditional' and less contaminated by alien cultural influences) which, at times, is reflected in rivalries of electoral politics. In the Tamil segment of the population, one of the main elements of separation between the Sri Lankan Tamil and the Indian Tamil is the fact that the latter group is largely confined to the plantations of the Central Highlands and, hence, have a distinctive way of life. Again, especially in the sphere of electoral politics, there have always been undercurrents of incongruent interests between the Muslim peasantry of the south-eastern and the

north-western lowlands and the Muslims in the urban areas of the south-west - the latter being regarded as a more affluent.

Summary

1. From political perspectives, language (Sinhala and Tamil) and religion (Buddhism, Hinduism, Islam and Christianity) are the principal ingredients of 'primordial' group identity in Sri Lanka. About 69% of the country's population are Sinhala-speaking Buddhists, and 15% are Tamil-speaking Hindus. Tamil is also the first language of the majority of Muslims who constitute about 8% of the total population. Christianity draws its followers from both the Sinhalese and Tamil communities and accounts for about 8% of the population.
2. Sinhalese-Buddhists and Tamil-Hindus have had, throughout history, close links and commonalities at the plane of popular religion. Yet the Buddhist-Hindu distinctions and rivalries are also prominently displayed in the country's legacies from the past. More importantly, in what may be referred to as the 'modern period' of Sri Lankan history, as electoral politics emerged in importance in the affairs of governance, and in the context of a persisting gap between material aspirations and achievements in all segments of society, religious symbolism acquired increasing significance in political mobilisation.
3. On account of the relatively high degree of geographical separation and the presence of barriers of communication between the main ethnic groups (bilingualism being rare), the large majority of people in each ethnic group, specially those who constitute the peasantry, seldom have personal interaction with people from other ethnic groups. In many areas, the type of occasional direct interactions they do have do not often contribute to the promotion of mutual understanding.
4. Differentiations based upon caste are politically important in the Sinhalese and Tamil segments of the population. In the recent past, 'minority' caste groups considered to be low in the traditional social hierarchy have been challenging the upper caste dominance. Detailed studies have shown that the factor of caste is displayed in the patterns of mobilisation of certain insurgent groups.
5. Though socio-economic 'class' stratifications cut across the ethnic differentiations, economic deprivation has also figure prominently in anti-systemic revolts and inter-group confrontations of the recent decades.
6. Within each ethnic group, there are 'regional' identities that assume some importance in the political affairs of the country.

Factor # 5. History of Inter-group Violent Conflict/Cooperation

Have major groups engaged in violent conflict with each other in the past, or have they lived more or less amicably?

Mutual interactions between the main ethnic groups of Sri Lanka date far back into history and have been featured by both violent confrontation as well as peaceful coexistence. The pre-modern historiographic traditions, preserved as they have been in Buddhist monasteries, have tended to highlight the distinctiveness of the Sinhalese-Buddhist elements of the country's past, and to associate Tamil cultural elements in Sri Lanka with South India, and Tamil involvements in the political affairs

of Sri Lanka as part and parcel of alien invasion and occupation. Nevertheless, there could hardly be any doubt about the closeness of the connections that existed between the Dravidian kingdoms and empires of South India and the rulers of Sri Lanka, and about the fact that South India has throughout had a profound impact upon Sinhalese culture. As a viewpoint of the present writer, it is also necessary to stress that, in a recorded history spanning well over 2,000 years, any generalisation on the nature of relations between the main ethnic groups of the country would be far too simplistic to be meaningful in attempts at understanding such relations at present.

In Sri Lanka's inter-group relations under British rule the so-called 'Riots of 1915' stands out as the only significant episode of violent conflict between two indigenous communities - Sinhalese and Muslims. Of this relatively brief conflagration, it was the harsh suppression of the riots by the British rather than the animosity between the two ethnic groups that remained in prolonged political memory. The closing decades of the colonial regime, despite massive economic and geopolitical convulsions, were remarkably free of political turmoil. There were, of course, a few sporadic spells of 'trade union unrest' which involved clashes between the police and boisterous mobs. These had no ethnic connotations. Inter-group relations in Sri Lanka in the period after independence have been featured by several types of violent confrontation. To deal, first, with those that are less important to the perspectives of the present study, up to about the early 1980s, unrest associated with anti-establishment agitations driven largely by economic impulses formed almost a persistent drone of low-key violence largely confined to the city of Colombo and the main plantation areas. At times, turbulences with which plantation workers were associated did have a communal flavour on account of the fact that the related confrontations were between the police (representing the interests of the employers) and 'Indian Tamil' workers mobilised by a trade-union which was gathering momentum as a force to be reckoned with in the politics of the country.

In addition, there have also been the relatively brief spells of violence associated with inter-party rivalry in electoral politics in all parts of the country. Even during early post-independence times, as witnessed in Batticaloa and several townships of the east coast at the parliamentary elections of 1952 where the clashes were between Tamils and Muslims, electoral violence did have communal undertones. During the election campaign of 1977 a similar clash erupted between the Sinhalese and the Muslims of Puttalam. This type of inter-group violence, escalating over time, had, by the 1990s, reached a level of intensity that posed a serious threat to the very survival of democratic governance in the country. At several elections conducted during the late 1990s it was widely observed that armed gangs acting at the behest of powerful politicians conducted sustained campaigns of intimidation and terror among voters, and that, in areas of mixed ethnicity, especially those of the Central Highlands, the victims included those belonging to minority communities.

What has been described as 'anti-systemic revolt' represents yet another type of violent inter-group confrontation witnessed in Sri Lanka during the past few decades. The two insurrections led by the Janatha Vimukthi Peramuna (JVP - literally, People's Liberation Front) - a political organisation that proclaimed commitment to socialism - in 1971 and 1986-90 fall into this category. The JVP's efforts drew support almost entirely from the youth in the Sinhalese segment of the population. At the insurrection of 1971, in particular, the insurgents identified themselves as representing the interests of the 'oppressed' and the 'exploited'. They targeted their violence both on individuals whom they identified as 'exploiters/oppressors' as well as the security forces.

From August 1967 to about February 1968 there was intense political unrest in Jaffna peninsula that took the form of 'caste clashes' - confrontations between the high-caste *Vellala* people and several

groups considered as belonging to low castes. The flashpoints included Jaffna town itself and several smaller towns such as Nallur, Atchuveli and Chankereni where the attacks caused losses of life and fairly extensive damage to property. The bone of contention in these clashes was the denial of temple entry to persons from lower castes. Certain observers believe that this represented the earliest major upsurge of challenge to the *Vellala* dominance of Jaffna society - a challenge which was to transform into more organised and more militant forms in later times.

Far more important in magnitude of impact than the different types of inter-group violence referred to above are the confrontations that represent the estrangement of relations between the Sinhalese and the Tamils. The demographic background to these confrontations, as sketched in Section 3 of this report, shows, *inter alia*, that the former group, accounting for about 74% of the country's population, constitutes the numerical majority in 7 out of the total of 9 provinces, and that the latter group (12.6% of the population), while being concentrated in the Northern Province and parts of the Eastern Province, is also distributed in other parts of the country, notably the Greater Colombo area. Up to about the early 1980s, the violent clashes between the Sinhalese and the Tamils took place mainly in areas of mixed ethnicity, the usual pattern in such clashes being attacks by mobs belonging to the majority community on those of the minority community.

An Outline of Sinhalese-Tamil Clashes (up to 1983)

- From October 1955 to June 1956 there were several confrontations between the opposing camps of the language dispute - those who demanded that Sinhala be made the sole official language of Sri Lanka, and those who demanded 'parity of status' for Sinhala and Tamil in the affairs of government. These took place mainly in Colombo. The 'parity of status' camp included the main Marxist parties made up largely of the Sinhalese.
- A wave of communal violence took place in the newly opened-up settlements in the Gal Oya valley and adjacent areas of the Eastern Province. These were featured by Sinhalese and Tamil mob attacks on unarmed civilians of the opposing ethnic group. It took about 10 days for the situation to be brought under control.
- In 1957 there was a series of protests in Jaffna peninsula, Trincomalee and Batticaloa by Tamils mainly against impending language legislation. In the early months of the year these took the form of the so-called 'anti-Sri' campaign (i.e. protests in the north against the introduction of the Sinhala letter 'Sri' to the number-plates of motor vehicles). There was a retaliatory response to this in the Sinhalese areas that took the form of obliterating Tamil versions in all public name-boards. In the latter part of the year, the protests were directed at the abrogation of the 'Bandaranaike-Chelvanayakam Pact' (an agreement between the Prime Minister and the leader of the Federal Party). These protests occasionally took violent forms, and also involved police attacks on the protestors.
- In April 1958 there was a major wave of communal violence (homicide, arson, assault including rape, looting, etc.) all over the country that lasted for about 10 days. The overwhelming majority among the victims were Tamils. According to Tarzie Vittachi's authoritative study of this episode, the total death toll (including the rioters killed by the army) was about 150.
- A Satyagraha (peaceful protest) campaign of January 1961 was organised by the Federal Party in the Northern and Eastern provinces. This was suppressed through an army operation which

caused humiliation and injury to the protestors, some of them, parliamentarian's from the Tamil community.

- In January 1966, a campaign of protest was launched by several Sinhalese groups (with acts of violence) against the 'Tamil Language (Special Provisions) Act. The police operation against this campaign involved shooting and killing of a person which, in turn, evoked more rioting.
- From July 1972 to the end of 1973 many acts of violence (seen at that time as 'isolated' incidents) were reported from the Jaffna peninsula. These included bomb-explosions at several public places and residences of political leaders; raids and bank robberies; and acts of sabotage at government institutions. The resulting arrests increased the levels of violence and the intensity of protests against law enforcement authorities. Most of these protests were spearheaded by a newly formed organisation called the 'Tamil Youth League'.
- From about March 1974, the type of violence referred to above gradually escalated. The large majority of attacks were directed at police personnel and police stations. Many police officers were gunned down. Among the political leaders killed by unidentified gangs during this period was the Mayor of Jaffna who had been elected to the post as a representative of the ruling party. There were, in addition, several bank robberies and raids of government trading establishments.
- In 1977, a month after the parliamentary elections of July that year, there was a major wave of anti-Tamils violence in the Sinhalese-majority areas. It has been alleged that much of this violence was instigated by the parties defeated at the elections. The government did succeed in re-establishing law and order within a few days. Some retaliatory violence directed at the Sinhalese was also reported. This was inconsequential compared to the damage suffered by the Tamils.
- By the early 1980s, several organised groups, with their identity known to the law-enforcement authorities, had taken control over acts of terrorism and sabotage in Jaffna peninsula. The parliament had already passed legislation (in May 1978) to proscribe the known insurgent groups. Confrontations between the insurgents and the police/army increased in both frequency and ferocity. Several Tamil civilians with known associations with the ruling party were gunned down. The violence perpetrated by the insurgents and the retaliatory acts of the security forces reached fever-pitch on the eve of elections to the newly instituted District Development Councils. (These were aimed at decentralisation of administrative authority). Some of the violence in Jaffna peninsula resonated in the Sinhalese areas of the country where, in response to the killing of those engaged in law enforcement in Jaffna (mostly Sinhalese), there were two waves of mob attacks on Tamil civilians, one in 1980 and the other in 1981. The victims included 'Indian Tamils'.

The anti-Tamil violence in July 1983 marks the commencement of a new phase in the history of ethnic conflict in Sri Lanka. The preceding months, as de Silva has shown (1998:188), had been featured by intense activity in electoral politics - Presidential election and a national referendum in 1982, followed by local government elections - and an escalated level of insurrectionary violence in the North. What ignited the conflagration of July was the killing of 13 Sinhalese soldiers in a terrorist ambush. Riots broke out initially in Colombo. Rampaging Sinhalese mobs operated almost unchecked for well over a week engaging in all forms of brutality against the Tamils - Sri Lankan and Indian - living in their midst. The destruction and damage, though initially concentrated in the multi-ethnic localities of

Greater Colombo, soon spread to other urban centres and even to certain rural areas. The estimates of the number killed varies from 500-600 to 5,000. Many thousands of Tamils fled their homes in search of security. Some found shelter in makeshift refugee camps. A much larger number escaped to the Tamil areas of the north. Over the months that followed, hundreds of thousands left Sri Lanka as permanent refugees.

Following the events of July 1983, the government lost control over a greater part of the Jaffna peninsula and several other predominantly Tamil areas of the 'north-east'. A government bid to recapture Jaffna in July 1987 was thwarted by the intervention of India, and, under intense pressure applied by India, the Sri Lankan government agreed to a cease-fire enforced by an Indian 'Peace-Keeping Force'. The Indian expectation of disarming the terrorist groups and restoring peace in Sri Lanka under a system of government that ensures autonomy to the 'north-east' failed to materialise. On the contrary, their military presence in Sri Lanka (by 1988 there were more than 100,000 Indian troops in the country), was one of the principal causes for the JVP-led insurrection of the late-1980s in the Sinhalese areas of the country. Moreover, it was the ignominious withdrawal of the Indian army from the shores of Sri Lanka in 1990 that paved the way for the LTTE to establish a power monopoly over the northern and eastern parts of the country.

Sinhalese-Tamil relations since 1983 have been featured by several incongruities. The violence of July 1983, which most Tamils refer to as an 'ethnic pogrom' or a well-organised campaign of 'genocide', has inculcated among them a seemingly unchanging sense of bitterness and animosity towards the Sinhalese. It has prompted many Tamils who have left Sri Lanka as refugees to contribute money to the LTTE coffers, also lending moral support to its continuing recourse to terrorism (including large-scale massacres of civilians by the LTTE) as part and parcel of a 'war of liberation'. It is, at the same time, well known that for the large majority of Jaffna Tamils who could escape the tyranny of the LTTE in the areas it controls, the preferred options are either living in the 'West', or in Colombo among the Sinhalese. Thus, for example, there has been an increase of the Tamils proportion in the total urban population of the Western Province from 11.8% in 1981 to 17.7% in 2001 (i.e. in absolute numbers, an increase from 215,723 in 1981 to 289,146 in 2002). Yet, the leadership of the old Tamil political parties, despite the depletion of its ranks through LTTE assassinations, has persuaded itself and attempts to persuade the rest of the world that LTTE alone could liberate the Tamils from Sinhalese oppression.

Since independence, the leaders of the Muslim community have, in general, aligned themselves with the Sinhalese majority in all major national issues. In the parliamentary debates of 1948-49 over the bills that were designed to disfranchise the large majority of 'Indian Tamils' living in Sri Lanka, all Muslim members of parliament endorsed the rationale of these moves, and voted with the government. Again, in the debate over the draft legislation which sought to make Sinhala the official language, despite the fact that most Muslims of Sri Lanka are 'Thamil-speaking', some of the most unqualified support came from the key Muslim leaders of the House who, once again, with the exception of one representative, voted with the government. The same ardent support to the government was given by the Muslims in the legislature to the bills designed to 'nationalise' the schools owned by religious organisations. In the more recent past, the Muslims have persistently and unequivocally rejected the notion of an 'exclusive homeland of the Thamil-speaking people' consisting of the Northern and Eastern Provinces which has served as the basis of the secessionist demand, and even more vehemently the right arrogated by Tamil political parties to function as representatives of the Thamil-speaking people. The only major issue over which the Tamils and the

Muslims have hitherto made common cause was based on their shared resentment over perceived discrimination by the government in the allocation of land in some of the newly established settlement schemes of the Eastern Province. This was in the immediate aftermath of independence.

The pro-government political stances of the Muslim leaders prevented the Muslim political parties acting in concert with those of the Tamils over most issues concerning minority rights and grievances in Sri Lanka. In the more recent past, these have earned the Muslims the wrath of some of the militant Tamil groups, and have, time and again, made Muslim communities the target of Tamil violence.

The principal venue of Tamil-Muslim confrontation has been the Eastern Province where these two ethnic groups account, respectively, for 42.0% and 35.5% of the population. In an analysis of Tamil-Muslim relations in this part of the country, Hasbullah (2000) has observed: 'Over several decades after Sri Lanka's independence in 1948, peaceful coexistence was the norm of ethnic relations in the Eastern Province, (despite) the occasional ... brief outbursts of localised communal clashes triggered off invariably by a minor brawl or a similar aberration in personal relations'. This condition changed dramatically during the 1980s when several militant groups - especially the EPRLF (see Section 7, below) - began to exercise considerable power over parts of the province. At this stage, according to Hasbullah (*op.cit.*: 333), in response to harassment by Tamil militants, the Muslims in their larger communities also attempted to form armed groups, and did achieve some success in this attempt. Thus, for example, in the area south of the Trincomalee harbour, there developed an armed group which called itself the 'Jihad Movement'. Again, in coastal Ampara, an armed movement referred to as the 'Al Fatah' gathered momentum. These, however, soon succumbed under the weight of overwhelmingly more powerful Tamil militants.

From about the late 1980s when the LTTE was emerging as the most powerful among the Tamil militants, it began to launch organised attacks on Muslim communities, evidently in an attempt at 'ethnic cleansing' - the complete eviction of the Muslims from the Northern and Eastern Provinces. Large-scale massacres of civilian Muslims, each involving death tolls exceeding one-hundred, were carried out by LTTE cadres resulting, at times, in mass evacuation by the Muslims from certain settlements in the Eastern Province. According to estimates by Hasbullah (*op.cit.*: 335), by January 1991, 354,850 persons, the large majority of them Muslims, had been displaced from their villages and residential localities in the towns in this province. Meanwhile, the LTTE also succeeded in evicting en masse all Muslims (including about 30,000 from Mannar District, and 12,000 from Jaffna District) from their settlements in the Northern Province. Some of these 'internally displaced' have returned to their homes since then. Others - many thousands - continue to live in refugee settlements.

The Sinhalese-Muslim relations have also not been entirely free of violent confrontations. These have invariably been caused by rivalries in electoral politics in areas where there is a fairly large Muslim presence among the Sinhalese majority. Such clashes, redeemingly brief and localised, but featured by killing, looting and arson, have occurred on at least three occasions during the past twenty-five years.

If the 'youth' are considered as constituting a distinctive social group, one could refer to the JVP-led insurrections of 1971 and 1986-90 as a 'group confrontation' involving, on the one side, several thousands of Sinhalese rural youth mobilised by a political party with proclaimed commitment to socialism and, on the other, the security forces of the government. Extensive destruction of life and property, and the disruption of economic activities were caused by these insurrections. There was hardly any participation of youth from the minority communities in these two episodes of violence.

In a broad impressionistic sweep of ethnic relations at the level of national politics since about the early 1930s (when universal adult franchise was introduced to elections to the legislature), what one could observe is a contrast between the relationships between the Sinhalese and the Sri Lankan Tamils, on the one hand, and the relationships between the Sinhalese and the Muslims and 'Indian Tamils', on the other. In the former, what stands out distinct above all else is the 'confrontational' approach of the Tamil leadership in its interactions with the Sinhalese counterparts, in apparent disregard of what such confrontation costs the country or their own community. During the first three decades after independence, both within and outside parliament, the representatives of the Sri Lankan Tamil community have almost perpetually remained in the ranks of the opposition. Drawn as they were largely from the Colombo-based segment of the community, they constituted two groups (the groups referred to are the Federal Party and the Tamil Congress - for details see, Section 7.2.4) that were perpetually at intense competition with one another for electoral support from the Tamils living far away in the north and east of the country. The electoral strategy pursued by the leaders of these two groups in their internecine rivalry appears to have been based on the belief that greater the hostility they display towards the Sinhalese, greater the support they could muster from the Tamil electorate. Their hyperbole and polemics did have the impact of instigating the youth in the deprived and depressed segments of their own community, but, in the long-run, not in the intended way. There is reason to hypothesise that it was this stance of vituperative hostility towards the Sinhalese displayed by the Tamil leaders from within the political mainstreams that conceived and nurtured militancy within their community.¹⁴ The irony was that the militants, once they reached maturity in their own brand of politics, turned against their progenitors. Thus, over time, while some of the older generation of Tamil political leaders were physically liquidated, the others were made subservient to the militants in the political affairs of the country.

In contrast to the confrontational approach of the Sri Lankan Tamils in the arena of national politics, what is generally observable in the responses and reactions of Muslim and 'Indian Tamil' leaders towards those of the Sinhalese community throughout the past fifty or more years is essentially 'collaborational', no doubt the main impulse for such a stance being provided by enlightened self-interest. Thus, the Muslims have been able to bargain effectively with the Sinhalese, and to retain (and even enhance) their share of political and economic power at all levels. The Indian Tamils who had lost virtually all their political rights in the immediate aftermath of independence, constituting the most depressed community in Sri Lanka of that time, have succeeded in emerging as a force to be reckoned with in national politics, while making tangible advances in their standards of living.

17. For some examples that illustrate this, see the report of a Commission of Inquiry into the communal disturbances of 1977 conducted by a former Supreme Court Judge (who also happened to be from the Burgher community), published as Sessional Paper XII of 1980. The report refers to several occasions of almost barbaric platform rhetoric against the Sinhalese being employed by the leaders at the highest levels of the Tamil community at public rallies held in Jaffna in their elections campaign of 1977.

Summary

1. Mutual interactions between the main ethnic groups of Sri Lanka date far back into history and have been featured by both violent confrontation as well as peaceful coexistence. However, in a recorded history spanning well over 2,000 years, any generalisation on the nature of relations between the main ethnic groups of the country would be far too simplistic to be meaningful in attempts at understanding such relations at present.
2. Inter-group relations in Sri Lanka in the period after independence have been featured by several types of violent confrontation:
 - relatively minor and localised bouts of violence associated with trade union agitation, and intercommunity disputes at the grassroots;
 - fairly widespread clashes between supporters of rival political parties during election campaigns;
 - large-scale clashes between the main ethnic groups and/or mob attacks on an ethnic group;
 - anti-systemic armed insurrection.
 - In ethnic relations, it was the wave of attacks in July 1983 on Tamils living in several Sinhalese-majority areas that could be regarded as the most destructive and far-reaching in its impact.
3. There is a paradox in the Sinhalese-Tamil relations since 1983 that has not been accorded due recognition in the writing on the ethnic conflict of Sri Lanka. The violence of July 1983, which most Tamils refer to as an 'ethnic pogrom' or a well-organised campaign of 'genocide', appears to have inculcated among many Sri Lanka Tamils a seemingly unchanging sense of bitterness and animosity towards the Sinhalese. It is, at the same time, well known that, at least since the early 1990s, for the large majority of Tamils in the north who could escape the tyranny of the LTTE in the areas under its control, the preferred options are either living in an affluent country in the 'West', or in Colombo among the Sinhalese. Thus, for example, there has been an increase of the Tamils proportion in the total urban population of the Western Province from 11.8% in 1981 to 17.7% in 2001 (i.e. in absolute numbers, an increase from 215,723 in 1981 to 289,146 in 2002).
4. In a broad impressionistic sweep of ethnic relations at the level of national politics since about the early 1930s (when universal adult franchise was introduced to elections to the legislature), one could discern a contrast between the nature of relationships between the Sinhalese and the Sri Lankan Tamils, on the one hand, and that between the Sinhalese and the Muslims and 'Indian Tamils', on the other. The former has been persistently confrontational, and the latter usually featured by mutual collaboration.

Factor # 6. Distribution of Economic and Social Goods

What is the distribution of the vital economic and productive resources and social goods among major groups?

In the context of the paucity of data pertaining to many aspects of this subject, what has been attempted in the sections that follow is to use the fragments of data available in order to gain at least a partial answer to this question, and its relevance to an understanding of Sri Lanka's ethnic relations. In each segment of the economy dealt with, the analysis commences with a sketch of the nature of the

related capital assets, and proceeds to examine how the related changes during the past few decades are likely to have affected the different stakeholders of the economy. Our earlier discussions on 'population and resources' (presented under 'Factor # 3') provide the backdrop against which the present analyses should be placed.

6.1. Ethnicity and Production Assets in Peasant Agriculture

The economy of Sri Lanka at the termination of British rule in 1948 was, in terms of both production and employment, predominantly agricultural. In agriculture there was a structural duality in the form of a 'peasant sector' and a 'plantation sector'. The former consisted of small units of production owned and operated by the rural people in their respective localities. It employed traditional techniques of farming, and catered to a small part of the demand for food (mainly rice) in the domestic market, the bulk of such demand being met with imports. The plantation sector, though consisting of production units that varied widely in size, was dominated by 'estates' (typically, of several hundreds or thousands of acres) owned by large firms, and pursued a formal and highly commercialised system of management. 'Estate' operation involved the large-scale mobilisation of wage labour, the application of imported technology to processing, and the production of commodities for export.

With the inhabitants in rural areas accounting for well over 80% of the country's population of that time, the spatial distribution of the production assets in peasant agriculture corresponded closely to the spread of population (Table 6.1). What this meant was that an overwhelmingly large share of farmland in the peasant sector was in the Wet Zone (southwest quadrant of the island), in Jaffna peninsula and a few localities of high population density along the eastern littoral. It also meant the absence of significant inequalities in respect of the ownership of production assets among those of the peasant sector in three of the main ethnic groups of the country - Sinhalese, Sri Lankan Tamils, and Muslims. (The 'Indian Tamils', largely confined as they were to the plantation workforce, did not participate in 'peasant agriculture'.) Within each of these groups, and in almost all areas of the country, however, there were pronounced inequalities of land ownership and tenure which reflected, in part, the overall scarcity of land in relation to the size of the farm population, in part, the persistence of pre-modern tenurial relations, and, in part, the fact that a considerable proportion of agricultural land in smallholdings, especially in the more urbanised areas of the country, was owned by the expanding 'middle-class' - a 'non-cultivating' class of petty landlords.

Opening up of the Dry Zone under irrigated agriculture, a process that had commenced in the late 1930s, was pursued with enhanced vigour after independence, facilitating marginal improvements in the per capita availability of arable land in certain parts of the country despite the continuing expansion of the rural population. As Table 6.2 indicates, in the wetter areas of the country and in the Jaffna peninsula, where there was hardly any scope for extending the frontiers of agriculture, the scarcity of land intensified, with very little relief to those segments of the peasantry suffering from land-hunger. Only a small proportion of the landless from these areas could be accommodated in the irrigation-based settlements being established in the Dry Zone, or be absorbed into productive employment in the urban areas.

Table 6.1. Production Assets in Peasant Agriculture, 1946

Province	Paddy Land (acres)	Non-Paddy Land (acres) ²	All Land (acres) ³	Per Capita Availability (acres)
Western	84,267	314,437	398,704	0.33
Central	66,901	122,067	188,968	0.23
Southern	98,318	223,685	322,003	0.38
Northern	69,553	43,168	112,721	0.28
Eastern	48,807	18,621	67,428	0.20
N'Western	119,592	252,082	371,674	0.59
N'Central	53,553	11,660	65,213	0.52
Uva	21,291	28,717	50,008	0.22
Sabaragamuwa	45,228	198,135	243,363	0.40

Notes: 1. All cultivated permanently cultivated land in holdings of less than 20 ac in extent, other than paddy land is included in the category of 'Non-Paddy Land'.

2. The population figures used for estimating 'Per Capita Availability' are those on the Rural Sector, excluding, however, the population residing on plantations.

3. The 'Production Assets in Peasant Agriculture' referred to in this table are all units of production of less than 20 acres in extent.

Sources: Report on the Census of 1946, Volume I, and The Statistical Abstract of Ceylon, 1949

Table 6.2. Production Assets in Peasant Agriculture, 1981-82

Province	Extent under Smallholdings (ac.)	Population in the Rural Sector	Per capita availability of land (ac.)
Western Province	427,460	2,034,500	0.21
Central Province	330,650	1,309,200	0.25
Southern Province	485,470	1,559,400	0.31
Northern Province	250,290	799,900	0.31
Eastern Province	336,950	756,100	0.45
N'Western Province	679,300	1,586,500	0.43
N'Central Province	363,980	784,700	0.46
Uva Province	258,840	695,200	0.37
Sabaragamuwa Province	360,220	1,096,400	0.33

Notes: 1. All cultivated permanently cultivated land in holdings of less than 20 ac in extent, other than paddy land is included in the category of 'Non-Paddy Land'.

2. The population figures used for estimating 'Per Capita Availability' are those on the Rural Sector, excluding, however, the population residing on plantations.

3. The 'Production Assets in Peasant Agriculture' referred to in this table are all units of production of less than 20 acres in extent.

Sources: Census of Population, 1981, and Census of Agriculture, 1982

A comparison of the two sets of data presented above shows that the inter-provincial diversities in respect of availability of what could be considered the main production asset in peasant agriculture - land - were of a small magnitude. As one would expect, there were the intra-provincial variations - in 1982, the average per capita availability of land in the rural sector was as low as 0.15 ac in the predominantly Sinhalese Colombo District, and 0.19 ac in the predominantly Tamil Jaffna District. What needs to be understood in the context of the present study is that the scarcity of land and the related temporal trends at last up to the early 1980s do not appear have varied in their impact on the different areas of the country, and, hence, on the Sinhalese, Sri Lanka Tamils and the Muslims.

An issue that has been repeatedly discussed and debated in the writings on the ethnic conflict of Sri Lanka relates to the question of whether the minority communities - Sri Lankan Tamils, in particular - have been discriminated in the distribution of agricultural land in the peasant settlements established in the Dry Zone. The related facts,¹⁵ as known to us through detailed investigations could be summarised as follows:

- Of the total number of families settled in the so-called ‘Major Colonisation Schemes’ (excluding those established under the Mahaveli Development Programme) the Sinhalese account for approximately 81%. If the recipients of land in the so-called ‘Youth Settlement Schemes’ (made distinctive mainly by the fact that these are served with lift-irrigation facilities rather than by gravity irrigation) are added to the earlier total, the Sinhalese share of the overall total drops to about 78%. This is marginally higher than the Sinhalese ratio in the total population of the country. However, since the Indian Tamils have all along been considered ineligible to receive land allotments in these schemes, the corresponding percentages accounted for by Sri Lanka Tamils and Muslims are also higher than their respective population ratios.
- In the Mahaveli Development Programme in which land distribution adheres to the stipulations of an inter-ethnic agreement worked out in 1987 concerning both extents to be allocated to each ethnic group as well as areas of such allocation, the parts of the programme (Right Bank Scheme of System B, and System A) that have been earmarked for distribution mainly among Tamils and Muslims are yet to be opened up, the delay in their development being due to the fact that the areas concerned have remained strongholds of the LTTE and venues of terrorism.
- Accordingly, if there has been ethnic-based discrimination in government-sponsored land distribution schemes, it has been on the ‘Indian Tamils’ rather than on any other group. (For details on these facts, see Peiris, 1991; 1996).

6.2. Ethnicity and Production Assets in Plantation Agriculture

The subject of ownership of production assets in the plantation sector of post-independence Sri Lanka could be examined within the framework of a ‘pre-reform phase’ and a ‘post reform phase’, with the land reforms implemented from 1972 to 1976 representing the temporal divide. The most prominent structural change of the ‘pre-reform phase’ was the progressive transfer from foreign to local ownership of an increasing share of land under plantation agriculture (Table 6.3). This was, indeed, a

15. For details, see Peiris G H (1989): 9-35; Peiris G H (1991) : 13-39; Peiris G H (1994) : 43-88

continuation of a pre-independence trend that gained momentum as a result of the dwindling profits that accrued to the foreign investor in plantation enterprise.

Since a large proportion of the ownership changes portrayed in the foregoing tabulation took the form of capital transfers from joint-stock companies registered in London to those registered in Colombo, in the absence of data on changes in share ownership, it is not possible to ascertain how the benefits of this change were distributed among the indigenous ethnic groups.

Table 6.3. Changes in the Ownership of Plantation Land, 1950 to 1972

Type of ownership	extent under each crop as percentages of the respective totals					
	1950			1972		
	Tea	Rubber	Coconut	Tea	Rubber	Coconut
Foreign Owned	69.1	37.6	11.9	31.3	14.2	4.2
Sri Lankan Owned	30.9	62.4	88.1	68.7	85.8	95.8

Notes: 'Sri Lankan Owned' extents include those owned by companies registered in Sri Lanka and all production units owned under Sri Lankan citizens.

Sources: Census of Agriculture, 1952, and Census of Agriculture 1972

Stock market shares were, of course, owned by investors from all ethnic groups. It is also of interest that the largest owner of plantation land on the eve of the land reforms was a 'family company' owned by Indian Tamils, despite the fact that the community itself owned only a meagre proportion of agricultural land in the country. The available data on this subject (especially the information furnished in the Ferguson's Directory and the Handbook of Rupee Companies - both, annual publications) suggest that an overwhelmingly large proportion of capital assets in the plantation sector at the time of initiation of the land reforms was owned by the Sinhalese.

The land reforms brought about a drastic reduction in the private ownership of plantation land and related capital assets. The essence of this change was that by the end of 1976, about 60% of all tea land, 30% of rubber land and 10% of the land under coconut were under the ownership and control of the government. The 'post-reform phase' of plantation enterprise in Sri Lanka has been featured by several changes in its pattern of ownership of assets. Until about the late 1980s, the land that had been taken over by the government under the reform programme remained largely under the control of two public corporations - State Plantation Corporation and the People's Estate Development Board. Since then, there has been a process of re-privatisation of plantation management under the initial phase of which the government leased out the management rights of plantations to private firms. Of the 22 companies that were awarded such management leases, 15 were under the control of Sinhalese investors, Sri Lanka Tamils controlled 3, and 4 had ethnically mixed ownership. From 1995 onwards, the government has sold some of these plantations outright to private firms.

Throughout the history of plantation enterprise in Sri Lanka, its indigenous entrepreneurship was drawn largely from the Sinhalese community. Only a small proportion of plantation land was ever owned by the minority communities of the country. Although this could be attributed to the 'geography' of ethnicity - plantation agriculture was almost entirely confined to the Wet Zone, inhabited mainly by the Sinhalese - the fact that Tamils and Muslims, with a few notable exceptions, seldom ventured into the plantation sector even when they possessed the required capital to do so has

to be explained with reference to a ‘convention’ of preference. Rich Tamils and Muslims did invest in real estate, but not in plantation land.

6.3. Ethnicity and Production Assets in Manufacturing

Very little is known about the ownership of capital assets in the manufacturing sector at the time of independence other than the fact that, meagre as these assets were, their ownership was largely confined either to small ‘family-based’ enterprises of the peasant sector (‘cottage industries’), or to a few private firms located in the Greater Colombo Area the majority of which were owned by Indians and the British.

Over the first three decades after independence, while the so-called ‘cottage industries’ in rural areas made very little headway, much of the progress achieved in the field of modern manufacturing took the form of industrial production in state sector enterprises. The momentum of government ownership of industrial enterprises continued into the early 1980s such that, even at the time of the Census of Industries of 1983, the state sector accounted for a substantial share of the industrial sector of Sri Lanka’s economy (Table 6.4). By 1977, however, despite the burden of excessive government restrictions on private enterprise in manufacturing, a measure of progress had been made by the private sector in producing a range of goods for the protected domestic markets. The more successful among the private industrialists were invariably those that had been buttressed by the benevolence of the governments in office. The large majority had survived due entirely to the advantage of having a protected domestic market. Typically, the pre-1977 private sector industries were labour intensive ‘workshop-type’ ventures based on locally available resources such as agricultural raw materials or metal scrap, and an abundance of cheap labour. Two industrial estates established by the government at Ekala (near Colombo) and Atchuveli (near Jaffna) had also added to the trickle of private capital into industry.

Table 6.4 - Industrial Units with 5 or more persons engaged: State & Private Sectors – 1983

Ownership	Number, with percentage of total in parenthesis	
	Units (%)	employment (%)
State corporations	764 (4.8%)	96,755 (24.3%)
Government Departments etc.	798 (5.0%)	37,962 (9.5%)
Private Sector	14,498 (90.2%)	263,566 (66.2%)

Source: Census of Industries, 1983, Department of Census & Statistics

The ‘liberalisation’ of the economy since the late 1970s did have the effect of bringing about an upsurge in manufacturing industry along with a change in its orientations from domestic to foreign markets. Since this has been discussed in many research writings, the requirements of the present study could be adequately served by confining our focus to the rates of industrial expansion in different parts of the country under the new policy dispensation.

Table 6.5 - Expansion of Manufacturing: Regional Variations, 1980 to 1999

Region	Number of enterprises			% Share of national total		% Share of increase
	1980	1994	1999	1994	1999	1994 to 1999
Western Province	1,394	2,060	2,701	83.6	79.5	68.8
- Colombo District	924	1,514	1,893	61.2	55.7	40.8
- Gampaha District	406	465	659	18.8	19.4	20.9
- Kalutara District	64	81	149	3.3	4.4	7.3
Central Province	173	90	155	3.7	4.6	7.0
Southern Province	126	118	186	4.8	5.5	7.3
N'Western Province	81	91	183	3.7	5.4	9.9
N'Central Province	15	27	37	1.1	1.1	1.1
Uva Province	17	31	44	1.3	1.3	1.4
Sabaragamuwa Prov.	79	36	63	1.5	1.9	2.9
Eastern Province	24	12	23	0.5	0.7	1.2
Northern Province	78	n.a.	5	0.0	0.1	n.a.
Total	1,987	2,465	3,397	100.0	100.0	100.0

Sources: Central Bank of Sri Lanka, 1981 and Gunatilaka (2000)

At the time of the country-wide Census of Industry conducted in 1983, the public sector still accounted for about one-third of the total industrial workforce in the country. In the private sector, following 'liberalisation', while about 100 firms had been established for the production of goods (mainly garments) for export, many more using modern technology, launched in the wake of incentives provided by the government, were also in operation, catering mainly to the demand in the local market. Both these categories of private sector industries proliferated in the period which followed, creating, in the long run, a highly uneven pattern of distribution of manufacturing in the country. By the late-1990s, proportions exceeding 70% of the post-1977 industrial investment, output and employment were being accounted for by manufacturing firms located in what has come to be called the 'Colombo Metropolitan Area' comprising the districts of Colombo, Gampaha and Kalutara.

Can the spatial variations portrayed in Table 6.5 be interpreted as indicating inequality between ethnic groups in the ownership and control of capital assets in this segment of the economy? Since entrepreneurs in almost all post-liberalisation ventures are joint-stock companies some of which are partly of fully foreign-owned, it is not possible to disaggregate industrial investment on the basis of ethnicity. It is, of course, known in general terms that, despite the continuing political instability, some of the largest manufacturing firms in Sri Lanka - those that have remained in the forefront of profitability - are owned by investors from the minority ethnic communities including Sri Lankan Tamils. Yet, the overall impression conveyed by the trends of these periods is that prospective entrepreneurs of the Sri Lankan Tamil community are likely to have found the conditions that have prevailed in the main 'growth areas' of the country far less congenial for investment than their counterparts from other ethnic groups. Moreover, in the light of the evidence indicating that certain investment opportunities in manufacturing were made available to the private sector on the basis of political favouritism, it is likely that among the main ethnic groups of the country, Sinhalese and the

Muslims have gained substantially more than the Tamils. Subject to several qualifications (see the notes appended to the table), this impression finds some confirmation from the data presented in Table 6.6. which show, inter alia, the ethnicity of the managerial personnel of the smaller factory-based industrial ventures that had been established in Sri Lanka up to 1991.

Bearing in mind the qualification regarding the accuracy of the estimates presented above implicit in the notes appended to Table 6.6, it is possible to draw the guarded conclusion that the Sinhalese and the Muslims are likely to have continued to control a larger share of firms in this field than their respective population ratios. These estimates also underscore the fact that, as investors in small factory-based industrial ventures, the Tamils did not receive a fair share of the benefits which the 'liberalisation' policies were intended to generate.

Table 6.6. Small-Scale Factory Industries in Sri Lanka, 1991: Ethnicity of Managerial Personnel

Period of Inception	Sinhalese	Tamil	Muslim	Other	Unidentifiable	All firms (%)
	Number of firms, with percentage in parenthesis					
before 1977	97 (70.8%)	5 (3.6%)	22 (16.1%)	10 (7.3%)	3 (2.2%)	100.0
1977-1983	87 (76.3%)	4 (3.5%)	15 (13.2%)	4 (3.5%)	4 (3.5%)	100.0
1984 & after	138 (79.3%)	8 (4.6%)	17 (9.8%)	4 (2.3%)	7 (4.0%)	100.0
no info	18 (90.0%)	1 (5.0%)	1 (5.0%)	0 (0%)	0 (0)	100.0
All firms	340 (76.4%)	18 (4.0%)	55 (12.4%)	18(4.0%)	14 (3.2%)	100.0

Notes: 1. This table is based on information furnished in the Directory of Small Industries published by the Greater Colombo Economic Commission (GCEC) in 1991. The directory is described as a 'comprehensive compilation', though the information it contains related to 445 firms that responded to a questionnaire circulated by the GCEC. It is specially important to note that small factories in the war-affected areas of the 'north-east' could not have responded to the questionnaire even in the unlikely event of their being in existence in 1991.

2. 'Small-Scale Industry' is defined with reference to an investment upper limit of Rs 5 million

3. The ethnic classification used in this tabulation is based upon the ethnicity of the 'Chief Executive Officer'/'Executive Director'/'Managing Director'/'Contact Manager' as given in the directory. As a guide to the ethnicity of ownership of a firm this is unlikely to be a 100% accurate guide. It is, hence, possible that a firm placed in one or another ethnic category is owned/managed by persons from different ethnic groups. Hence, the need to treat the entire tabulation as containing rough estimates

4. It is not possible to make a distinction between Sri Lankan Tamils and Indian Tamils on the basis of information given in the source.

5. The 'Other' category consists largely of persons from the Borah and Parsee communities.

There is, in addition, a feature of interest in the spatial pattern of manufacturing that came into being in the 'pre-liberalisation' phase which has a special relevance to the subject of changes in the ownership of assets in this sector of the economy. With the gradual curtailment of imports into the country from about the late 1950s, the horticultural products of Jaffna began to fetch extraordinarily high prices in the country-wide domestic market. It appears that at least a part of resulting enhancement of income was invested in manufacturing ventures located in Jaffna peninsula which

proliferated and flourished in the almost totally protected domestic market of the early and mid-1970s. Industries of the Jaffna peninsula at this time included many medium-scale enterprises in the production of textiles (at Vallai, Kopay, Kondavil and Neerveli), hosiery (Pandetiruppu), leather products (Varani), glass (Jaffna, Chunnakam, Chankanei and Neerveli), Aluminium and other light metal goods (Mavidapuram and Neerveli), and asbestos sheets (Evinai), in addition to a fairly wide range of agro-based small-scale industries and cottage crafts. With trade liberalisation, the ensuing flood of imports brought about a drastic change in the economic setting of these industries. By the mid-1980s, the majority of these enterprises had collapsed, with no prospects of recovery under the turbulent political conditions that have persisted since that time. On the plausible assumption that the industrial assets that expanded in the 'far-north' in the pre-liberalisation period belonged to Sri Lanka Tamils, and in the context of our earlier observations that the predominantly Tamil areas of the country lagged behind the post-1977 investment in manufacturing and that the participation of the Tamil community in the investment boom after 1977 was relatively low, it could be concluded that the Sri Lankan Tamil share of the ownership of industry in the country has declined very sharply during the past two decades. The impact of this from the perspective of employment in manufacturing is also likely to have been profound.

6.4. Capital Assets in Other Commercialised Tertiary Activities

Trade - wholesale and retail - ranks foremost among the 'service industries' of Sri Lanka in respect of both employment as well as value of product. This segment of the economy has expanded steadily throughout the past few decades, increasing its share of the gross domestic product from about 10% at the time of independence to about 22% by the year 2000. According to recent estimates, about 12% of the gainfully employed workforce is engaged in trade.

The bulk of the wholesale trade in the main plantation exports continues to be handled by about 15 'Agency Houses and Brokering Firms', all of which are large joint-stock companies with shareholders drawn from all ethnic groups. In the early post-independence years, firms owned and managed by expatriate personnel dominated Sri Lanka's foreign trade. Later, as government controls over the economy increased, the private sector share of foreign trade declined. Trade liberalisation since the late 1970s appears to have reversed this trend, and, while the participation of private firms in the export and import of goods increased, foreign firms once again acquired considerable prominence in this segment of the economy, especially in respect of the export of commodities produced by the newly established export-oriented industries. Thus, as Wignaraja has shown (1998:64-65), the share of manufactured exports accounted for by foreign firms which was only 9.1% in 1979, increased to 24.4% by 1985, and to 71.2% in 1993. The impression conveyed on this transformation by the related information provided in sources such as the Review of the Economy by the Central Bank of Sri Lanka, and the Handbook of Rupee Companies (annual series) is that there is, at present, an absence of a discernible prominence of any one indigenous ethnic group among those who own the larger firms that engage in foreign trade.

In another major aspect of wholesale trade - i.e. bulk transactions in internally produced commodities such as rice, vegetables and the so-called 'subsidiary food-crops' - in which there has for long been some cartelisation by groups of traders from the different communities at the level of the larger surplus producing regions, observational evidence indicates the recent emergence into

prominence of close-knit groups from the Muslim community in some of the main surplus producing areas.

Retail trade is an activity largely confined to the hierarchy of urban centres in the country. A fairly large part of retail trade, even in urban areas, would fall into the informal economy. The spatial pattern of retail trade - formal and informal - conforms closely to the distribution of population in the country. From about the latter half of the 19th century up the early aftermath of independence (the time of the first wave of major communal violence), traders from the different ethnic groups did not confine themselves to the areas in which their own communities constituted the majority but also operated in areas inhabited by other groups. The large majority among those who did venture out in this manner appear to have been from parts of the country that were poorly endowed with agricultural resources. What this meant was that in the economy inherited from the colonial era the share of internal trade held by Tamils and Muslims was distinctly larger (relative to their population ratios, if not in absolute terms) than that of the Sinhalese. In the transfer of agricultural commodities from surplus areas to the main markets, close-knit groups of one or another minority community developed modalities of controlling key aspects of related transactions. These, at times, created inter-ethnic stresses and strains not only among those from the different communities engaged in trade, but also between the trading groups and the producers of commodities - the farmers.

The minority 'dominance' of retail trade has undergone considerable modification in the recent decades with a steady decline of the share of retail trade under the control of Sri Lankan Tamils and a corresponding increase in the share of the Sinhalese in most parts of the country. Several writers (Gunasinghe, 1984; Moore, 1998; Hoole, 2001) have interpreted the erosion of the Tamils assets in this field of the economy as a direct outcome of several interwoven causes such as the destruction caused by mob attacks on Tamil business establishments during spells of communal violence, often instigated by rival traders from the other ethnic groups (mainly, it is alleged, the Sinhalese), and the government patronage bestowed upon traders from the Sinhalese and Muslim communities for reasons of electoral politics. The near-total collapse of private trade in the principal venues of the ethnic war has, of course, been an additional cause for the Tamil losses.

Road and rail transport accounts for an overwhelmingly large share of the movement of people and commodities within Sri Lanka. The network of roads and railways is owned almost entirely by the state, as it has always been. In the operation of rail transport, the state holds a monopoly. Passenger transport by road is shared by the public and private sectors, with the proportion accounted for of the former declining sharply since the late 1970s. A few public firms that own large fleets of vehicles, and numerous small-scale operators participate in the haulage of goods by road.

The outbreak of armed confrontations between the security forces of the government and the Tamil militants in the mid-1980s brought civilian motor transport in the North and parts of the Eastern Province to a complete standstill. Since, typically, the operation of commercial public road-transport services provided by private fleet operators are localised ventures, this disruptive impact may be interpreted as representing yet another curtailment of the capital assets owned by Sri Lankan Tamils in the country's economy. Despite the non-availability of related statistical data, it could also be stated with certainty that the rapid expansion of private sector ventures in road-transport services witnessed since the late 1970s - according to data from the Department of Census & Statistics, an increase from about 1,800 coaches in 1978 to over 50,000 in 1999 - represents almost exclusively a large increase of investment by those from the Sinhalese and Muslim communities. Since banking and other financial services are performed both by state sector institutions as well as by joint-stock companies, it is not

possible to trace in this field of the economy the distribution of the related capital assets among the ethnic groups of the country. According to Moore (1998:95), however, in 1990, 11 out of the 13 largest Finance Companies in the country were under the control of Sinhalese entrepreneurs. The production of commercial energy has remained largely within the state sector, and its bulk distribution is entirely under government control. Retail outlets of petroleum products are in private hands. The war-torn areas of the 'north-east' have not had regular supplies of either electricity or petroleum products ever since the mid-1980s. Thus, at present, there is hardly any Tamil ownership of capital assets in this field.

6.5. Capital Assets in Social Welfare Services

On the main social welfare services in Sri Lanka - education and health care - published data of reasonably comprehensive coverage are available only on the government-operated and government-controlled segments thereof. What these data show about the post-independence changes in the ownership of capital assets is that: (a) a trend of increasing government intervention over the first thirty years after independence at the end of which most of the educational and health service institutions were under the direct ownership and control of the government, and (b) a trend of re-emergence of facilities for education and health care in the private sector in the more recent past.

In education, the trend of increasing government control in the aftermath of independence was rationalised mainly with reference to a need to expand the educational system, and to reduce the disparities within it. One of the glaring educational disparities that had evolved during the colonial era - one which evoked the resentment of Sinhalese Buddhists - was the continuing ownership and control of most of the better equipped urban schools by the Christian churches, despite the fact that the schools concerned operated with financial assistance from the government. The notion that the existence of such schools provided the Christians an educational advantage over those of other religious groups was a live issue in electoral politics. It was in this context that the government sought to extend its control over the entire school system, divesting the ownership of as many schools as possible from the religious establishments (mainly churches). The resulting curtailment of the privilege which the Christian minority (9.1% of the total population) had enjoyed under colonial rule was hardly ever opposed by the ethnic minorities. Nevertheless, the government take-over of most of the Christian Schools in the early 1960s - among these were some of the best schools in the Jaffna peninsula that had for long contributed to the educational and social advancement of the Tamils - is likely to have been seen by the Jaffna Tamils as a devaluation of one of their cherished assets.

The re-emergence of private sector educational facilities during the past two decades, a highly conspicuous trend in Colombo and its suburbs, can be seen as a benefit that is being shared by all ethnic and religious groups living within easy access of the city. Nevertheless, it has clearly had the effect of enhancing urban-rural disparities in educational opportunities and, as part and parcel of that process, the disparities between the 'North-East' and the other more urbanised areas of the country.

The changing configurations of the government's role in the health services are, in many ways, comparable to those of the educational services. The distinct trend of the past two decades has been towards increasing privatisation of the curative services. The non-availability of any data on this precludes any attempt to quantify it. In addition, there has been the disruptive impact of the ethnic conflict on the health services of the North and parts of the East which is well known but remains unquantified.

6.6. Ethnicity and Poverty Trends up to the early 1980s

The first three decades after independence could be considered as constituting a distinct phase of the ethnic conflict of Sri Lanka, one during which the political leadership of the Sri Lanka Tamils remained within the democratic mainstreams, and the articulation of Tamil demands remained largely confined to peaceful agitation and protest both within and outside parliament. Moreover, throughout the period the formal authority of the government extended over all parts of the country. It was in the late 1970s that separatism came to the forefront of Tamil demands, and it was in the early 1980s that the demand came to be buttressed by large-scale organised violence. The income data from some of the surveys conducted during the 1970s and the early 1980s, their deficiencies notwithstanding, could hence be used for the purpose of gaining certain impressions on the extent to which income trends varied on the basis of ethnicity over a critically significant transitional phase of the country's ethnic conflict. The estimates tabulated below illustrate the type of analyses possible with the available data.

Table 6.7. Income and Ethnicity, classified by Sector, 1973 and 1981/82

	Urban			Rural			Estate		
	1973	1981/2	% change	1973	1981/2	% change	1973	1981/2	% change
Sinhalese ³	50	131	+162	32	76	+138	48	63	+31
S'Lanka Tamil	39	119	+205	32	73	+128	36	56	+72
Indian Tamil	34	146	+329	37	52	+ 41	30	57	+90
Muslim ⁴	37	97	+162	44	77	+ 75	46	89	+93

Notes: 1. average per capita income in rupees, in constant (1952) prices.

2. The 'current' to 'constant' price conversion is based on the Colombo Consumer Price Index.

3. Weighted average of values furnished in the sources on 'Kandyan Sinhalese' and 'low-country Sinhalese'.

4. Weighted average of values furnished in the sources on Moors and Malay.

Sources: Surveys of Consumer Finances, 1973 and 1981/82.

The following conclusions could be drawn from the estimates presented in Table 6.7 on the sectorally classified income changes among the different ethnic groups:

- Relatively high increases of real income were recorded during the 1970s in the urban sector by all ethnic groups.
- During this period, in the urban sector, Tamils (Sri Lankan and Indian) had higher income increases than the Sinhalese and the Muslims.
- In the rural sector there was a remarkable similarity in the levels of income and the rates of income increase between the Sinhalese and the Sri Lanka Tamils (Indian Tamils constitute only a minute proportion of the rural population)
- In the estate sector, where the Indian Tamils predominate, there was a trend towards equalisation of incomes between the ethnic groups. (Note that the presence of Muslims in this sector is minute.)

In both the urban sector as well as the rural sector there is a great deal of intra-sectoral income diversity which, of course, cannot be captured in the related average values such as those presented in Table 1.6. However, an intra-sectoral disaggregation of restricted scope is possible on the urban sector only, with the combined use of the sectoral data along with the data on 'Zone 5' (Colombo city) furnished in the reports on the Surveys of Consumer Finances (Table 6.8).

Table 6.8. Urban Income Trends - Colombo and other Urban Areas average income in constant (1952) prices - Rs/Person

	Colombo			Other Urban Areas		
	1973	1981/2	% change	1973	1981/2	% change
Sinhalese	47	188	+300	51	123	+141
Tamil	42	154	+266	36	120	+233
Muslim	34	120	+253	40	79	+98

Note: 'Tamil' denotes both Sri Lanka Tamil and Indian Tamil. The distinction between the two groups is of little consequence in the Colombo City and in most of the other urban areas.

Sources: Surveys of Consumer Finances, 1973 and 1981/82.

A feature of some significance borne out by Table 6.8. is that, in the urban sector, the Sinhalese had a higher level of income than the other groups. The gap had, indeed, increased between 1973 and 1980/81. The possible impact of this on ethnic relations both within the city as well as in the entire country should be viewed against the backdrop of a clear trend towards equalisation of average income of the ethnic groups living in Colombo which is also portrayed in this set of data. In addition, it is possible to discern a contrasting trend of widening income disparities in the urban areas outside Colombo, one which is featured by the Muslims lagging behind the other ethnic groups, particularly the Tamils whose average income had recorded an increase of 233% between 1973 and 1981/2. This latter feature could be explained with reference to the fact that a very large proportion of urban Tamils outside Colombo resides in towns of the Jaffna peninsula where there was a sharp upsurge of income generated mainly by trade throughout the 1970s (Gunasinghe, 1986; Peiris, 1996:339-341). Its importance to the present survey is found mainly in the fact that the upsurge was not sustained in the 1980s.

Two other points of interest emerge from the available 'zonal' data on income both of which could have a bearing upon conditions that generate political instability and conflict. The first of these is the widening of incomes differences between the Colombo City (Zone 5) and the other areas of the country represented by Zones 1 to 4, all of which are predominantly rural. The related estimates (Table 6.9) show that, while in the early 1970s the average income in three of these latter zones was almost at par with that of Colombo, by the mid-1980s it had declined to about half that of the city. The extraordinarily rapid emergence of such wide income disparities between the city and the country-side has been a frequently articulated grievance of the peasantry throughout the recent past, and was possibly a cause for a build-up of resentment among rural youth which found expression in the armed uprising in the Sinhalese-majority areas of the country during the late-1980s. It could be suggested somewhat more speculatively that the widening income gap between Colombo and the Tamil-majority areas of the northeast (Zone 3) also generated similar resentment among their Tamil youth.

Table 6.9. Indices of Per Capita Income in the 'Rural' Zones, 1973 to 1986/87

	1973	1978/9	1981/2	1986/7
	Mean income in Colombo = 100			
Zone 1 - lowlands of the south and west	95	65	57	52
Zone 2 - main areas of irrigated agriculture	95	67	60	52
Zone 3 - lowlands of the north-east	99	76	57	..
Zone 4 - plantation areas of the interior)	65	46	50	36

Sources: *Surveys of Consumer Finances.*

The second feature of relevance identifiable in the zonal data relates to regional diversities in the trends of income distribution. The Colombo City which, as our earlier tabulations show, had (between 1973 and 1981/2) the highest rate of increase of average income, and the highest increases in inter-ethnic diversities of average income, is also seen to have experienced the highest increases of income inequalities. The estimates of the zonal Gini coefficients (Table 6.10) indicate that by the mid-1980s, the city (Zone 5) had wider income disparities than all other areas of the country.

Table 6.10. - Zonal Gini Coefficients of Income Distribution, 1973 to 1986/7

	1973	1981/2	1986/7
Zone 1	0.43	0.47	0.49
Zone 2	0.35	0.51	0.55
Zone 3	0.33	0.48	n.a.
Zone 4	0.39	0.54	0.49
Zone 5	0.39	0.59	0.63

Sources: *Surveys of Consumer Finances.*

6.7. Ethnicity and Poverty Trends after the early 1980s

For two important reasons, analyses of income-related changes in Sri Lanka since the early 1980s need to be examined separately from the trends of earlier times. First, as noted earlier, is the data-gap - the fact that the ethnic conflict itself created a vacuum of information on the north-east from about this time. The second reason is the change that has occurred in the conflict-poverty relationship in this part of the country from about the early 1980s which stems from the fact that, unlike in the earlier period when income-related changes might have been a cause for deteriorating ethnic relations in the country (although only traces of such an impact is evident in the macro-level data hitherto examined), since the mid-1980s, income changes, while contributing to the aggravation of conflict, were also a major consequence of intensifying conflict.

The poverty headcount trends reflected in the data from the Household Income and Expenditure Surveys (HIES) conducted after the early 1980s appear more distinct than those of earlier times. Based upon a 'poverty line' fixed at a per capita monthly expenditure equivalent to Rs. 791.60 person/month in 1995/96 prices (regarded equivalent to the poverty thresholds applied in an earlier study ¹⁶) the

16. Dutt G & Gunewardena D (1997)

World Bank estimated that the overall poverty headcount dropped from 30.9% in 1985/86 to 19.9% of the population in 1990/91, and then increased to 25.2% in 1995/96¹⁷. The features listed below have been highlighted in the commentary on these national trends and the related sectoral trends:

- ‘Income poverty’ has remained fairly high in Sri Lanka, probably as high as 25% of the total population even outside the North-East;
- The long-term trend in overall poverty levels shows a decline over the period 1985-96. This is in conformity with the trend discernible in the data from the CFSs of 1986/87 and 1996/97;
- There has been a slower progress in poverty reduction between 1990 and 1996 than between 1985 and 1990. The short-term fluctuations of the ‘headcount’ have also been sharper in 1990-96 than in the earlier period;
- The drop in the rural poverty headcount between 1985/6 and 1995/6 has been greater than that of the urban sector. The estate sector recorded a decline in the incidence of poverty between 1985/86 and 1990/91, and a reversal of that trend thereafter;
- According to estimates by Gunewardena (World Bank, 2000:30), in 1995/96, the incidence of poverty exceeded 30% in several areas of the country, with the highest ‘headcounts’ recorded in the North-western Province (33.9%) and Sabaragamuwa Province (37.0%). There is uncertainty about whether this represented a short-term dip in agricultural incomes (caused by widespread failure of the paddy crop and low prices of rubber and coconut), or a trend of increasing impoverishment. The available income estimates for the 1990s, considered together with production and price trends in agriculture during the decade point, however, to the likelihood that the incidence of poverty increased appreciably in these predominantly rural areas of the country, in contrast to the more urbanised South-western lowlands.

6.8. Ethnicity and the Impact of Social Welfare

The development strategies pursued in Sri Lanka since about the mid-1930s reflect a greater and more persistent commitment to social welfare than most other countries at comparable levels of per capita national income. This policy focus on welfare has been recognised in many recent writings as the key factor in the advances made by the country in respect of increasing life expectancy and literacy and declining mortality rates. Since statistical data on the ‘indicators’ referred to above are freely available and have, in fact, been repeatedly incorporated in published research, it is unnecessary to re-tabulate the data in the present report. What seems more appropriate is to examine the trends and patterns portrayed by the estimates of the ‘Physical Quality of Life (PQLI)’ derived from these indicators. Table 6.11 which is intended to serve this purpose contains data that cover the period of intensifying ethnic rivalry and enstion that culminated in the formal inception of a secessionist movement in Sri Lanka in 1976.

17. World Bank (2000)

Table 6.11. Estimates of the Physical Quality of Life (PQLI) in Sri Lanka, 1921-1971

Year	Male	Female	Average
1921	25.0	12.1	18.6
1946	46.3	36.3	41.3
1953	68.3	60.1	64.2
1963	75.5	71.3	73.4
1971	79.7	78.1	78.9

Notes: 1. The PQLI, developed by Morris D Morris of the Overseas Development Council in 1976 is a composite index based on life expectancy at 1 year of age, infant mortality, and adult literacy.

2. The time series is based on population census years.

Source: Sumanasekera, 1981:28-29.

There have been wide regional variations within Sri Lanka in the overall national trends of improvement in life expectancy, infant mortality and literacy reflected in Table 1.10. The district PQLI estimates worked out with data from the population census of 1971 are presented below in Table 6.12. One of the features borne out by this set of data is the lower PQL indices of the districts in which the 'Indian Tamils' constitute a significant segment of the district population. If a comparison is made between the proportion of 'Indian Tamils' and the PQLIs of Nuwara Eliya, Badulla, Kandy and Ratnapura, it is possible to identify a negative covariance between the two parameters. The relatively low PQLI of Batticaloa, a predominantly Sri Lankan Tamil district, is also of importance because it does reflect a lower level of impact of the main welfare services. In sharp contrast, however, is the district of Jaffna with the highest PQLI among all districts in which the population in 1971 was almost exclusively Sri Lankan Tamil.

Table 6.12. District Estimates of the Physical Quality of Life Index, 1971

Index of 85 or above	Index of 75 to 84	Index of 60 to 74	Index of 59 or less
Jaffna (88)	Kegalle (84)	Ratnapura (77)	Nuwara Eliya (64)
Kalutara (87)	Vavuniya (84)	Kandy (75)	
Galle (87)	Monaragala (80)	Badulla (72)	
Puttalam (86)	Anuradhapura (80)	Batticaloa (68)	
Matara (86)	Trincomalee (80)		
Polonnaruwa (85)	Mannar (80)		
Kurunegala (85)	Ampara (79)		
Hambantota (85)	Matale (78)		

Note: Jaffna District of 1971 included the present districts of Jaffna, Kilinochchi and Mullaitivu

Colombo District of 1971 included the present districts of Colombo and Gampaha

Source: Sumanasekera, 1981:32

6.9. Group Differences in Employment Opportunities

Available statistical information on the ethnic composition of public sector employment and the professions (Tables 6.13 to 6.17) raises several issues that have a significant bearing on the ethnic conflict of Sri Lanka. In the closing decades of the British regime a strong belief developed among some sections of the Sinhalese community that the more lucrative professions such as those in medicine, engineering and law both in the public sector as well as the private sector were 'dominated' by Sri Lankan ('Jaffna') Tamils. It was also argued that the Tamil community had a disproportionately large share of even some of the lower ranks of state sector employment such as technical and clerical services. The Sinhalese and the Muslims were under-represented in these fields in relation to their population ratios. Indian Tamils had no representation at all.

The somewhat sketchy statistical evidence available on this bears out the assertion that at independence the Tamil share in many of the occupations and professions in both the state sector as well as the private sector was significantly above their population share. For example, in the state sector, in 1948, about 25% of the senior administrators, 40% of the 'irrigation engineers', 32% of the doctors, and 46 % of the accountants were Tamils.¹⁸ Though comparable data on the private sector are not available, fragments of evidence suggests that situation there would not have been different. The numbers themselves cannot be disputed. However, the reason for the existence of those ethnicity-related inequalities has generated controversy. The Sri Lankan Tamils viewed it as a perfectly normal situation that has resulted, on the one hand, from the scarcity of agricultural resources in Jaffna which provided a strong impulse to people of their community to seek employment in other segments of the economy, and, on the other, from the superior facilities that had evolved under colonial rule in Jaffna peninsula. The Sinhalese, while not disputing these assertions, nevertheless argued that the imbalances in the 'ethnic representations' in some of the major fields of employment was a consequence of the privileged/favoured position enjoyed by the Tamils in education and recruitment to state sector jobs under the British regime.

Even as late as the 1980s the Tamil share in the professions and certain other prestigious jobs was either roughly equal to or higher than their population ratio. Since then, however, it has declined steeply. Though there has certainly been an increase in the number of Muslims and 'Indian Tamils' entering such occupations and professions. The latter, however, has not been sufficiently large to offset the drop in the overall share of the Tamils. The reasons for the drop in the share of the Sri Lankan Tamils in white collar occupations, technical grades and professions are varied and complex. To some extent, it was an inevitable adjustment that would have occurred as more Sinhalese and Muslims obtained the requisite qualifications and entered the job market. The reduction of the spatial imbalances in educational facilities that existed in the past provided both the motivation and the means for the Sinhalese (especially those of the rural sector) and the Muslims to seek upward social mobility through education.

However, there are the more controversial factors involved. One is the alleged impact of the 'language policy' which, Tamils argue, was intended to discriminate against the Tamils in the field of employment. A drop in the proportion of Tamils gaining admission to professional courses of study at tertiary level is yet another grievance of the Tamils from Jaffna peninsula. This embittered Sinhalese-Tamil relations especially during seven-year period in the 1970s when a system of language-based

18. Tambiah S J (1955): 113-134

'standardisation of marks' for selecting new entrants to the universities (which had the effect of increasing the number of Sinhalese admitted) was in operation.. Though in 1978 'standardisation' was replaced with a system of 'district quotas' which made it easier for students from the backward areas of the country to gain entry to the universities, the resentment of the Jaffna Tamils over the university admissions issue has persisted. (It should be noted, however, that Tamil politicians from outside the Jaffna peninsular generally supported the 'district quota' system because it helped their constituents.) In an increasingly tight labour market with a rising rate of unemployment, the Tamils also lost out when many jobs in the state sector - especially in the so-called 'corporate sector' that expanded rapidly after 1956 - were given increasingly on the basis of political party connections, and many jobs, especially in the lower-middle and manual grades were given to the supporters of the party in power.¹⁹ Since the mid-1983s, the secessionist war has contributed to a fall in the Tamil share in many occupations. The military has very few Tamils. The ranks of the Police have also been depleted of Tamil officers. Large numbers of Tamil professionals have emigrated. It has also been observed that Tamil education in the arts and social sciences stream has declined over the last three decades. Thus, as a community they have not been able to compete as effectively as before for jobs that require qualifications in these fields.

Finally, two factors have made the private sector less willing than in earlier times to recruit Tamils. After the 1983 ethnic riots, there has been a belief that Tamils in position of authority would be find it difficult to control and maintain discipline in the predominantly Sinhalese subordinate grades. Second, with the rise of LTTE terrorist attacks, some employers view Tamils as a security risk. The 'curtailment of capacity' in the form of unemployment is, of course, not a problem confined to any one ethnic group. Nor do the available data on unemployment among the different ethnic groups, despite the apparent inter-ethnic differences these portray, indicate that unemployment is substantially more severe among one group than among another. Despite the favoured treatment which the Sinhalese have received (in comparison to the Tamils) in state sector employment, frustration and unrest caused by unemployment has probably been as intense among the Sinhalese as among the other ethnic groups for the reason that while the expansion of employment opportunities has persistently lagged behind the rate of growth of the labour force, there have always been other (non-ethnic) forms of favouritism in recruitment to most of the available job opportunities in the formal sector of the economy.

Sri Lanka's experiences over the past few decades indicate that unemployment is both cause as well as effect of political unrest and conflict. Several features of this causal nexus – much of it, common knowledge – have been highlighted in the writings that deal with political turbulences of the country during the past few decades. The first is that higher rates of unemployment occur among the lower age-strata of the labour force, which implies that the problem of unemployment is relatively more acute for the youth. Secondly, there has been a pronounced trend, at least from about the 1960s, for the rate of unemployment to increase with the level of education, so that it is the educated youth that have been increasingly vulnerable to failure in obtaining the type of employment considered commensurate with higher educational qualifications. Thirdly, the avenues of employment which could absorb those with higher levels of general education have not expanded adequately in relation to the increasing demand for such employment. Hence, there has been intensifying competition among aspirants to such employment. Finally, in the formal sector of the economy, there has been, throughout

19. For a detailed analysis, see Samarasinghe S W R de A (1984): 173-185

the recent past, a trend of increasing favouritism based upon criteria such as ethnicity, social class and personal links in electoral politics in the processes of recruitment. In the public sector, political patronage is the major determinant of selection of new appointees. At the upper and middle levels of the private sector, fluency in English and parental social status command a premium in job recruitment. In the actual operation of these criteria, the educated rural youth from the lower economic strata, regardless of ethnicity, are invariably the main victims of deprivation. It is from this segment of society that insurgent groups such as the LTTE (among the Tamils) and the People's Liberation Front (JVP, among the Sinhalese) draw their cadres. Somewhat ironically, the recruitment to the armed forces of the government is also almost entirely from the very same sources.

Table 6.13. The Percentage Unemployed in the Labour Force of each Ethnic Group

	1953	1963	1973	1978/79	1980/81
Low country Sinhalese	18.9	17.5	30.0	18.5	141.6
Kandyan Sinhalese	15.6	12.7	23.0	13.9	11.3
Sri Lanka Tamils	8.4	11.6	17.7	10.9	6.7
Indian Tamils	17.8	6.7	12.3	5.6	4.9
Moors	15.9	14.9	21.3	13.8	10.4
All ethnic groups *	16.6	13.8	24.0	14.8	11.7

** includes other numerically small ethnic groups based on Reports of the Surveys of Consumer Finances*

Table 6.14. Ethnic Composition of Employment in the Higher Government Services: 1946 ('Civil List' jobs only)

	Percent of total				Total Number
	Sinhalese	Sri Lanka Tamils	Burghers	Europeans	
Civil Service	44.5	20.0	10.3	25.2	155
Judicial Service	46.7	28.9	24.4	-	45
Medical Services	59.4	33.3	7.3	-	345
Engineering	52.2	25.4	22.4	-	67

Note: No comparable data are available on the middle and lower grades (based on raw data presented in Tambiah, op. cit. 1955)

Table 6.15. Ethnic Composition of Public Sector Employment, 1980

	% of the total employed		
	Sinhalese	Tamil	Others
Professional and Technical	82	13	5
Administrative and Managerial	83	14	3
All categories	85	11	4

Source: Department of Census & Statistics (1980) Census of Public and Corporate Sector Employment, Colombo

Table 6.16. Ethnic Composition of Employment in Selected Government Services (% of the total employed in each field)

Field and Year/Period	Sinhalese	Tamil	Others
Executive Grades (general administration)			
1948	53.9	24.7	21.4
1979	85.2	13.1	1.7
Doctors, Health Department			
1948	57.3	32.2	10.1
1979	55.5	43.5	0.9
Police (high ranks)			
1948	39.0	5.1	55.3
1979	75.7	17.4	6.9
Engineers (Irrigation Department only)			
1948	31.1	40.0	20.9
1981	57.1	38.9	3.7
General Clerical Service			
1979	n.a.	18.0	n.a.
General Clerical Service (% of the total newly recruited)			
1949	53.7	40.7	5.6
1978-81	93.6	5.4	1.0

(based on Samarasinghe, op. cit., 1984: 177-178)

Table 6.17. Composition of ‘Sri Lanka Administrative Service’ as on January 1990, and the numbers recruited to the service from 1977 to 1989 (with respective percentages in parenthesis)

	Sinhalese	Tamil	Muslim	Other	Total
Number in service (January 1990)					
Class I	142 (85.5)	21 (12.7)	1 (0.6)	2 (1.2)	166
Class II (1)	645 (94.1)	33 (4.8)	7 (1.1)	-	685
Class II (2)	566 (93.1)	29 (4.8)	13 (2.1)	-	608
Total	1,135 (92.7)	83 (5.7)	21 (1.5)	2 (0.1)	1,459
New recruitment (July 1977 – December 1989)					
	736 (91.1)	51 (6.3)	17 (2.1)	4 (0.5)	808

Source: Based on the Hansard, Vol. 62, No. 15, February 1990, p 2439.

6.10. Group Differences in Education

The principal features of the educational system of Sri Lanka on the eve of independence may be outlined as follows. Facilities for primary education in the local languages (Sinhala and Tamil) were widespread, and, with the increasing effectiveness of legislation on ‘compulsory schooling’ of children, school enrolment had reached a million (about 40 per cent of the 5-19 age group). But, at its higher levels, the educational pyramid narrowed sharply to about 1,000 at the apex as current enrolment at the university. School education, despite some overall control and direct participation by the government, was still largely in private hands (mainly religious organisations). The advances made during the Donoughmore Period (1931-1947) notwithstanding, the educational system was featured by regional imbalances that favoured the urban areas, especially those of the Western and Northern Provinces, and concomitant inequalities among different ethnic groups, with the Sinhalese Buddhists in rural areas, Indian Tamils in the plantation sector, and the Muslims living outside the main urban areas of the country constituting the least favoured groups. Due to the links that existed between educational achievement at secondary and tertiary levels in the medium of English and employment at the higher ranks of the workforce, education was potentially a means of upward social mobility. But, since access to secondary and tertiary level learning in English was still highly restricted, the educational system, in the words of Jayaweera (1969: 277-294), ‘...reinforced the dualistic social structure consisting of a disadvantaged majority and a privileged minority divided by language (English vs. Sinhala and Tamil) and economic and social status’.

Among the government policies of the period after independence, those that were aimed at increasing the availability and utilisation of facilities for formal education, and reducing disparities in educational opportunities, remained the most persistent. It was with reference to these objectives that almost all important measures in the field of education - increasing the number of schools, improving school facilities, strengthening teacher cadres, changing the media of instruction from English to the local languages, providing scholarships and other forms of assistance to needy students, and, more generally, extending government control over the educational system tended to be rationalised. There is no doubt that a significant measure of success was achieved in the efforts at overall expansion and improvement of facilities for formal education, and bringing about an increase in the utilisation of

such facilities in all areas of the country and by all segments of the population²⁰. However, what is of special significance from the perspectives of the present survey is the fact that, despite the improvements, over the first three decades after independence, there was only a barely perceptible reduction of inequalities in respect of educational attainment between sectors and between ethnic groups.

Table 6.18. Educational Attainment: Sectoral and Zonal Differences

SECTORS	Index of educational attainment			
	1963	1973	1978/9	1981/2
Urban	5.15	4.60	5.41	5.62
Rural	3.94	3.93	4.63	4.58
Estate	2.09	1.99	2.14	2.27

Note: The index is derived by awarding points to each person according to his/her educational status using the following points scheme: No schooling and illiterate = 0; No schooling but literate 1.0; Primary level = 3; Secondary level = 8.5; Passed GCE/Ordinary Level = 11; Passed GCE/Advanced Level = 13; Passed degree and/or comparable qualification = 16. Thereafter, the points are aggregated and converted to per capita sectoral values.

Table 6.19. Education and Ethnicity

	% of population in each group with GCE-Ordinary Level or higher qualifications				
	1953	1963	1973	1978/9	1981/2
Kandyan Sinhalese	1.8	3.0	5.2	9.1	11.1
Low-country Sinhalese	2.0	5.6	8.4	12.5	12.7
Sri Lankan Tamil	2.6	6.4	4.6	14.1	15.2
Indian Tamil	0	0.7	0.8	1.2	1.8
Moors and Malays	1.6	3.2	3.9	7.0	6.6
Others	4.0	20.3	15.5	14.1	25.5

Note: GCE (General Certificate of Education) Ordinary Level is a public examination taken by students at the end of their 11th year of schooling.

Source: based on data from Surveys of Consumer Finances)

The educational inequalities portrayed in the two sets of data presented above undoubtedly acted as causes for discontent among the disadvantaged groups. For instance, throughout the period to which these data relate (i.e. up to the early 1980s), the Indian Tamils, despite certain positive government responses to their demands for better educational facilities²¹ continued to lag far behind other ethnic groups. More generally, the extreme educational backwardness of the more remote rural areas gradually came to be perceived by the youth, especially those of radical persuasions, as a consequence of 'class discrimination' in the form of a continuing urban bias in the country's development efforts.

20. For a detailed analysis see, Peiris G H (1996): 298-304

21. The improvements referred to are discussed in Little A (1987): 31-37

There are, however, other education-related grievances (perceived entitlement failures shared by those belonging to all ethnic groups) which, in the more recent past, have acquired far greater importance as causes for political unrest. One of these is linked to the enhancement of privilege in the employment market associated with fluency in English – a trend of change that has become increasingly prominent since the initiation of the so-called ‘liberalisation’ policy reforms in the late 1970s. The existing facilities for education in most parts of the country do not enable students to acquire skills in the use of English, except in the case of students whose opportunities are buttressed by the higher social status of parents. What this has meant is that the large majority of students, educated in the medium of their mother-tongue – Sinhala or Tamil – have tended to remain excluded from the job opportunities (except those in unskilled and semi-skilled labour grades) that have been expanding in response to the stimuli provided by the economic reforms. The handicaps associated with lack of competence in English are, indeed, relatively more conspicuous in the case of those in, or graduating from, the institutions of tertiary education. This, as demonstrated by Sri Lanka’s experiences during the late 1980s, has made such institutions the breeding ground of anti-systemic protest in some of its more virulent forms. An aspect of education that has embittered Sinhalese-Tamil relations more than any other dispute concerning rights relates to the procedures of selecting students for admission to the universities. It has, indeed, been claimed that discrimination in university admissions provided the main impulse for the emergence of militant movements of protest among the Tamil youth in the north during the 1970s. Almost all analytical writings on the ethnic conflict of Sri Lanka refer to this issue. Unfortunately, some of them contain distortions and factual errors which, given the ready availability of reliable data, need not occur in research writings. In view of its crucial importance, it is worth attempting here a brief re-examination of its main ingredients. From the inception of the University of Ceylon in 1942, student admission to its undergraduate courses was based on performance at a public examination offered at the end of the senior secondary grades at school, at which the candidates were required to answer stipulated subject-based sets of question papers, each set oriented towards a different field of study – Arts, Science, Agriculture, Medicine, Law, Engineering etc. Up to about the late-1950s, since all candidates appeared for this ‘University Entrance’ (UE) examination in the medium of English, and since the university had a sufficient number of places to accommodate all those who qualified at the examination, the university admission procedure remained smooth and free of contentious issues. From about 1960, changes implemented earlier in school education began to be felt at the tertiary level. On the one hand, the expansion of facilities for education at the higher levels of the school curriculum, brought about a massive increase in the numbers seeking university admission. On the other, the change-over of the medium of instruction at school from English to the local languages meant that, although the UE examination was centrally co-ordinated and remained the same for students in the different language media, in each subject, it came to be conducted in the different languages by different sets of examiners. It was the impact of these changes, in the wider context of deteriorating Sinhalese-Tamil relations and the rising aspirations of the less privileged segments of the population, that made the procedure of selecting students to the universities – especially for courses such as Medicine and Engineering for which there was intense competition among students for the limited number of university places available – an increasingly controversial issue. Devising a fair, impartial and educationally acceptable method of selecting the most academically gifted students to the universities from among several tens of thousands seeking admission thus became one of the most thorny problems in the field of education in Sri Lanka.

Over the six-year period from 1971 to 1976, those in charge of university admission followed a system which involved a ‘statistical standardisation’ of marks scored by students of the two language media – Sinhala and Tamil – in each subject, and aggregating the standardised marks in order to decide upon the admission priorities for each field in accordance with quotas allocated to the different districts which, in turn, were determined (during the initial period of this new system of selection) on the basis of district population ratios. There were, in this procedure, two basic elements that inflamed ethnic sensitivities. One was the total absence of transparency regarding the statistical procedure followed for the language-based standardisation and the allocation of district quotas. It therefore conveyed the impression of an exercise in rigging of marks in favour of Sinhalese-medium candidates, which it could well have been. The other was even more blatantly offensive – namely the assumption underlying this entire procedure that examiners in the Tamil medium deliberately (i.e. fraudulently) inflate marks in order to ensure a larger quota of university places for students of their community. The bitterness generated by this new procedure was intensified by its actual impact of bringing about a drastic reduction of the proportion of Tamil students gaining admission to the science-based university courses. As C R de Silva has shown (1984:131) it dropped from 35.3% in 1970 (the last occasion of selection under the old system) to 25.9% by 1973, and 20.9% in 1974 and 14.2% in 1975.²² The beneficiaries of this reduction were, of course, the Sinhalese. There could be little doubt that the procedure followed in the selection of students for admission to the universities during this six-year period was a crude and short-sighted response to sectarian electoral pressures – one which has caused irreparable damage to Sinhalese-Tamil relations in the country.

The procedure of standardisation of marks was abandoned in 1977, and replaced by a system which provided for about 60% of the number admitted to each field of study in a given year to be selected on the basis of district quotas, and the remainder selected through an all-island ‘merit list’ (with no language distinction) formulated in a descending order of aggregates of marks. The selection of the quota allocated to each district was also based on a similar order-of-merit criterion applied to candidates from the district. This procedure, introduced in 1977 and followed since then, enabled students from certain districts that are considered as being poorly endowed with facilities for education at pre-university levels to be selected with lower aggregates of marks at the UE examination than those from the ‘educationally advanced’ districts. In practice, the effect of this procedure has been that students from districts such as Colombo, Jaffna, Gampaha and (and in recent years) Galle and Matara, need to obtain substantially higher aggregates of marks than those from districts such as Batticaloa, Monaragala, Mannar, Vavuniya and Mullaitivu, in order to be selected for admission to course such as those in Medicine and Engineering.

In the context of Sri Lanka’s continuing commitment to equalising educational opportunity, the propriety of the principle of affirmative action in favour of students from backward areas of the country (upon which this new system was based) cannot be challenged. What appears defective in this system is the assumed homogeneity of educational opportunities within each district. Such an assumption is, of course, totally fallacious. Given the extreme intra-district diversities in educational opportunity – those based on ‘class’, for instance – this procedure achieves only partially the targeting of affirmative action in favour of less privileged students which it is intended to achieve. Thus, its actual impact is that, while it enhanced the chances of students from the less privileged districts from gaining admission to the prestigious courses of study at tertiary level, it has also virtually debarred

22. de Silva C R (1984) : 125-146

students from the less privileged strata of society in the educationally advanced districts from being selected for such courses of study. It is to this latter category that the poorer students from, say, Colombo and Jaffna, the two most educationally advanced districts, undoubtedly fall.

6.11. Group Differences in Health Services and Health Status

Health data are not available within the framework of ethnic classification. Certain general insights on the ethnic-based differences in respect of the provision of state sector curative health services and health status indicators could be gained from district data on certain basic health-related parameters presented in Table 6.20. Here again, for the reasons repeatedly referred to earlier, we need to rely on the 'pre-conflict' data. What these data portray is, in essence, the same pattern as evident in the estimates of the 'Physical Quality of Life' (Table 6.12) examined earlier. The two indicators of the provision of health services - number of hospital beds per 1,000 of population, and the number of doctors (trained in western medicine) in government health services per 1,000,000 of population - show that the district of Jaffna (which then included Kilinochchi district), the foremost concentration of Sri Lanka Tamils, ranked number two (second only to Colombo) among the 22 districts of the country. Similarly, in life expectancy and mortality rates, Jaffna district ranked among those that possessed the highest health status. In sharp contrast were the districts of Batticaloa and Nuwara Eliya where the Tamils constitute the majority, both the provision of the health services as well as its resonance on life expectancy and mortality were the least satisfactory.

Table 6.20 - Inter-District Comparisons of Selected Health Status Indicators, 1981

District	Life Expectancy at Birth (years)		Crude Death Rate per 1000	Infant/Maternal Mortality per 1000		hospital beds per 1000 of population	Doctors per 1,000,000 population
	male	female		live births	deliveries		
Colombo & Gampaha	62.5	67.8	7.8	36	0.3	4.7	71
Kalutara	67.6	70.8	8.2	40	0.6	2.3	29
Galle	67.2	70.7	6.5	45	1.3	2.0	26
Matara	68.2	71.3	5.7	37	1.1	1.9*	18*
Hambantota	67.0	69.2	7.5	34	0.5		
Kandy	60.6	62.1	7.6	51	1.4	2.9	30
Nuwara Eliya	56.6	55.0	7.3	81	3.1	2.4	20
Matale	63.3	64.1	9.9	44	1.1	2.6	16
Anuradhapura	65.2	68.7	6.6	35	1.0	2.7*	12*
Polonnaruwa	67.0	69.0	5.1	31	0.9		
Trincomalee	65.1	65.4	6.1	34	0.9		
Batticaloa	59.5	60.4	10.4	55	1.1	2.4*	15*
Ampara	63.8	66.6	6.8	41	1.0		
Badulla	61.2	61.9	6.4	58	1.1	2.0*	16*
Monaragala	67.9	69.3	6.4	38	0.9		
Kurunegala	66.3	69.1	6.4	40	1.0	2.4	14
Puttalam	68.3	63.3	7.6	43	1.2	2.1	23
Kegalle	66.7	67.1	6.5	43	1.0	2.2	15
Ratnapura	63.7	63.3	8.9	60	1.1	2.6	16
Jaffna & K'nochi	66.0	67.1	8.1	28	0.3	3.6	59
Vavuniya & M'tivu	63.7	63.2	6.3	39	1.3	2.9*	12*
Mannar	64.8	66.0	6.3	45	1.1		

* denotes 'average for the two/three districts that constitute a single SHS Division'

Source: Ministry of Health

Summary

1. In 'peasant agriculture', there is an absence of significant inter-ethnic inequalities in respect of ownership and control of production assets. The peasantry in all ethnic groups have continued to suffer from acute land-hunger. The extension of the frontiers of agriculture into the 'Dry Zone' has had only a marginal impact by way of alleviating this problem.
2. Throughout the history of 'plantation agriculture' in Sri Lanka its indigenous entrepreneurship was drawn largely from the Sinhalese community.
3. There has been an acceleration of investment and output in manufacturing industries since the introduction of the 'liberalisation' policy reforms in the late 1970s. The Tamils have benefited substantially less than the other ethnic groups from this aspect of development. Indeed, the Tamils of the Jaffna peninsula lost some of the advantages enjoyed prior to 'liberalisation'.
4. In wholesale trade there is no discernible prominence of any one ethnic group over others. There has always been a prominent Muslim presence in retail trade. The Tamil share of retail trade had declined over the past two decades, mainly as a result of ethnic conflict. In the service industries there has been a similar reduction in the share of assets owned by Tamils.
5. Over the first three decades after independence, there was a trend of increasing government control of the assets in the main social welfare services such as education and health care. The only significant inequalities in the utilisation of these assets throughout that time stemmed from:
 - related urban-rural disparities;
 - access to these services which the 'Indian Tamils' of the plantation sector had was substantially less than that of the other ethnic groups.

Since the late 1970s other dimensions of inequality have emerged due to:

- considerable privatisation of production assets in these services, and the resulting increase of urban-rural differences in the availability of such assets;
 - the disruptive effects of the secessionist war. The estimates based on health status indicators presented at the end of the chapter substantiate these points.
6. Poverty has continued to be both widespread and acute in Sri Lanka. In general, up to about the early 1980s, the differences between ethnic groups in respect of real income remained insignificant albeit with fairly marked urban-rural disparities. The sources that furnish more recent data on household income have not been comprehensive in coverage due to the war. There could, however, be little doubt that, in the war-torn areas of the north and the east real incomes declined.
 7. Spatial variations in the 'Physical Quality of Life' (as measured with the conventionally used indicators) show hardly any correspondence with ethnic differences except that, over a greater part of the post-independence era, the 'Indian Tamils' continued to lag behind the other ethnic groups.
 8. The inadequacy of employment opportunities (in relation to demand) has been both cause as well as consequence of political unrest. It has affected all ethnic groups. In the recent decades its adverse impact has been greater on the Tamil segment of the population than on the others.
 9. The alleged restriction of access to university education imposed on Sri Lankan Tamils through the university admission systems pursued since 1971 (standardisation of marks, allocation of district quotas) stands out as one of their most bitter grievances. It appears on close scrutiny, however, that while the system of 'standardisation of marks' scored at the public examination that provides the basis for selecting students to the universities which was the system followed from 1971 to 1976 was discriminatory in its impact, the 'district quota system' that has been followed since 1977 could in no way be regarded as having favoured or discriminated against any ethnic group.

B. Intermediating Structures, Processes and Policies

Factor # 7. Group Political Mobilisation, Organisation and Strategies

To what extent have various groups actually formed into exclusive cultural, social and political organisations, such as political movements, religious political movements, ethnic-based and nationalist political parties, that articulate the groups' interests and grievances, and pursue them collectively through political action, coercive or violent action?

7.1. Religion, Language and Caste in Political Mobilisation

Language and religion as ingredients of group identity in Sri Lanka (as noted under 'Factor 4') date back into the distant past. In the modern period of the country's history their political importance was vastly enhanced by the introduction of universal adult franchise in elections to the legislature seventeen years before the country gained independence. The enfranchisement of the entire adult population at a time when an ideologically based political party system offering the electorate different options of socio-economic policy was yet to be developed had the impact of bringing into the forefront of the country's politics the conflicting interests and aspirations of the different religio-linguistic and caste groups that were already in evidence even when political participation was confined to the elites. In such a context, many among those aspiring to positions of political leadership (including those seeking the consolidation of the leadership positions already held) had to appeal to primordial loyalties of language, religion and caste, and to espouse causes of related sectarian interests. Though the semblance of a modern party system did eventually develop (largely through an almost haphazard process of polarisation among leaders of existing primordial groups, except in the case of the 'Marxist Movement'), by independence, the labels of language, religion and caste had become almost as important as those of parties in the electoral politics of Sri Lanka.

7.2. Mobilisation in Electoral Politics and Group Identities

7.2.1. Marxist Parties

The formation of the Lanka Sama Samaja Party - LSSP (literally, 'Socialist Party of Lanka') in 1934 marks the origin of the modern political party system and of the Left movement of Sri Lanka. At its vanguard in its early stages were educated young men (some with post-graduate degrees from Britain and the United States) of proclaimed commitment to revolutionary Marxism. In the Donoughmore period (1931 to 1947), only a few of them gained entry into the national legislature, invariably as representatives of rural electorates. Yet, the political support-base they built up at this time was mainly among the organised working-class of Colombo.

From its very early stages the 'Left Movement' had a propensity to splinter on the basis of disputes among its leaders in respect of ideology, political strategy and personal style. For example, rivalry has persisted almost throughout between the Trotskyite LSSP and the Communist Party (CP) - the latter formed in 1943 by the Stalinists expelled from the original LSSP. In 1950 yet another breakaway group from the LSSP formed a new party named the VLSSP ('V' denoting viplavakari or 'revolutionary') which at various times in the 1950s and the '60s entered into electoral alliances with the Sri Lanka Freedom Party (SLFP), or the other Left parties or the United National Party (UNP).

Again, in 1964, the CP divided into a pro-Moscow party and a pro-China party. The LSSP and the CP (Moscow) joined the SLFP in a 'United Front' at the parliamentary elections of 1970, but left the 'front' in 1975/6. The SLFP-led 'People's Alliance' of the elections conducted in 1994 also included these two Left parties.

The Left leadership in Sri Lanka, barring a few exceptions (most noteworthy being the leaders of the VLSSP), has always consisted of persons drawn from the English-educated urban middle-class. Though participating vigorously in parliamentary politics (in which their success even in the urban areas tended to depend to a large extent on electoral alliances with one or the other of the main political parties), they engaged mainly in politics of 'mass agitation', providing, at least up to the late 1970s, effective and articulate leadership to the trade-union movement in the urban areas of the country. The old Marxist leaders had hardly any impact on politics in the rural sector. Gradually, however, the vacuum began to be filled by a new generation of Marxist leaders, drawn from the peasantry and fluent only in Sinhala or Tamil, who became far more effective than their predecessors in political mobilisation among the educated rural youth. It was this segment of the population that came to provide, from about the late 1960s, the breeding ground for more radical and more militant forms of politics typified, in the predominantly Sinhalese areas by the Janatha Vimukthi Peramuna (JVP, literally, 'People's Liberation Front'), and in the Tamil areas, by the Eelam People's Revolutionary Liberation Front (EPRLF), and other insurgent groups (see below).

The electoral support which the 'Old Left' had in earlier times was almost entirely confined to the more urbanised south-western parts of the country. Even within this area, its appeal, to a considerable extent, was due to the personal charisma of its leaders and to their veteran status in the politics of Sri Lanka. With the emergence of the more radical groups since the late 1960s, popular support for the 'Old Left' has eroded to such an extent that their survival in parliamentary politics has come to depend almost entirely on the formation of alliances with other parties (as they did at the elections conducted in 1994). The doctrinal focus of the 'Old Left' parties on the 'class struggle' prompted some among them to eschew communal politics, and thus attract a scatter of support from a wide spectrum of ethnic, religious and caste groups. In the current ethnic conflict these parties have urged a negotiated settlement with the LTTE, and have given strong support to proposals for constitutional reforms that facilitate devolution of political power from the Centre to the main 'minority areas' of the country.

7.2.2. United National Party (UNP)

The formation of the UNP in September 1946 (in anticipation of the Soulbury Constitution and independence from British rule) represented a coalescence of the Ceylon National Congress and the Sinhala Maha Sabha (literally, 'Great Assembly of the Sinhalese') under the leadership of D S Senanayake. The party elite at this stage included the majority of members of the State Council of 1936 (formed under the Donoughmore Constitution) and several other non-Marxist politicians from all ethnic groups of the country. In 1948, the leader of the Tamil Congress (the main political party of the Sri Lanka Tamils up to that time) along with three of his party colleagues in parliament joined the UNP government. Over a brief spell thereafter, this appeared as a realization of the genuinely 'national' character which Senanayake had been attempting to achieve for his party.

The UNP soon developed a party organization that extended over the entire country. Despite the fact that the party elite consisted largely of wealthy and socially privileged persons, and though the party policies were associated with a liberal brand of conservatism, the UNP was able to draw widespread electoral support from almost all areas other than the predominantly Tamil areas of the Northern

Province, and from all social groups other than the organized working class. With the passage of time, and in the face of intensifying opposition from other political parties, the UNP began to attempt (achieving a measure of success) to shed its image as an elite-dominated party, by providing people of moderate means and lower social status access to positions of power within the party hierarchy. At the parliamentary elections of 1977 and the presidential election of 1982, the UNP mobilized the support of several small political parties and groups including some representing the interests of the ethnic minorities. The fortunes of the UNP at parliamentary elections have varied from time to time. But it has persistently held on to a core of support which appears to have extended across both class stratifications as well as differences in ethnicity, religion and caste in the main Sinhalese areas of the country. Since the mid-1950s, there has been a long-term trend in the Sinhalese segment of the electorate for 'battle lines' to be drawn on a UNP versus 'all others' basis.

7.2.3. Sri Lanka Freedom Party (SLFP)

The formation of the SLFP was an outcome of the crossover of S W R D Bandaranaike and a few of his followers from the UNP government to the opposition in 1951. Bandaranaike had continued to preside over the Sinhala Maha Sabha (referred to in 7.2.2) while being a member of the UNP and serving as a minister of the government led by D S Senanayake. He explained his resignation with reference to the non-acceptance by the UNP of proposals made by the Sinhala Maha Sabha for an elevation of the official status of Buddhism, Sinhala language and Ayurveda medicine. The real reason for his resignation as generally understood, however, was his conviction that Dudley Senanayake was being groomed to succeed his father DS as the leader of the UNP and the prime-minister of the country. The socio-economic background of the leaders of the SLFP at its inception was similar to that of the UNP leadership. However, in conformity with some of his earlier commitments to the Sinhala Maha Sabha, Bandaranaike formulated a policy stance for his new party which was designed to appeal mainly to the Sinhalese-Buddhist segment of the electorate. His spectacular success at the parliamentary elections of 1956 was due, at least partly, to the fact that he was thus able to mobilize the rising tide of Sinhalese-Buddhist nationalism as a personal support base.

Throughout its history the SLFP has been led by a member of the Bandaranaike family. In its early stages, the SLFP appears to have attracted a larger share of support from the socially underprivileged in the rural sector than the UNP. The emergence of the SLFP did, in fact, have a restrictive impact upon popular support for the left parties in rural areas. This UNP-SLFP distinction, however, has tended to blur with the passage of time; and, up to about the early 1990s, the social composition of its electoral support base, though tending to be somewhat more Sinhalese-oriented than that of the UNP, continued to have many similarities to that of the UNP. In economic affairs, the SLFP has claimed to pursue a 'left-of-centre' stance which its leaders refer to frequently as the 'Bandaranaike Policies'. How far 'left-of-the-centre' policy is at a given point of time has tended to depend largely on electoral considerations among which its relations with the parties of the 'old left' (see 7.2.1. above) have been the foremost. Since the governments led by the SLFP have been conglomerates of widely divergent political opinion, the SLFP regimes at most times have been characterised by an absence of clear policy direction in economic affairs.

7.2.4. Political Mobilisation of the Sri Lankan Tamils

The 'Jaffna Youth League' formed under the leadership of G G Ponnambalam, a wealthy and professionally successful Tamil lawyer, on the eve of the constitutional reforms of 1931 was the first

exclusively Tamil political organization in Sri Lanka. One of its earliest successes was the organisation of a boycott of the first general election to the legislature held under the Donoughmore Constitution. From that time, at least up to the early 1950s, Ponnambalam remained the most prominent politician of the Sri Lanka Tamil community.

In 1944, prior to the arrival of the Soulbury Commission in Sri Lanka, Ponnambalam formed the first political party of his community - the Tamil Congress (TC) - the principal demand of which was 'balanced representation' between the Sinhalese majority and the minority communities in the new constitutional arrangement for which the Soulbury Commission was to make recommendations. This so-called 'fifty-fifty' demand was rejected by the commission. In the parliamentary elections held in 1947 under the new constitution, the TC won 7 out of the total of 9 seats for which its candidates contested, defeating several other prominent Tamil politicians who had contested in the predominantly Tamil constituencies as members of the UNP. In August 1948, however, Ponnambalam and three others in his parliamentary group joined D S Senanayake's government, bringing about a factional split in the TC.

The faction of the TC from which Ponnambalam had parted company constituted the core of a new political party formed in December 1949. Named the Illankai Thamil Arasi Kachchi (literally, 'Sri Lanka Tamil Kingdom Party'), it declared its commitment to a federal form of government, and thus came to be referred to as the 'Federal Party' (FP) in the English versions of political transactions in Sri Lanka. In electoral politics of the Tamil areas of the country over the next three decades, the FP and the TC remained the arch rivals, with a long-term trend of the former gaining ground over the latter. The culmination of this process was witnessed in the elections of 1977 at which the newly formed Tamil United Liberation Front (TULF), consisting entirely of candidates from the FP, and contesting on a 'separatist' platform, won all 14 constituencies in the Northern Province and 4 out of the 9 constituencies in the Eastern Province.

The TULF referred to above was the outcome of attempts made over several years in the mid-1970s to forge an alliance between the FP, the TC and the Ceylon Workers Congress (a political cum trade-union organization representing the interests of the 'Indian Tamils' in the plantation areas). At its inauguration in 1976 the TULF, dominated as it was by the FP, announced its commitment to a struggle for the creation of an independent nation state - 'Eelam' - comprising the Northern and Eastern Provinces of Sri Lanka. The absence of consensus on the 'Eelam' demand among the three parties, and the traditional leadership rivalry between the FP and the TC, prevented the formation of the Front as initially envisaged. Nevertheless, from 1976 onwards a 'separatist' demand replaced the earlier 'federal' demand of the FP, the FP itself assuming the new name TULF. The leadership of the TC and the FP/TULF has always tended to be drawn largely from the English-educated middle-class. Typically, those in the highest positions of these parties have, at least until their respective turns to be assassinated by the LTTE,²³ been Colombo-based professionals. Since electoral support in the Tamil areas depended largely on the vehemence with which these leaders appeared to represent Tamil interests against those of the Sinhalese, their political stance vis-à-vis the majority community has generally been confrontational, the only noteworthy exception to this being their somewhat uneasy alliance with the UNP government from 1965 to '68. It is possible that the 'separatist' declaration of the TULF in 1976 was a negotiating stand in its demand for devolution of political power under a

23. Up to the end of January 2000, those assassinated by the LTTE included 47 prominent political leaders of the Tamil community (for an analysis of this feature in its context, see Peiris, 2000: 263-287).

federal system of government. Yet, in order to strengthen this demand and as a strategy of safeguarding electoral support, the TULF and the TC provided tacit encouragement to the emerging Tamil militant groups of the north and the east. Ironically, by the mid-1980s, some of these militant groups, notably the Liberation Tigers of Tamil Eelam (LTTE), had acquired sufficient strength to disregard or even reject the TULF and TC support. The LTTE which, by the end of the decade, had established a virtual power monopoly over the Tamil areas of the north and east, had come to perceive the TULF as a political rival which, like its other rivals, needed to be annihilated. The assassination of several TULF leaders by the LTTE during this time, it appears, was the operational expression of this perception.

The nature and extent of popular support which the TULF and the TC command at present among the Tamils living in the northern and eastern provinces is not known. The areas under the control of the LTTE have, of course, remained forbidden territory to the leaders of these parties for many years. The TC was, over the years, reduced to a 'one man show', run by the son of late G G Ponnambalam until his assassination by an unknown gunman in 1999. The TULF, on the other hand, appears to draw some support from the Sri Lanka Tamils living in Colombo and abroad. Until the very recent past, as a party identified as representing Tamil 'moderates', and working towards a negotiated settlement of the ethnic conflict through a package of devolution of power to the 'North-East', the TULF also wielded some influence on the policy stances of the UNP and the SLFP. An unsavoury paradox that cannot be ignored, however, is that it is the perpetuation of the ethnic conflict rather than its solution in the form of a semi-autonomous 'North-East Province' or an independent nation state of 'Eelam' that would save the present leadership of the TULF and the TC from political redundancy. Several pronouncements by the leaders of the TULF in early 2002 indicate that it has abandoned its pretence at providing leadership to any segment of the Tamil community. It has, in fact, made common cause with several other Tamil political groups (collectively named the 'National Tamil Alliance') which has declared the LTTE is the 'sole representative' of the Tamils of Sri Lanka.

7.2.5. Political Mobilisation of the Muslims

The 'All-Ceylon Moors' Association' and the 'All-Ceylon Muslim League' were influential organisations formed during the pre-independence era, and dominated by the wealthy, urban-based elite of the Muslim community of Sri Lanka. Many of the key personalities of these organisations became supporters of the UNP. There were also a few prominent Muslims among the founder members of the SLFP in 1951. The political alignments of the Sri Lanka Muslims have been outlined as follows (de Silva, 1986:445):

'The story of the Muslims in post-independence Sri Lanka is a story of how a small minority converted their intrinsic disadvantages (smallness of numbers and spatial scatter) into positive advantages in their struggle to strengthen their position in the Sri Lanka polity. They were helped in this quite substantially by Sri Lanka's political system in which from 1956 onwards the ruling party was defeated on six consecutive occasions (including 1956). The result was that the Muslims were offered opportunities for political bargaining which they used to the great advantage of their community.'

Against the backdrop of the sketched out above, there was, for several decades after independence, no widely perceived need for political parties exclusively representing the interests of the Muslims. In the

more recent past, however, certain changes of circumstances - notably, the resentment on the part of an emerging leadership from the predominantly rural Muslim population concentrations such as that of the Eastern Province against the dominance of the urban-based elite in Muslim political affairs - has led to the formation of Muslim political parties. Among them, the 'Sri Lanka Muslim Congress' has already made considerable headway as an influential force in parliamentary politics. Several other newly formed parties such as the 'Muslim United Liberation Front' and the 'Sri Lanka Muslim Katchi' are evidently intended to appeal to different regional and/or 'class' interests or personal loyalties within the Muslim community. Despite this trend, it seems likely that a large segment of the community will continue to retain links and loyalties with the UNP and the SLFP.

7.2.6. Political Mobilisation of the 'Indian Tamils'

The 'Ceylon Indian Congress' (CIC), formed in 1939 was a trade-union cum political party intended to represent the 'Indian Tamils' living in Sri Lanka, the overwhelming majority of whom were workers of the plantation sector. At the parliamentary elections of 1947 the CIC contested in 7 constituencies in the main tea plantation areas of the highlands and won 6. The passing of the Ceylon Parliamentary Elections (Amendment) Act of 1949, however, led to the eviction of the CIC members from parliament and the removal of the voters of Indian origin from the polls registers. In 1954, the CIC was re-named as the 'Ceylon Democratic Congress' (CDC). It concerned itself exclusively with the trade-union interests of the plantation workers. But soon thereafter, the president of this organization, S Thondaman, and a large part of its membership left the CDC to form the so-called 'Ceylon Workers' Congress' (CWC). The political wing of the CWC has since then been the main political party of the Indian Tamils living in the plantation sector.

The political strategy of the CWC has generally been one of increasing its bargaining strength by aligning itself with one or another of the larger political parties. In 1960, for example, it supported the SLFP and was rewarded with a nomination to one of the 'appointed member' seats in parliament. It received a similar gesture along with a seat in the upper house from the UNP which it had backed at the elections of 1965. In the early 1970s, the CWC agreed to become a partner of the 'Tamil United Front', but abandoned the front on the basis of its disagreement with the TUF separatist demand. From the late 1970s onwards, by which time its electoral base in the plantation areas had increased substantially as a result of the gradual enfranchisement of the Indian Tamils under the Indo-Ceylon Agreement Of 1966, the CWC supported the UNP and gained many concessions for the plantation workers, and a ministerial appointment for its leader in successive UNP governments up to 1994. At the parliamentary elections of 1994 the CWC in alliance with the UNP won 3 seats from the Nuwara Eliya District and one seat in the UNP 'national list'. However, after the elections, the CWC joined the 'People's Alliance' government. The leader of the CWC now enjoys a position which is probably unprecedented in the entire history of modern parliamentary government - namely, that of having secured parliamentary membership from a party in opposition, and, while retaining that membership, serving as a cabinet of minister. This unique situation is illustrative of the bargaining strength which the CWC has acquired over the years, and is a consequence of the importance accorded by both the UNP as well as the SLFP to retaining links with the CWC and its support base among the plantation workers.

7.3. Other Political Organizations

The organizations referred to in this section are those that have functioned either entirely or largely outside the mainstreams of democratic politics. In the predominantly Tamil areas of the north and the east there have been at least 35 groups engaged in militant forms of political activity since the late 1970s. Many of them are now defunct. The notes which follow are confined to those that have had a clear identity and a significant impact on the politics of the country.

*Notes on the Rise of Tamil Militancy*²⁴

The origin of militant groups in the Tamil areas has been traced back to 1969 when a loose association of persons (some of whom were engaged in contraband trade and other forms of illegal activity) named the 'Tamil Liberation Organisation' (TLO) was formed in the township of Velvettiturai which had considerable notoriety as a centre for smuggling. Certain key leaders of terrorist groups that mushroomed in the Jaffna peninsula in later times are known to have had early associations with the TLO. The Liberation Tigers of Tamil Eelam (LTTE), and the Tamil Eelam Liberation Organization (TELO) were probably the earliest groups that took concrete shape. Leaders of many of the later groups are known to have had links with either the LTTE or the TELO in the 1970s. The struggle among the terrorist groups for supremacy has often been as fierce as their violence against 'external enemies'.

As an aspect of the escalation of the ethnic conflict of Sri Lanka, the upsurge of militant politics in the Tamil areas of the north and the east is attributable to several interwoven causes. The foremost among them (to spell out briefly) are: the long drawn-out alienation of Tamil youth which resulted from real or imagined discrimination and oppression by the Sinhalese-dominated government of the country; losses, indignities and hardships suffered during spells of civilian ethnic violence in the Sinhalese areas, and in the hands of the security forces in their own areas of domicile; the disruptive effects of prolonged political turmoil on the regional economy (agriculture, fisheries, trade, services in transport, communication and electricity supply) resulting, in turn, in unemployment and impoverishment; and the persistent inculcation through political propaganda of attitudes of enmity towards other ethnic groups.

(a) Liberation Tigers of Tamil Eelam (LTTE)

The leadership of the LTTE at its inception in the early 1970s consisted of several persons among whom Nadaraja Thangavelu, Selvaraja Yogachandram, Sathasivan Krishnakumar, Sri Sabaratnam, Uma Maheswaran and Velupillai Prabhakaran appear to have been the most prominent. They were all of lower-middle class stock. Most of them are considered to have belonged to the subordinate orders of the traditional social hierarchy. And some among them, in their gangland activities had also acquired a reputation for courage and unswerving commitment to the cause of Eelam. By the end of the decade, either as a result of defections or due to death and injury in the course of confrontations with the security forces, Prabhakaran, whose image had meanwhile been vastly enhanced by acts heroic brigandage (of the type that has adolescent appeal), had become the undisputed leader of the LTTE.

24. These notes are intended to illustrate the nature of diversity that existed in the so-called 'Tamil perception'. Section 7.4 shows however, that a semblance of consensus prevails in the Tamils' perceptions of the current situation, at least to the extent that they collectively demand from the government 'political autonomy' to the 'Traditional Tamil Homeland' in Sri Lanka.

Several factors contributed to the present supremacy of the LTTE as a terrorist organization. The most basic among these was its success in mobilising large numbers of disgruntled youth, and its acquiring the organisational capacity to command absolute obedience from those so mobilised. The ferocity with which the LTTE dealt with its renegades, its rivals or any other force that stood in its way, in total disregard of human emotion or ethical norms was another factor that contributed to its meteoric rise. Financial and other forms of support from a variety of sources - its own international network, assistance from foreign governments including the Government of India, profits generated by its trade in narcotics - to a much greater extent than any other terrorist group in the country, was yet another. Having decimated almost all other Tamil terrorist groups in Sri Lanka, claiming to its credit the assassinations of a host of Sinhalese and Tamil political leaders in Sri Lanka and a former (and prospective) prime minister of India, and having committed many acts of destruction of life and property of almost unprecedented magnitude, it has become one of the most feared terrorist groups in the world.

In its single-minded pursuit of the goal of creating an independent Tamil nation state, the LTTE has persistently refused to consider any compromise which falls short of that goal. At periodic interactions which the LTTE has hitherto had with the government of Sri Lanka, even the preconditions for negotiation it has laid down constitute irrevocable steps towards eventual secession of the northern and eastern provinces from the rest of the country.

The extent of genuine popular support which the LTTE commands from the civilian population of the areas under its control cannot be gauged. It is well known that the LTTE employs coercion to obtain compliance from the general public. It is also known that there has been a significant outflow of 'escapees' from the LTTE-held areas to other parts of the country. Thus, all indications are that while there could be a measure of support to the LTTE's defiance of government authority (much of which is seen by the civilian population as military operations and armed suppression), there is also a widespread sense of despair about the seemingly never-ending hardships. Among the remnants of the bourgeoisie still left in the north, one could also detect resentment against the characteristically arrogant exercise of power by the lumpen youth that constitute the LTTE's rank and file.

(b) Tamil Eelam Liberation Organisation (TELO)

Launched in the early 1970s, the TELO is also one of the oldest militant organizations to be established in the north. At least up to the late 1970s, many TELO activists had close associations with the FP/TULF. Operating under the command of Sri Sabaratnam, TELO had, by the mid-1980s, acquired sufficient strength to act independently of other terrorist groups, engaging in its own acts of sabotage and highly profitable robberies and raids. The TELO-LTTE rivalry intensified to end in the cataclysmic massacre of some 280 TELO cadres (and Children) by the LTTE in Jaffna in May-June 1986. Those of the TELO who had escaped the wrath of the LTTE collaborated with the EPRLF in the late 1980s when the latter group was attempting to make headway through a farcical exercise in electoral politics imposed by the government of India and conducted by the Indian troops occupying the 'north-east' as a 'Peace-Keeping Force'.

(c) People's Liberation Organisation of Tamil Eelam (PLOTE)

The PLOTE was founded in 1980 by Uma Maheswaran who, up to that time, was a key leader of the LTTE and one of the closest associates of Prabhakaran. While being a leader of the LTTE, until about 1978, Maheswaran also served as treasurer of one of the branches of the TULF. The conflict between the LTTE and the PLOTE appears to have been mainly one of personal enmity that developed between Prabhakaran and Maheswaran. By 1983 the PLOTE had succumbed to the LTTE onslaught. Dharmalingam Siththarthan and S Shanmuganathan, former members of the PLOTE, were elected to

parliament in 1994 as representatives of the electoral district of Vanni (a part of the Northern Province). They have continued to remain in parliamentary politics.

(d) Eelam People's Revolutionary Liberation Front (EPRLF)

As an organization which developed mainly in the Eastern Province with Batticaloa as its base, the EPRLF had, by the mid-1980s, begun to pose a challenge to the LTTE. This resulted in a confrontation between the two groups in 1986, featured by the large-scale massacre of EPRLF operatives in Jaffna by the LTTE. In 1987, the EPRLF, as one of the few important terrorist groups which agreed to comply by the terms of the Indo-Lanka Accord, received recognition and considerable support from the Indian Peace-Keeping Force (IPKF), and thus experienced a revival of fortunes. Contesting the North-East Provincial Council elections conducted under the supervision of the IPKF in November 1988, the EPRLF (and two of its smaller allies) won a majority of seats, and formed a provincial government headed by Vartharaja Perumal. One of the main tasks undertaken by the provincial government was that of fortify itself by building up a 'Tamil National Army' - a task for which the IPKF provided considerable assistance. The provincial government of the EPRLF, however, was unable to outlast the departure of the Indian troops from the 'north-east' and the resulting non-availability of Indian military support. Nor did the EPRLF succeed in developing a working relationship with the government of Sri Lanka. Being denied the support of both India as well as Sri Lanka, and in the face of persistent LTTE attrition, on 10 March 1990 (in the immediate aftermath of the IPKF withdrawal from Sri Lanka), Vartharaja Perumal announced a 'unilateral declaration of independence' for the 'north-east'. This was no more than a gesture of defiance made in despair. The attack launched by the LTTE soon thereafter resulted in the decimation of the 'Tamil National Army' (along with a large segment of the EPRLF leadership) and the almost total removal of the EPRLF from the scene of militant politics in the 'North-East'. Certain former activists of the EPRLF (including Douglas Devananda who was its leader up to 1985) contested at the parliamentary elections of 1994. Devananda himself, and A Rasamanikkam (a former member of the TULF who had joined the EPRLF and left it in 1985), S Sivathasan (initially, a member of the Communist Party-Peking Wing, and later a member of the EPRLF), S Nadaraja and R Rameswaran (both in the EPRLF up to 1986) currently serve as members of parliament representing the electoral district of Jaffna and as members of the newly formed Eelam People's Democratic Party. Their being elected was due mainly to the fact that polling was confined to certain peripheral areas of the Jaffna peninsula which were under the control of the Sri Lanka army at that time, and overall turn-out recorded in the district as a whole was less than 1%.

7.4. Present Stance of Tamil Political Groups

In early 2002, most of the Tamil political groups referred to in the foregoing notes, along with the Tamil United Liberation Front (TULF) formed a loose coalition referred to as the Tamil National Alliance (TNA) which has been supportive of the current ceasefire and the so-called Memorandum of Understanding (MOU) between the government and the LTTE entered into in February this year. The LTTE appears to command the obedience of the TNA to the extent that, from time to time, the leaders of the former group have been summoning the leaders of the latter for discussions. At these discussions, according to press reports, the LTTE has been prescribing the strategies that should be pursued by the TNL in respect of campaigns of agitation in Sri Lanka and international propaganda on behalf of the LTTE. Reports on these interactions leave little room to doubt that the LTTE has established its hegemony over the political affairs of the Sri Lankan Tamil community, and that this has been the result mainly of the earlier record of assassination by the LTTE.

None of these political groups appear to have abandoned the 'Eelam ideal' - the goal of creating an independent Tamil nation state in South Asia. All of them state, however, that an offer of political autonomy by the government of Sri Lanka to the areas that constitute the 'Traditional Tamil Homeland' in Sri Lanka (its size and configurations have always been kept ill-defined) to an extent that would 'satisfy the aspirations of the Tamils' (this too has always remained hazy) could be considered as the basis for negotiation towards the cessation of hostilities and the restoration of peace in Sri Lanka. Given the sordid experiences of the past in the relations between these groups, it is highly unlikely that the united front which they have formed will outlast the impending (or, hoped for) negotiations between the government and the LTTE.

Summary

1. Political parties that offered the electorate alternative policy options in matters of governance were not in existence at the time of the Donoughmore Reforms of 1931 which introduced universal adult suffrage and paved the way for the emergence of a representative system of government in Sri Lanka. One of the long lasting consequences of this was the strengthening of identities based upon ethnicity, religion and caste in political mobilisation. Thus, although a 'party system' in the modern sense of the term had developed by the time of Sri Lanka's independence in 1948; and at least some of the main political parties in existence at that time did cut across the differentiations of ethnicity, religion and caste; these primordial and ascriptive identities continued to figure prominently in the political affairs of the country.
2. Both the United National Party (UNP), the party that has, at most times since independence, commanded greater popular support than any other party, as well as its arch rival in electoral politics, the Sri Lanka Freedom Party (SLFP), have throughout had persons from the different linguistic, religious and caste groups of Sri Lanka at their respective leadership levels. Yet, it is undeniable that in their internal power arrangements and in their policy stances, they have remained 'Sinhalese-dominated' parties. The UNP and the SLFP could claim to have a scatter of electoral support from the minority ethnic groups living in the Sinhalese-majority areas. But, from about the mid-1950s, neither of these two parties have had significant popular support from the Sri Lankan Tamils living in the northern and eastern parts of the country.
3. The interests and aspirations of the minority ethnic groups of Sri Lanka have throughout been represented in mainstream politics by their respective 'communal' political parties such as the 'Tamil Congress' and the 'Federal Party' of the Sri Lanka Tamils, the 'Sri Lanka Muslim Congress' of the Muslims, and the 'Ceylon Workers' Congress' of the Indian Tamils. At most times, the political parties representing the Muslims and the Indian Tamils have worked in collaboration with either the UNP or the SLFP within the framework of inter-party alliances. Such collaboration has been rare in the case of the parties representing the Sri Lanka Tamils.
4. There are several groups that have played a role both within as well as outside parliamentary politics. Among these, there have been the older Marxist parties which from about the mid-1930s to the late 1970s had a significant impact on government policy formulation and on the trade union movement. Although their principal support bases were in the urban areas of the country, in their heyday (1940s and the '50s) their activists include persons from all ethnic and religious groups.
5. A radical brand of 'left' politics has been espoused by the Janatha Vimukthi Peramuna (JVP) within and outside parliamentary politics. This party is firmly rooted among the rural Sinhalese youth and has hardly any support from the minority ethnic groups. The JVP provided leadership to

two abortive armed insurrections against the government (in 1971 and 1986-90). Since the early 1990s it has been in mainstream politics winning a few seats at parliamentary, provincial and local government elections. Two other groups claiming to represent Sinhalese-Buddhist interests - Sihala Urumaya (lit. 'Sinhalese Heritage') and Sinhalaye Mahasammatha Bhoomiputra Pakshaya (lit. 'Greatly acknowledged Sinhalese Sons of the Soil Party') - that have been engaged during the past decade in persistent but unsuccessful attempts at mobilising electoral support.

6. Several groups claiming to represent the interests of the Sri Lankan Tamils have been active in the politics of Sri Lanka from about the mid-1970s. All these consist almost exclusively of Tamils. Traces of caste and regional rivalries, however, have been discerned in the differentiations between some of these groups. In their initial stages all of them were militant organisations that proclaimed commitment to the concept of 'Eelam' (an independent Tamil nation-state). The leaders of some of these groups are presently in parliament as representatives of certain electorates of the northern and eastern provinces. The most powerful among the militant groups is, of course, the 'Liberation Tigers of Tamil Eelam' (LTTE) which, since the late 1980s, has remained at the vanguard of the on-going secessionist war eliminating all its rivals in the Eelam movement. Despite the deadly rivalry which continues to prevail between these groups, there is consensus on the point that the LTTE will be the 'sole representative' of the Tamils in the forthcoming (September 2002) peace negotiations with the government of Sri Lanka.
7. There are innumerable religious, cultural and professional groups in Sri Lanka that pursue one or another set of goals and objectives. Some of these espouse causes such as environmental conservation and poverty alleviation. Sri Lanka has always had a highly vibrant trade-union movement consisting of organisations that invariably have political party affiliations. The large majority of trade unions (and the 'federations' thereof) cuts across ethnic, religious and caste barriers. The prominent exception in this regard is represented by the larger trade unions of the plantation workers. Religious organisations, especially those of the Buddhist and Roman-Catholic clergy, have throughout been active in the political affairs of the country. At present, most of these organisations appear to be performing a conciliatory role in the ethnic conflict. In this, they often tend to work in collaboration with several prominent 'civil society' institutions that pursue similar objectives. Organised resistance to the current peace efforts is highly exceptional. None of the groups/organisations referred to here is known to resort to violence or coercive action in the promotion of their causes and objectives.

Factor # 8. Openness of the Formal Political and Governing Institutions

Does Sri Lanka have an open or closed political system?

8.1. Sri Lanka as an Open Society: Multiparty Democracy

Despite its prolonged deep-rooted conflict Sri Lanka has an open political system. The formal constitutional and political structure of such a society emerged in the last phase of British rule in the island. The crucial political decision came as early as 1931, when 16 years before independence, universal suffrage was introduced by Britain, in an unusual experiment in preparing a people for independence. It had not been done before in any other British colony. Thus universal suffrage came to Sri Lanka, 20 years before it came to India, the other South Asian democracy and only three years

after the process was completed in Britain itself - Sri Lanka's first general election under universal suffrage came in 1931 only two years after the first such election in Britain. Women in Sri Lanka had the right to vote, at age 21, long before women in some European countries, France, Belgium and Switzerland for instance. Thus Sri Lanka has a legitimate claim to the title of pioneer in Asian democracy in modern times.

Equally important, the immediate post-colonial period, 1947-56, saw the seemingly successful transplanting of Western style democratic institutions and organisations of civil society in Sri Lanka under the United National Party (UNP). Apart from a vocal Marxist minority advocating a radically different political system and social order, the vast majority of the educated-elite who had grown up in a political culture suffused by the traditions and conventions of British parliamentary democracy was attracted to these as if by a process of osmosis and treated them as the only models worth adopting.

In addition Sri Lanka was the first country in post-colonial South and South East Asia in which the original legatee of the colonial power was removed from office peacefully and through the ballot. This happened at the general election of 1956. It took a little over 20 years before India saw a similar change of government through the defeat of the Congress Party which had ruled that country since independence. From 1956 till 1977 each successive general election in Sri Lanka saw the government in office defeated at the polls. One result is that Sri Lanka developed into a genuine multi-party democracy, with two parties of government, the UNP and the SLFP, who have governed the country on their own or in coalition with other parties since independence. No other democratic state in Asia has two major political parties who have ruled the country for substantial periods of time, not even India in which the evolution of a second party of government, in opposition to the Indian National Congress in its many manifestations, has been thwarted by the appearance of regional parties and the lack of a cohesive centrist party such as Sri Lanka's UNP.

Besides, the electorate at large has demonstrated a sophistication and maturity reflected, first of all, in the steady increase in the percentage of people voting at such elections since 1931. After independence the poll has kept increasing till it reached a peak of 87% in 1977. There was a small decline in the poll at the presidential election of 1982, and a sharper decline at the controversial referendum of that year - to 70%. It dropped to the 1947 level or lower, of 55%, at the presidential election of 1988 because of the terrifying atmosphere of violence - caused by the JVP whose cadres sought to prevent the holding of the elections - in which the presidential and parliamentary elections of 1988 and 1989 were held. The fact that as much as 55% of the electorate actually voted at the presidential election of December 1988, and 64% at the parliamentary election in February 1989, despite the systematic campaign of violence - including the killing of candidates, supporters and voters - is evidence of the electorate's deep commitment to democratic elections. As further evidence of the political maturity of the electorate one could point out that except on one occasion - March 1960 - a government has generally been returned to power with a stable majority at these elections. In the decade after independence, there was every prospect that the country would have, and could have, developed a homogenous and democratic political culture. The tensions caused by linguistic nationalism put paid to that especially to the homogeneity of that political culture. Nevertheless, despite the prevailing tensions and outbursts of violence the island's political system has not been damaged to the point of rendering her democratic structure totally unstable. Fortunately the divisions in Sri Lanka's multi-ethnic society are not mutually reinforcing points of divergence: thus while language is the essence of ethnic identity, the religious differences have so far been sharper within the Sinhalese community, and the conflict between the Sinhalese and Tamils is not a clash of religions so

much as one between two versions of linguistic nationalism even though the proportion of Christians to Hindus in the two Tamil minorities is much larger than the proportion of Christians to Buddhists among the Sinhalese.

There are parts of the country in which the democratic aspect of the island's political culture has been severely damaged. The peculiar demographic profile of the country with a concentration of Tamils in the north and to a lesser extent in the east of the country, has given Tamil parties, beginning with the Tamil Congress of the 1940s, a solid regional base which they have generally succeeded in protecting against intrusions of national parties such as the UNP, the SLFP and left-wing parties, field of candidates of their own. The Federal Party (FP), the principal political party of the Tamils since the mid-1950s and the Tamil United Liberation Front (TULF), generally sought an independent role in national politics, and the national legislature, although the FP formed part of Dudley Senanayake's coalition government of 1965-70 led by the UNP during which the FP was represented in the Cabinet. In general, the FP which became the core of the TULF remained a regional party outside the national mainstream. Currently they have both been superseded by the Liberation Tigers of Tamil Eelam (LTTE) which remains outside the national mainstream and has spurned parliamentary representation.

The situation in Sri Lanka's Jaffna peninsula, and parts of the Northern province, some of it still under the grip of the LTTE despite the recapture of the town of Jaffna by the Sri Lanka army in October 1995, is a parable of our times. At one level it reveals the pathology of separatism, its capture by the most violent advocates of the cause under the leadership of a man charged with murder (the murder of Rajiv Gandhi) in a neighbouring state (India), and with a long string of political assassinations to his credit. At another level the island as a whole provides a case study of a democratic state sustaining a multiparty non-racial political structure despite a long drawn-out ethnic conflict, in which it confronts the reality of parts of the country being controlled by a political group which has imposed a one-party dictatorship on what is a Tamil political 'entity' from which, moreover, all ethnic minorities have been eliminated. The Tamil areas in the Jaffna peninsula and those parts of the north formerly controlled by the LTTE have no Muslims and no Sinhalese while the rest of the island is multi-ethnic and multi-religious.

In contrast, the Muslims have generally been part of the principal political parties, represented at all levels in them, and part of the national political process. Unlike the Sri Lanka Tamils, the Muslims have not had a communal or ethnic party with a regional base till the emergence of the Sri Lanka Muslim Congress (SLMC) in the 1980s. The SLMC with drawing its electoral support mainly from the Eastern Province Muslims (who constitute about a third of the entire Muslim population of the island) has always aspired to expanding its support base to embrace all Muslims in the country. Its early promise of achieving such a national status was not fulfilled at the general election of 1989 and it was not able to shake the traditional pattern of Muslim membership of the UNP and SLFP. At the parliamentary election of 1994, however, it became a significant presence in the legislature and was able to secure Cabinet office for its leader as a party of the governing coalition led by the SLFP. The parliamentary elections of 2000, and 2001 show that the two national parties, the UNP and SLFP still retain a solid base among the Muslims, in particular the UNP.

The political behaviour of the Indian Tamils provides a strong contrast to that of the Sri Lankan Tamil political parties. They have generally worked in association with the national parties, with the UNP from 1964 to 1994, and from 1994 onwards with the SLFP and from 2001 once again with the UNP. From 1978 onwards they have contested seats to the national legislature, to provincial councils,

and local government bodies as members of the UNP. All the while they have succeeded in maintaining their distinct identity within the UNP.

One of the main trends of change in the politics of Sri Lanka that has had the effect of negating the country's achievements in safeguarding the basic characteristics of a multi-party democracy is that of increasing electoral malpractices. Indeed, during the past two decades electoral malpractices may be said to have emerged into the forefront of political issues of Sri Lanka. The landmark in this regard, as identified in several authoritative writings, was the Referendum of December 1982 which, as de Silva (1994: 550) observed, was a constitutionally empowered political raid on an opposition that was already reeling from the demoralising defeat it had suffered at the presidential elections held a few months earlier. The elections conducted later in the decades - provincial council and presidential polls of 1988 and the parliamentary polls of 1989 - were disrupted by the political turbulences that had engulfed many parts of the country by that time. In the northern districts of Jaffna and Vanni where the LTTE and the Indian Peace-Keeping Force were engaged in fierce combat, the provincial poll was not conducted at all, and the two rounds of national elections were featured by both violence and extensive rigging. Elsewhere in the country, with the insurrection launched by the JVP working its way towards its tragic climax, the legitimacy of these elections in many areas was seriously impaired by the almost total breakdown of civilian administration and the JVP-ordered boycott.

The general impression conveyed by the more recent experiences is that, with the exception of the 1994 parliamentary elections conducted by what was de facto a caretaker government formed after the assassination of the president elected to office in 1988, corruption and violence have become more or less endemic to the electoral processes at all levels - national, provincial and local government. There is also an abundance of evidence indicating that much of this corruption and violence is either organised by, or has the tacit approval of, many among those holding the highest offices of government. The experiences of 1999 and 2000 in particular raises the important issue of whether, from long-term perspectives, the extensive rigging of the elections conducted during these years represents an ephemeral aberration, a nadir which in retrospect would mark the onset of a recovery, or an episode in an inevitable systemic collapse. Redeemingly, the confluence of several fortuitous circumstances made the parliamentary elections of December 2002 relatively free of widespread and organised rigging.

8.2. Power Sharing

A crucial issue in the openness of the Sri Lankan political system is power sharing and devolution of power. Power sharing in Sri Lanka's political system has always been a complex issue. At the level of the Board of Ministers power sharing came as early as 1931 with the election of five Sinhalese, one Muslim and one Tamil (although an Indian Tamil not a Sri Lanka Tamil). At the next election in 1936 came a deliberate repudiation of power sharing on the Board of Ministers and with it the establishment of the 'Pan-Sinhalese' Board of Ministers, a controversial political experiment which began in 1936 and came to an end in 1942 when the decisive phase in the negotiations with the British on the transfer of power began.

Power sharing came to its own in Sri Lanka with the cabinet established just prior to independence in 1947. It began the practice of representation of all important ethnic and religious groups within the cabinet and the Ministry (i.e. the cabinet and the deputy ministers), a practice that has been followed ever since. Sri Lanka's two principal national parties, the UNP and SLFP have

followed a policy of representation of all important, ethnic, religious and caste groups within their governing bodies, the UNP more than the SLFP with regard to ethnic and religious groups, while the SLFP was more concerned, for two decades or more since its establishment in 1951, in caste diversity among the Sinhalese. Secondly, there is the practice of coalition building where national parties form alliances, electoral and governmental, with other political parties, invite non-party individuals (or independents) to join the cabinet, or are allied with ethnic parties and regional parties such as the Ceylon Workers Congress (representing the Indian Tamils), the Tamil Congress or the Tamil United Liberation Front, or more recently with the Sri Lanka Muslim Congress. Thirdly, even the electoral pacts between political parties formed prior to a general election, for example, the SLFP in 1956-60, 1960-65, 1968-76, and 1994 with leftwing parties and groups, are examples of power sharing at a political or electoral level. The UNP has had an electoral alliance with the Ceylon Workers Congress, the political party and trade union of the Indian plantation workers from 1964 to 1994.

We need also to consider a much ignored factor in power sharing, that is power sharing at a provincial or district level in district and provincial councils where minority groups constitute a significant presence. This aspect of power sharing has been in vogue in Sri Lanka only since 1980-1981. Power sharing in local government institutions, especially in urban areas, on an ethnic, religious or even caste level has been the rule rather than the exception since the 1940s, even though there is no great emphasis in the national political debate on local government institutions as instruments of power sharing.

Indeed, power sharing has been the core of Sri Lanka's multi-party democratic system, a political world where coalition governments are the norm not the exception. It is generally forgotten that Sri Lanka's post-independence parliamentary history shows that the country has been ruled by coalitions for a longer period of time than by single party governments. Coalitions have been resorted to for three reasons: first and most obvious of all, the pressures emerging from a weak parliamentary or electoral base; secondly, by the search for appropriate allies for perceived national need, the nurturing of pluralism (under D S Senanayake in 1947, or J R Jayewardene in 1977 and 1982 and R Premadasa in 1989) or the exact opposite policy of emphasising the Sinhalese-Buddhist dominance of the polity (as by the Mahajana Eksath Peramuna coalition led by the SLFP in 1956); and thirdly by ideological concerns such as a deliberate shifting of the central focus of governmental policy in a pre-ordained direction (as in 1970 with its emphasis on the construction of a socialist society).

With the exception of the SLFP dominated cabinets of 1956-60, and 1960-64, there was always Tamil representation in ministries formed after parliamentary elections. With the UNP, these have generally been Tamils elected on the party ticket or elected members of parties in coalition with it. On one occasion - 1965-68 - it had a member of the upper house in the Cabinet, a Senator, representing a coalition partner. From 1978, there has been a representative of the Indian Tamils in the UNP Cabinet. Since 1948, there has always been at least one Muslim member in the Cabinet, whether the government was a UNP or SLFP one, with a two-year gap from 1950 to 1952 when there was no Muslim Cabinet Minister. There was more than one Muslim member of the Cabinet after the UNP's return to power in 1977 a practice that has been continued by the People's Alliance government (1994-2001), a coalition in which the dominant element is the SLFP.

8.3. Devolution of Power

From the mid-1950s to the present day, power sharing has been linked with the political debate, between the governments of the day, and representatives of Tamil opinion, especially the Federal Party, its later manifestation the TULF, and now the LTTE, on devolution of power. As a result, controversies over devolution of power to regional bodies have replaced other issues as the central theme in such negotiations and became in time the core of the current political crisis in Sri Lanka, and of all the negotiations in the 1980s and 1990s on a political settlement of the island's ethnic conflicts. One question that needs to be answered in regard to devolution is why there has been so much opposition to it? The explanation should begin with the processes of centralisation vigorously pursued by the British during their rule in the island, partly if not entirely because of the centuries long successful record of Sinhalese resistance to western colonial powers and the assumption that this centralisation was necessary to consolidate the power of the colonial state. These processes have proved to be a formidably stable political legacy. Post-independence regimes have been both reluctant and unable to repudiate this legacy till the 1980s. Indeed there is a striking contrast between the eager experimentation with electoral systems in Sri Lanka - the only country in South Asia to introduce proportional representation for seats in the national legislature and local government bodies - and the hesitance in introducing a second tier of government between the national legislature and local government bodies. A second tier of government was recommended as early as 1928, by the Donoughmore Commissioners sent from Britain to review the constitutional structure of the island and to make recommendations for improvements in that. It took 52 years before such a scheme could be introduced (in 1980).

The district councils established as the second tier of government in 1980-81, did not last very long. In the aftermath of the riots of 1983, the Indian government supported the TULF in insisting on abandoning these councils, and the establishment of councils based on a larger administrative unit, the provinces. But efforts on the part of the Sri Lankan government in the 1980s to extend the scope of creative political initiatives on the devolution of power, which had hitherto been limited by a lack of political will, continued to face a major constraint in the form of conflicting perceptions on the value of devolution of power as a political and administrative device. There is also another important issue in the context of the emergence of a separatist movement among the Tamils, which had support in all the Tamil political parties and groups. Would the grant of greater autonomy encourage the secessionist movement to go beyond autonomy to outright secession or would it act as a break on such a potential development? These are quite apart from the parallel but subsidiary debate on the politically acceptable or viable size of the unit of devolution, district or province. The pressures that emerged from these contentious issues stretched the limits of political action available to Sri Lankan politicians in power dangerously close to the breaking point, where the alternatives that loomed ahead were either electoral defeat for themselves, or major outbursts of violent opposition such as the anti-government riots of late July and early August 1987 during the signing of an accord between the governments of India and Sri Lanka in which devolution in Sri Lanka was an important feature. The tensions continued when the agreement was implemented as the Provincial Councils Act 42 of 1987, and incorporated in the constitution as the 13th amendment. Once the Provincial Councils bill and the Thirteenth Amendment to the Constitution were approved by Parliament on 12 November 1987, the moribund provincial structure bequeathed by the British got a fresh lease of life because of the insistence of the Tamils - a pressure that went back to the late 1950s - that a province rather than a

district was the most appropriate unit of devolution. The essential feature of the system of provincial councils introduced in 1987 was that they had many of the powers of the states of the Indian Union, but with the difference that the Sri Lankan provincial councils would operate within the framework of the country's constitutionally-entrenched unitary system. The TULF and some of the Tamil separatist groups continued to press for a regional unit encompassing the Northern and Eastern provinces as a Tamil dominated ethno-region, a political manifestation of the concept of the 'traditional homelands' of the Tamils in Sri Lanka which the Federal Party and the TULF popularised in the politics of the Tamils and elevated to the status of a shibboleth. But the UNP governments of the period 1977-94, held out against a permanent merger of these two provinces, as did the SLFP and representatives of Sinhalese-Buddhist opinion, and the Muslims, including representatives of the Muslims resident in the Eastern Province.

Not surprisingly differences of opinion over the administrative and spatial content of devolution, between the Sri Lanka governments, and representatives of Tamil opinion, have proved to be virtually unbridgeable. A great deal of political adjustment of differences has nevertheless been achieved, despite a general recognition among Sinhalese politicians that the capacity of devolution of authority to regional units, be they districts or provinces or something larger than provinces, to reduce ethnic conflict is more limited than enthusiastic advocates of it - almost entirely Tamils - are willing to concede, because the principal and most violent separatist group, the LTTE has driven its forbears and rivals to the margins of Tamil politics, and would accept nothing less than a separate Tamil state. When the district councils were established in 1980 the second tier of government came into existence fifty years after the proposals for such councils were first mooted, and forty years after the national legislature had approved such a scheme in principle. However, there was no longer a national consensus in support of them in the 1980s, unlike in the 1930s and 1940s. We need to examine the reasons for this. There is first of all, the close proximity of the Jaffna region in the north of Sri Lanka to Tamil Nadu in southern India, a state given to frequent celebrations of Tamil cultural identity and which in the not so distant past, was a centre of separatist sentiment in India. Influential groups within the state government - and opposition - there have encouraged, nurtured and protected Tamil separatist groups from Sri Lanka. Thus devolution of greater power to provincial councils is suspect, even when it is conceded, because of fears that it could serve as a spur to separatist pressures rather than acting as an effective check on these in the north and east of the island. Large sections of the Sinhalese view the Tamils' pressure for devolution of power as the first step in an inevitable progression to separation of the Tamil majority areas of the country from the Sri Lankan polity. Historical memories contribute greatly to the disquiet and apprehensions the Sinhalese feel about South India: the popular perception fashioned by historical memories of events of centuries past, especially of South India as the single most powerful and persistent threat confronting Sri Lanka and the Sinhalese.

In the early years of independence the Tamils of the north and east of the island had showed little inclination to identify themselves with the Tamils of Tamil Nadu. Nevertheless the Sinhalese feared this possibility and the campaign for a federal structure for the island served to aggravate these fears. Those in the forefront of the Tamils' agitation for devolution of power have always been vague, deliberately or unconsciously, in the terminology used in their arguments, and the distinction between provincial autonomy, states' rights in a federal union, and a separate state have been blurred by a fog of verbiage, and obfuscation. The close links that were established in more recent times between Tamil political groups ranging from the TULF to various separatist groups, with the government and opposition in the southern Indian state of Tamil Nadu, have naturally aggravated the situation, and

more so the establishment of training camps in the 1980s in Tamil Nadu for separatist activists from Sri Lanka who made forays into the northern and eastern coastal regions of Sri Lanka from these. The result is that devolution of power which was, and should be, a purely Sri Lankan matter has taken on a cross-national dimension of which India's role as mediator in the political negotiations between the Sri Lankan government and representatives of Tamil opinion in the 1980s and the entry of the Indian Peace Keeping Force to the north and east of the island in the period 1987-90 were the most conspicuous features.

Pressure for strengthening of devolution is limited to the Tamils, and largely to the Tamils living in the north and east of the island, where they are either a majority or form a substantial minority. There is no pressure - on the contrary strong opposition to it - from other ethnic groups. Quite apart from the opposition of the Sinhalese majority to most schemes of devolution of power, the Muslim minority, especially those living in the Eastern Province, have been deeply concerned about the dangers of their political marginalisation in a decentralised political and administrative structure. The mass expulsion of the Muslims of the whole of the Northern Province by the LTTE on 22 October 1990 naturally strengthens these fears. Many if not most of the expelled Muslims live in refugee camps in the Sinhalese areas of the country.

The critical stumbling block in the negotiations on strengthening devolution in Sri Lanka, at present, is the demographic profile of the Eastern Province, where the Tamils are a minority of only 40 per cent of the population, perhaps even less than that today. The main Tamil separatist group the LTTE, for its part, will accept nothing short of a separate Tamil state linking the Northern and Eastern provinces. As we have seen, the linkage of these two provinces as a Tamil ethno-region was first advocated by the FP and TULF, and this has been taken over by other Tamil groups including the LTTE. The deadlock over the linking of the Eastern Province to the Northern Province continues to the present day. This devolution of power to units larger than a district or a province is perceived by Sinhalese as threatening the territorial integrity of the island - a smaller group, the Muslims, feel threatened by this in a more immediate way, since the Tamils are certain to dominate the affairs of this projected large territorial unit, a province or a regional unit linking provinces. A section of the Muslims led by the SLMC has responded by urging the creation of a separate administrative unit in the Eastern Province in which the Muslims would constitute a majority. A more elaborate version of this demand calls for a Muslim province with its main base in the Eastern Province, but with enclaves or sub-units elsewhere such as in the Mannar district of the Northern Province.

The 'openness' of Sri Lanka's political system as it has operated over the recent decades is reflected in the relatively high level of freedom of expression and the absence of serious restrictions on the media of mass communication. In this context, the fact that the media controlled by the private sector have been permitted to expand and proliferate since the early 1980s - a period during which the politics of the country have been almost persistently turbulent - could be considered as a movement away from the earlier ethos of excessive government control over the media.

Summary

1. Over several decades after Sri Lanka became an independent country in 1948, it continued to enjoy a widely acknowledged reputation as a vibrant multi-party democracy which accommodated broad-based participation of all segments of its population in the affairs of governance through electoral processes. In the more recent past, however, two factors - viz., the intensification of the ethnic conflict and its disruptive effects on politics of the northern and eastern parts of the country, and a trend towards increasing malpractices and violence at elections - have had the effect of impairing the operation of the principles of democracy in the country.
2. A measure of power-sharing at the level of the central government has always been in operation in Sri Lanka to the extent that there has been conscious accommodation of persons from the minority groups in the formation of the executive branch of government. It is specially important to note that the formation of 'coalition governments' that include representatives of the minority communities has been a feature of successive governments ever since the mid-1950s. Outside the cabinet and the parliament, there has been de facto sharing of power between the Sinhalese and the minority ethnic groups in the form of fairly prominent presence of persons from all communities in the higher ranks of the judiciary, civil administration and the security services. Despite these, however, one could also discern, in the long term, a perceptible reduction in the extent of participation of the Sri Lankan Tamils in the affairs of government at the Centre, and, to that extent, a decline in their share of central government power.
3. Constitutional provision has been made in Sri Lanka to facilitate power sharing through the devolution of central government power and authority to elected bodies constituted at 'regional' and 'local government' levels. These, however, have persistently fallen short of the related demands of the Sri Lankan Tamils. Over the first three decades after independence, the political party that had more support from this community than any other agitated for a federal system of government in Sri Lanka so that the Tamil-majority areas of the country could have a measure of political autonomy. From the late 1970s onwards all parties of the Sri Lanka Tamils have persistently declared commitment to the concept of 'Eelam' - an autonomous political entity consisting of the northern and eastern provinces. The main impediment to the accommodation of the demand for a high degree of devolution within a regional framework is, of course, the possibility that it could pave the way for total separation of the Tamil-majority areas from the Sri Lankan state.
4. Despite the political convulsions which Sri Lanka has been experiencing almost throughout the past two decades, the trend from about the early 1980s has been towards greater 'press freedom' in the form of a proliferation of print and electronic media under the control of the private sector, with certain sections of this 'private sector media' adopting stances of independent criticism of government action regardless of the changes in the political parties in office. The political parties holding the reins of power, however, exert considerable control over the government-owned segments of the media.

Factor # 9. Exclusive or Accommodative Governing Institutions and Decision-Making Process

What is the actual distribution of political participation and power among major groups that are or could be parties to conflict?

9.1. State-Building and Ethnic Harmony, 1947-56

Three themes will be discussed here. We need to begin by pointing out that the first phase of Sri Lanka's post-independence history, 1947-56, were years of solid achievement in state-building and the maintenance of ethnic harmony, while the mid and late 1950s saw the first episodes of violence conflict. One of the significant, if also poignant, features of the background to Sri Lanka's ethnic conflict is that most of the policy options recommended by political scientists and conflict resolution theorists for the maintenance of ethnic harmony in a sharply divided society or for the management of ethnic tensions, have been adopted here. Many of these were adopted in part or in their entirety; beginning with power sharing among ethnic and religious groups within the governing bodies of national political parties; the formation of coalitions, whether they be coalitions of necessity, of convenience, or coalitions guided by ideological considerations, or by electoral arrangements prior to elections (details of this are provided in Section 8.2). In response to the exaggerated swing of the pendulum which gave governments massive parliamentary majorities after the general elections of 1970 and 1977, proportional representation was introduced through the constitution of 1978 as a corrective to this and in the hope of giving minorities greater influence in policy making than under the first-past-the post electoral system.

Some of the confidence-building measures referred to earlier were adopted from the early days of independence and some in the later 1950s, and in the late 1970s and 1980s in response to outbreaks of violence. One policy that was never adopted was the establishment, on the Malaysian model, of a grand coalition between the principal national parties charged with a mandate for devising common policies, if not reaching a national consensus on policies for a resolution of Sri Lanka's ethnic conflict. The moral of the Sri Lanka story is that it is extremely difficult to restore the status quo ante once damage has been done by hastily devised policies and decision.

9.2. Participation in Parliament and Cabinet

In the bicameral legislature of the Soulbury constitutions (which was in force from 1947 to 1972) there was provision for a certain number of persons to be nominated to the 'lower house' (parliament), and for a 30-member 'upper house' (senate) which, among other things, facilitated the under-represented communities and interest-groups to be accommodated in the legislature, and, as members of the legislature, to be accommodated in the cabinet. Similarly, under the constitution of 1978, provision for persons to be nominated to parliament through a 'national list' by the respective political parties elected to parliament at the polls has also facilitated such representation. Further, as already shown in Section 8.2) under the subject of 'Power Sharing', successive governments of Sri Lanka since independence have consisted of coalitions of political parties, and in the formation of the cabinets, the heads of government are seen to have always attempted to provide as wide a spectrum of representations as possible by accommodating persons from the different ethnic, religious and caste groups. This latter is, of course, sound political strategy.

Despite the existence of both statutory provision for governments to comprise a multiplicity of groups and interests, and the desirability of accommodating at the apex of government a wide spectrum of groups and interests, there have been certain pronounced imbalances in the nature of group representation that has been actually achieved (Tables 9.1 to 9.3). For example, throughout the early post-independence decades, the 'Indian Tamils' had hardly any representation at all in either of these two branches of government - an outcome of government policy concerning citizenship rights. Perhaps more significant from the perspectives of the present study is that, at the level of the cabinet, the Sri Lankan Tamils have throughout remained under-represented. The political repercussions of this should be seen in the light of considerations such as their relatively higher levels of education, and the larger share of 'middle-class' employment held by this group during the period before independence.

It needs to be noted, however, that the under-representation of the Sri Lankan Tamils at the apex of government in the past two decades symbolises their rejection of the prevailing system of government and is, at least partly, the outcome of their own political strategy of 'opting out'. There is also in this the impact of threat and intimidation by the LTTE which has tended to look upon any collaboration of Sri Lankan Tamils in the affairs of government as betrayal of the community. It is well known, for example, that the Foreign Minister of the 1994-2001 government, a prominent Colombo-based Sri Lankan Tamil, was more vulnerable to being assassinated by the LTTE than perhaps any other leader of the country of that time. It is probably this type of disincentive that has prevented persons in this community accepting a cabinet post in the present government, the peace efforts and reconciliation overtures notwithstanding.

Table 9.1. Ethnic Composition of the Parliament of Sri Lanka (selected points of time)

	% of seats	under/over representation	% of seats	under/over representation
Ethnic Group	September 1947		July 1960	
Sinhalese	65.3	- 4.1	77.7	+ 8.3
SL Tamil	16.8	+ 5.8	11.5	+ 0.5
Indian Tamil	5.0	- 6.7	0.6	- 11.4
Moor & Malay	5.0	- 1.5	7.0	+ 0.4
Other	7.9	+ 6.5	3.2	+ 2.1
	July 1977		November 1994	
Sinhalese	80.0	+ 6.8	79.3	+ 5.3
SL Tamil	12.4	+ 0.8	9.1	- 3.5
Indian Tamil	0.5	- 6.8	3.4	- 2.2
Moor & Malay	7.1	- 0.3	8.2	+ 0.8
Other	0	- 0.3	0	- 0.3

Table 9.2. Religious Composition of the Parliaments of Sri Lanka (selected points of time)

Religious Group	% of seats	over/under representation	% of seats	over/under representation
	September 1947		July 1960	
Buddhists	62.4	- 2.1	72.2	+ 7.8
Hindus	12.9	- 6.9	11.5	- 8.4
Muslims	5.9	- 0.7	8.3	+ 1.6
Christians	18.8	+ 9.7	8.0	- 0.8
	July 1977		November 1994	
Buddhists	73.5	+ 4.2	73.7	+ 4.4
Hindus	11.2	- 4.3	11.9	- 3.4
Muslims	7.1	- 0.5	8.2	+ 0.8
Christians	8.2	+ 0.7	6.2	+ 1.0

Notes (Tables 9.1 and 9.2)

1. The 'points of time' selected are typical of their broader temporal context.
2. 'Under'/'over' representation has been estimated in relation to population ratios.
3. These data cover only the 'lower house' of parliament, but includes 'nominated members of parliament.
4. In Table 9.2. those who do not profess a religious persuasion have been classified on the basis of religious affiliation reflected in their family background.

Table 9.3. The Ethnic Composition of the Cabinets of Sri Lanka (selected periods)

Period	Sinhalese	SL Tamil	Ind' Tamil	Muslim	Others
Feb 1948 - June 1952	15	2	1	1	0
April 1956 - Sept 1959	18	0	0	1	0
July 1960 - March 1965	18	0	0	1	0
April 1965 - Sept 1967	20	2	0	1	0
May 1970 - May 1977	23	1	0	1	1
Feb 1978 - Feb 1989	31	2	1	3	0
Aug 1994 - March 1997	20	1	1	2	0
March 2002 onwards	25	0	2	4	1

Within parliament, the representatives of the Sri Lankan Tamil community have always been as articulate and as effective (usually as members of the opposition) as those of any other group. Quite often their standing as intellectuals made it possible for them to make profound contributions to parliamentary debates and other tasks such as serving in special committees.

9.3. Ethnic Representation in Bureaucracy

Since this subject has already been dealt with in detail (Section 6.9) only the main points relevant to the present theme need to be recapitulated here. Under British rule, in the 19th century, the Tamils of the northern province had a dominant position in the bureaucracy. Although the Tamils were only 11% or slightly less of the population at that time, they had nearly 40% of the places in the bureaucracy in 1940. By the 1940s Sinhalese competitors for these positions were increasing in number, and the

struggle for places in the public service had become a major issue at the time of independence. Given the demographic profile of the country, the Tamils could hardly have maintained the percentage of posts they held up to the 1940s. The drop in the numbers of Tamils in the state service was very marked after 1956, and representatives of Tamil opinion often argue that this was the inevitable result of the change in language policy adopted in that year. While this latter is a simple explanation for a complex situation the sharp drop in the number of Tamils in state employment is an unwelcome and disturbing fact. Currently the number of Tamils in all grades of state employment has declined to 10% or less, i.e., to a third or a fourth of what it was in the early 1940s (statistical data on this change are furnished in Tables 6.14 to 6.16, above).

9.4. Ethnic Representation in Armed Services

The third theme relates to minority representation in the armed services. From the early years of independence, to 1962 or so, the officer corps of the armed services were dominated by Sinhalese Christians, and Tamils (Christian and Hindu). Numbers in the other ranks reflected the country's ethnic profile. Today, largely as a result of country's ethnic conflict, the armed services have only a minuscule number of Muslims and Tamils in the officer corps. The other ranks are almost entirely Sinhalese and Buddhist.

Summary

1. The participation of representatives of all primordial and ascriptive groups that constitute the population of Sri Lanka in matters of government decision-making is provided for by the present Constitution of the country (as such participation had been provided for by past constitutions). In addition, considerations both of electoral politics as well as of those that pertain to democratic governance and political stability have provided impulses for governments to take the forms of coalitions of parties and interest groups, and also prompted the Heads of successive governments to forge alliances with as wide a spectrum of group leaders as possible. The result is that the national parliament and the cabinet have always had a high degree of heterogeneity in their composition in respect of the different ethnic, linguistic, caste and 'regional' groupings of the country. As noted in the previous chapter, sub-national institutions of government - Provincial Councils, local government bodies - have also facilitated broad-based participation in executive decision-making.
2. The considerations referred to above notwithstanding, there have been serious imbalances in the extent of representation of the different groups and in the distribution of effective political power in the Central Government. In the national parliament, while the Sinhalese have had more than their proportionate share of seats, the Indian Tamils have been under-represented. At the level of the Cabinet, the Sri Lankan Tamils have hardly ever had a fair share of portfolios.
3. Furthermore, there has been a sharp decline in the Sri Lankan Tamil share in the higher rungs of the civilian administration and in the armed forces during the past two decades. While this has largely been a consequence of the intensification of the ethnic conflict, there is no doubt that it has contributed to the increasing estrangement of this ethnic group from the Sri Lankan polity.

Factor # 10. Group Participation in Non-Official and Informal Processes and Institution

To what extent are non-governmental institutions in the wider society, including informal ones such as the economic markets and traditional dispute resolution mechanisms, providing valued social goods to a wide range of groups and helping to resolve or absorb the conflicts of interest?

10.1. Types of Non-Official Institutions and their Role in Conflict Resolution

10.1.1. Community-level institutions

The existence of many voluntary organisations at the level of the community has been recognised as a distinctive feature of Sri Lanka (United Nations, 1963; Blackton, 1974; Centre for Defence Studies, 2001). The list presented below based upon detailed field investigations conducted in a random sample of 10 communities (Peiris, 1982) refers to the more ubiquitous among these organisations.

- Temple societies (Dayaka Sabha in the Buddhist communities, Kovil Sabai in Hindu communities, Mosque societies, and church societies of the different Christian denominations)
- Funeral Aid Societies (usually referred to in the Sinhalese areas as Maranadhara Samithi)
- School Development Societies, Parent-Teacher Associations
- Rural Development Societies (Grama Sanvardhana Samithi) an officially recognised network of institutions spread over most parts of the country
- Co-operative Societies/ Co-operative Credit Societies (several institutional systems)
- Branch societies (cells) of political parties
- Youth Associations (Tharuna Samithi, Tharuna Govi Samithi etc.)
- Women's Organisations (Mahila Samithi, Kantha Samithi)
- Crime prevention/community protection societies
- Sports associations

There is no doubt whatsoever that these organisations cater to a variety of felt needs of the community and have demonstrated the capacity to obtain the support and cooperation of all segments of the people of the communities in which they operate. Some of these receive a measure of official support and sponsorship from state sector organisations. Periodically attempts have been made to mobilise these organisations in government projects that involve popular participation. It has also been noted that certain community-level institutions have served as the 'breeding-ground' of political leaders in local government and even the central government²⁵.

The extent to which these institutions perform effective conflict resolution functions cannot be ascertained with precision. There have been many reported instances of the leaders of community institutions acting as mediators in localised inter-group clashes that occasionally erupt in areas of mixed ethnicity. Similarly these leaders are known to serve as intermediaries between individuals in their respective communities and politicians, administrators or law enforcement officers. Institutions such as 'temple societies' and 'youth associations' also perform the function of dissemination of

25. Oliver H M (1956); Perera J & Krause G (1977); Peiris G H (1983).

information in the community. It could however be suggested conjecturally that, since bilingual (Sinhala-Thamil) communication skills are rare, typically, these institutions do not serve as fora of inter-ethnic interaction except perhaps in the case of certain Christian church organisations in urban settings.

10.1.2. Non-Government Institutional Systems

There are several indigenous non-government institutional systems in Sri Lanka that are controlled and operated by groups of persons committed to objectives that are in one way or another aimed at the 'upliftment' (material and/or spiritual) of the people. Several of these are spread over large areas of the country, have hierarchies of employees, undertake 'development projects', and receive financial assistance from outside the country. The best known among these is the Sarvodaya Movement, which has been in operation in Sri Lanka for almost fifty years, and is said to be based on 'Gandhian' principles of the type that inspired the early efforts in 'Community Development' in India led by Mahatma Gandhi's disciple Vinobha Bhave. A few other smaller organisations that pursue objectives similar to those of Sarvodaya, though largely restricted in their activities to the Sinhalese majority areas of the country, have also been engaged in efforts at promoting ethnic harmony.

10.1.3. Voluntary Organisations of Intellectuals

Institutions that could be placed in this category existed even in 'British Ceylon'. Those among them that consisted of the Sinhala and Thamil intelligentsia were particularly active at that time in pursuing causes such as Buddhist/Hindu revivalism, the temperance movement, language 'purification' movements etc. that were linked to the rising tide of nationalism. In post-independence times these organisations continued to perform an important role especially in the spheres of fine arts, culture and religion. From about the late 1970s, with the impact of the rapid advances in education being felt in many spheres of public life, there has been a proliferation of institutions and a diversification of their causes and concerns the more important among which are nature protection, poverty alleviation, human rights, women's rights, children's rights, workers' rights, democratic governance (election monitoring, press freedom), inter-ethnic harmony, and, more generally, the protection and promotion of interests of the weaker segments of society. The Sri Lankan components of international civil society organisations such as the 'Rotarians' and the 'Lions' also perform similar functions. The increase in the importance of this type of non-government organisation in the recent past could be seen as reflecting the impact of several factors one of which is the escalation of the ethnic conflict and other forms of violent conflict (such as anti-systemic insurrections), and the objective need for the more educated people in society to act in concert towards the solution of the resulting problems. It is also possible to discern in this trend the ideological inspirations and the financial support from the liberal democracies of the economically advanced countries. The preference shown by the donor of aid to channel at least a part of their aid to non-government organisations has been a major source of strength to those among this category of institutions that have demonstrated a high level of implementation capacity and sound public relations. While there could be no doubt about the objective usefulness of the functions performed by many of these institutions; and, barring a few exceptions, these have been supportive of the on-going peace efforts; it is necessary to note that much of their active participation within Sri Lanka, and their interactions with the world outside remain confined to the 'English-speaking elite' in the main urban areas of the country.

10.1.4. Organisations of Religious Leaders

All religious groups in Sri Lanka have their respective leaders and institutionalised or informal leadership hierarchies. These consist largely (if not exclusively) of their respective clergy. In Sri Lanka, as in certain other 'traditional' societies of Asia, the functions performed by these leaders and the institutions they constitute extend into secular matters. They participate actively in matters that have political connotations. The high ranking Sangha (Buddhist monks), in particular, acting both as individuals as well as through the organisations to which they belong, wield considerable influence with the political elite of the country. They also perform an important role as public opinion makers. Among the leadership organisations of the minority religious groups of the country, those of the Christians invariably appear in higher profile than the others. This could be attributed to the greater cohesiveness of the Christian religious institutions, and to the prominent Christian presence in the urban middle-class. The current peace efforts have generally received the endorsement and support of the majority of organisations in this category.

10.1.5. International Civil Society Organisations

Certain international organisations have been actively engaged throughout the recent decades both in providing various types of assistance to those adversely affected by the ethnic conflict and the secessionist war in Sri Lanka, safeguarding fundamental human rights, and, in the case of some of the organisations, serving as intermediaries between the different parties engaged in the conflict/war. It has been reported (Goodhand, 2001) that there are about 8 major international NGOs operating in the main venues of the conflict in the northern and eastern parts of the country. In terms of the scale of involvement, the International Committee for the Red Cross (ICRC) and the United Nations High Commission for Refugees (UNHCR) could be regarded as the most important among these institutions. Among the other international organisations that act in concert with the ICRC, the UNHCR and the government of Sri Lanka in helping the victims of the conflict are UNICEF, CARE, OXFAM, Campaign for Development and Solidarity, Medecins sans Frontiers, the Rural Development Foundations, and Save the Children Fund. Some of these agencies receive bilateral aid from the governments of UK, Canada, the Netherlands, Norway, Sweden and Finland.

10.2. Non-Official and Informal Processes

Non-official and informal processes, though important in the provision of humanitarian aid and relief to those in distress, have, so far, played a very limited, if not peripheral, role in conflict prevention, management or resolution. In the Tamil areas the Roman Catholic church, and to a lesser extent, Protestant churches do play a mediatory role. This is a reflection of the fact that 33% of the Roman Catholics, and over 40% of the Protestants are Tamils. They have had some success but NGOs have had less of an impact. Private sector businesses of varying sizes are owned or controlled by a wide range of ethnic and religious groups. The minorities have a stronger position in the dynamic private sector than in the bureaucracy. The larger and more conspicuous private sector enterprises have attempted to play a mediatory role in the conflict in the later 1990s; their impact has not been very great.

Summary

There are numerous civil society organisations that perform useful functions at different levels of society in Sri Lanka. Some of these have made tangible contributions towards the easing of inter-groups rivalries and tensions and in providing relief to those in distress. The majority among them are supportive of the current peace efforts. However, their direct contribution to the resolution of the ethnic conflict has hitherto remained marginal.

Factor # 11. Efficacy of Political Elites and Leaders

Do political leaders engage in rule-governed negotiations and decision-making in order to transact common public business, and is the State actually able to produce desired public policies and public resource distribution?

11.1. Willingness to Negotiate

To the extent that widespread poverty and prolonged inter-group conflict in any country could be regarded as exemplifications of leadership failures - i.e. the 'inefficiency' of the political elite - an analysis of this theme in its application to Sri Lanka needs to convey the essence that the country as a whole has lacked inspired political leadership. It appears in retrospect that the leaders of all communities of the country have often acted without foresight and vision especially in their approach to issues concerning poverty and inter-group relations. The response to the specific components of this question, however, cannot be entirely free of polemic. On the one hand, the response could stress that Sri Lanka's political leaders have in fact persistently engaged in 'rule-governed negotiations and decision making', and that within mainstream politics there has almost always been dialogue and interaction (formal and informal) between leaders of the different constituencies. It could be argued that this has been one of the reasons for the survival of democracy in the country. Likewise, regarding the capacity of the Sri Lankan state to 'produce desired public policies and public resource distribution', one could (and should) highlight the major advances made in social welfare, and the avoidance of inter-group socio-economic disparities of the type which one encounters even in some of the economically advanced countries. On the other hand, the response to this question could highlight the lapses and shortcomings - especially the failure of economic achievements to fulfil rising expectations, the alienation and/or marginalisation of certain segments of society from the political mainstreams, the intransigence displayed by leaders of the different constituencies in their negotiations, the intensification of inter-group rivalry, and the recent upsurge of corruption and lack of transparency in public affairs. Either of these two viewpoints could be substantiated with persuasive evidence.

If the phrase 'rule-governed negotiation' in the context of Sri Lanka's ethnic conflict is understood as action intended to arrive at solutions through mutual discussion and compromise within the existing legal framework and on the basis of universally accepted procedural and ethical norms, it seems reasonable to assert that there has been in Sri Lanka a series of attempts at such negotiation and compromise from the time the ethnic conflict emerged into the forefront of the country's politics in the mid-1950s. The opposition from the Sri Lankan Tamils to making Sinhala the official language of the country, for instance, prompted the introduction of statutory provision for the use of Tamil as a language of administration, and later, to elevate the status of Tamil to that of an official language. In

1988 Tamil was accorded ‘parity of status’ with Sinhala as official languages of the country. The resentment among the Tamils to the adoption of a system of language-based ‘standardisation’ of marks scored by students at the ‘General Certificate of Education - Advanced Level Examination’ in selecting them for university admissions resulted in the replacement of that system with one involving ‘district quotas’ in 1976. The latter system cannot, in any way, be regarded as discriminatory on any ethnic group. Again, from the early 1980s, there have been several efforts to forge a compromise to the demands for administrative decentralisation and devolution of political authority. Since the mid-1980s, three major attempts - ‘Thimpu Talks’ of 1985, negotiations between the LTTE and the government of President Premadasa in 1989-90, and negotiations between the LTTE and the government of President Kumaratunga in 1994-95 - were made to arrive at a settlement of the secessionist war. These records of the past thus leave no doubt about the willingness and the capacity of the government to engage in ‘rule-governed negotiations and decision-making’ on issues pertaining to the ethnic conflict.

One could argue that it is in responding to ‘youth unrest and revolt’ among the Sinhalese that the government of Sri Lanka has been somewhat less inclined to adhere to ‘rule-governed negotiation’. Whatever validity one would concede to the arguments that have been adduced in order to justify the measures that were adopted in the suppression of the two JVP-led insurrections referred to earlier (almost all such arguments are contained in the theme of ‘the need to protect society from anarchic violence’), there is no doubt whatever that the economic grievances which provided the main insurrectionary impulses were genuine. In this context a glaring leadership failure is seen in the fact that no serious attempt has hitherto been made to produce the public policies and resource redistributions that would eliminate these grievances.

This same failure could, indeed, be projected to the ethnic conflict in the sense that political militancy in the predominantly Tamil areas of the country have had some of the same underlying causes as the youth insurrections led by the JVP in the predominantly Sinhalese areas. Though the leaders of the Tamil community, especially those in parliamentary politics, had constantly portrayed the deprivations suffered by the rural youth of that community as being caused by Sinhalese oppression, the political agenda of this leadership has seldom accorded prominence to the genuine problems affecting their youth, especially those in the rural areas of the north and the east.

11.1.1. Record of Negotiation with Separatist Groups

December 1983	Negotiations between the Government of Sri Lanka (GSL) and the Tamil United Liberation Front (TULF)
January 1984	All Party Conference convened by the GSL for working out a solution to the ethnic conflict
June - Sept 1985	Talks between the government of Sri Lanka and Tamil groups (including the LTTE) in Thimpu, Bhutan, under the sponsorship of the Government of India
January 1986	Political Parties Conference on the ethnic conflict convened by the President of Sri Lanka
July 1987	Agreement between the governments of India and Sri Lanka (Indo-Lanka Accord), the induction of an Indian Peace-Keeping Force to the Northern and Eastern Provinces and the declaration of a under the terms of the

	Accord. (The LTTE resumed hostilities on 6 October 1987)
November 1987	Passing of the 'Thirteenth Amendment' to the Constitution and the Provincial Councils Act, both designed to devolve power from the centre to the regions within a provincial frame
December 1988	Passing of the 'Sixteenth Amendment' to the constitution providing 'parity of status' to Sinhala and Tamil as official languages and languages of administration in the country
May - June 1989	GSL-LTTE cease-fire agreement (after GSL initiatives in the withdrawal of Indian troops from the 'north-east', followed by negotiations between the President of Sri Lanka and the LTTE (the LTTE resumed hostilities in July 1989)
August 1991	The unanimous adoption by Parliament of a proposal to set up an 'All-Party Parliamentary Select Committee' to 'recommend ways and means of achieving peace and political stability in the country' (specifically, to make recommendations on devolution of power)
Sept 1994 - April 1995	Cease-fire agreement between the GSL and the LTTE, followed by several rounds of preliminary negotiation
1996	GSL offer of a 'package' of constitutional reforms towards meeting the demands for devolution of power
December 2001	Suspension of military operations against the LTTE
February 2002	The signing of a 'Memorandum of Understanding' between the Sri Lanka government and the LTTE facilitated by the government of Norway, as a prelude to peace negotiations on a date and at a venue to be mutually agreed upon

11.1.2. Pacification moves towards the JVP

- The offer of a qualified amnesty to those involved in the insurrection of 1971;
- The release from imprisonment in 1977 of all JVP activists convicted in the aftermath of the insurrection of 1971, and lifting of the proscription of the JVP;
- The lifting of the proscription of the JVP in December 1988, and the release of about 1,500 suspected JVP activists from custody.

11.2. Negotiation Stances

Many examples could be cited from the post-independence political history of Sri Lanka to illustrate that despite the willingness of the political leaders to resolve disputes through negotiation, there have been elements of intransigence and lack of flexibility in their negotiation stances. To elaborate this point with reference to negotiations between the government and the secessionist groups (notably the LTTE), it could be said that three fundamental principles - namely, sovereignty and territorial integrity of Sri Lanka, its unitary state structure, and representative democracy - have been considered by successive governments as non-negotiable. Armed offensives by the government have tended to be justified with reference to the inviolability of these principles.

The LTTE and most of the other groups committed to the creation of an 'independent' or 'autonomous' Tamil political entity comprising the Northern and Eastern provinces of Sri Lanka have also displayed extreme rigidity in their negotiating stances. From the time of the 'Thimpu Talks' of

1985, their preconditions to negotiation have been persistently encapsulated in what has been referred to as the 'Four Cardinal Principles', the prior acceptance of which they deem mandatory for negotiations towards a resolution of the ethnic conflict to proceed. To cite these 'principles' verbatim:

- recognition of the Tamils of Ceylon as a nation;
- recognition of the existence of an identified homeland for the Tamils in Ceylon;
- recognition of the right of self-determination of the Tamil nation;
- recognition of the right of citizenship and the fundamental rights of all Tamils in Ceylon.

A careful examination of these 'principles' (especially the 3rd) makes it clear that their unqualified acceptance is tantamount to an acceptance of the right of secession - something which no government that has pledged allegiance to the Constitution of Sri Lanka could concede. The government delegation at Thimpu gave the only response it could possibly have given to the announcement of these 'principles'. It reiterated the commitment of Colombo to 'establish a provincial council for the areas of the north and east where the Tamils lived'. It took into account the 'wide range of meanings that can attach to the concepts and ideas embodied in the four principles', and stated that 'the government's response would depend on the meaning and significance that is sought to be applied to them'. More emphatically, the delegation pointed out that '... if the four principles are to be taken at their face value and given accepted legal meaning, they are wholly unacceptable to the government, because they constitute the negation of sovereignty and territorial integrity of Sri Lanka, they are detrimental to the unity of Sri Lanka, and are inimical to the interests of the several communities, ethnic and religious, in our country'. The government delegation stated further: 'But in so far as these ideas and concepts (embodied in the principles) can be given a meaning and construction which does not entail the creation of a separate state, or a structure of government that is indistinguishable from a separate state, we do believe that there is room for a fruitful exchange of views which can result in a settlement of the problems that beset us'. (all citations in this paragraph have been extracted from the unpublished official records of the Thimpu Talks).

Summary

1. Sri Lanka's leaders have a record of engaging in rule-governed negotiation and decision-making in transacting public business, and dealing with insurrections. The main 'leadership failures' appears to lie in the fact that the political elites of all communities have not devoted adequate attention to the problems and grievances of the youth (one of the main causes for insurrection), particularly those in the less developed rural areas of the country.
2. In the case of the ethnic conflict, past records of negotiation also indicate that while significant concessions and compromises have been conceded in the resolution of certain disputed issues, there have also been rigidity in the approach towards core issues.

Factor # 12 Efficacy of Security Forces and Violations of Human Rights

To what extent are disputes solved without the use of force? Is violence politically inspired?

In the normal course of political activities in Sri Lanka, 'dispute' - i.e. differences of perception, mutual incongruities of ideas and interests, competition for public support - does not involve the use of force. However, it has not been uncommon for individual or group grievances to be given expression in various forms of violence, the prevention/suppression/curtailment of which also invariably involves the use of force by the law enforcement agencies including the security forces. That the government has the right (and indeed the duty) to exercise force in the course of preserving law and order and protecting the country is almost universally accepted. Accordingly, what could, in fact, be meaningfully placed under critical scrutiny are issues such as:

- the genuineness of the grievances that find expression in violence;
- whether the violence so displayed by aggrieved persons or groups is commensurate with the objective seriousness of the grievances;
- whether the nature and the extent of force employed in the maintenance of law and order is appropriate in a given context.

In Sri Lanka, violence has been frequently employed by those engaged in disputes, presumably in the belief that violence could solve the dispute at least by way of eliminating the opponent or suppressing opposition. In the realm of public affairs - for example, localised ad hoc clashes at the level of the community, trade union or student agitation, inter-party rivalry at elections, large scale inter-group confrontations such as 'communal clashes', anti-government insurrections - there has also been a trend of increasing recourse to violence in efforts at solving disputes. It should, in addition, be noted that the ready availability of weaponry makes it possible for even small groups to resort to the type of violence that causes massive damage and destruction. Moreover, in many situations, aggrieved groups resort to violence with the objective of provoking retaliatory violence on the part of the law enforcement authorities.

Needless to stress, many forms of violence in public affairs are politically motivated. A distinction, however, needs to be made between 'political motivation' and the direction/instigation of violence by political leaders as part and parcel of political strategy. Much of the violence associated with elections conducted during the recent past, for instance, appears to have distinct elements of political sponsorship in this latter sense. It has also been claimed that some of the mob attacks on Tamils living in the Sinhalese majority areas in 1983 were engineered by political leaders.

Inevitably in a society such as contemporary Sri Lanka in which prolonged ethnic conflict has taken place, there have been human rights violations. In the early 1980s many of these were by the army in Jaffna and the other Tamil areas of the north and east of the island. The harsh treatment of civilians at, say, checkpoints on highways was not uncommon. There were many occasions of infantrymen running berserk causing arbitrary destruction among civilians in the aftermath of terrorist ambushes and guerrilla attacks on the troops. As explanation rather than in extenuation it may be noted that these took place under conditions which permitted the Tamil militants to merge imperceptibly with the civilian population, and even use civilians for purposes of 'cover'. There were, in addition,

the language barriers between the armed forces and the civilians, and the fact that the troops were ill-trained in handling the tactics of guerrilla warfare. In more recent times the army's record has improved quite substantially.

On the other hand, the record of human rights violations by the LTTE far exceeded anything the army has ever been guilty of (detailed information relating to this have been furnished in a series of publications by an organisation named 'The University Teachers for Human Rights' (UTHR), said to consist of a small group of Tamil university teachers some of whom have been or are attached to the University of Jaffna). The charges made against the LTTE by the UTHR include assassination, murder, incarceration and torture of prisoners and dissidents in the Tamil population, eviction of people from their homes and home areas, forced conscription of persons (including women and children) to its fighting cadres, extortion, and various forms of terrorist attacks on civilian targets. Their treatment of minorities who live or lived in their midst has been extraordinarily brutal. The Sinhalese population of the Jaffna peninsula has either been killed or compelled to flee. On 22 October 1990 to LTTE engaged in the one single act of ethnic cleansing in the whole ethnic conflict in Sri Lanka, when the Muslim population of the Northern Province was expelled en masse.

Summary

Typically, disputes do not entail violence. However, it is possible to discern as a trend of the recent decades the increasing recourse to violence in public disputes. Armed forces are known to use excessive force both in their operations of maintaining law and order as well as in their confrontations with militant groups. These often entail the violation of human rights. Tamil militants act in total disregard of civil rights.

Factor # 13. International Engagement

How engaged in the course of domestic affairs are international bodies offering significant specific incentives and opportunities?

That 'external links' have always had a vital bearing upon the economy, politics and culture of Sri Lanka is too well known to require elaboration. Rooted as this phenomenon has been in the country's locational relations, it acquired increasing prominence through prolonged colonial contact and, then, through the emergence of an 'import-export economy' under British rule. In the more recent past, Sri Lanka's 'dependent' external relations have been reinforced by bilateral and multi-lateral international connections; the increasingly critical importance of foreign aid, trade and investment to the country's development efforts; and by the various geopolitical parameters of Sri Lanka's ethnic conflict.

To Sri Lanka's domestic affairs the influence of India has always been more profound than that of any other country. This stems partly from the geographical proximity that has shaped a multiplicity of past cross-cultural contacts, and in part from the dominant status of contemporary India as the 'super power' in South Asia. Sri Lanka also has close and cordial relations with the other countries of this region, notably Pakistan and Bangladesh. The global influence of the United States began to infiltrate Sri Lanka in a significant way during the Second World War and, though remaining somewhat curtailed by Sri Lanka's ostentatious adherence to 'socialism' and 'non-alignment' during the cold-war period, has increased steadily since that time. The other countries that have a significant benevolent impact on Sri Lanka include Japan, China, United Kingdom, Canada, Australia, Holland,

Germany and Norway. Sri Lanka's relations with West Asia have increased during the past two decades mainly as a result of the increasing importance of the countries of that region as a venue of employment for migrant workers from Sri Lanka. There has also been an increase of Sri Lanka's trade with Southeast Asia and the NICs of the Pacific Rim. Sri Lanka has maintained diplomatic relations with all these and many other countries. Trade 'liberalisation' - a process initiated in the late 1970s - has increased and diversified Sri Lanka's international economic links. Overall, the ideological, material and cultural dynamics of 'globalisation' are being acutely felt in many aspects of life in the country. Sri Lanka has been a member of the United Nations Organisation since 1954, of the Commonwealth since independence, and of the South Asian Association for Regional Cooperation since its inception in 1985. The principal UN agencies affecting incentives, support and opportunities to Sri Lanka include the World Bank, the International Monetary Fund, the UNDP and the ADB. The functions of the UNICEF, WHO, FAO, UNESCO and UNIDO have also been vitally important sources of support for Sri Lanka.

With the intensification of the ethnic conflict, there have been other forms of external contact and intervention in Sri Lanka's affairs. In this respect the role of India tends, once again to overshadow that of all others. To elaborate, there was, first, the support (financial assistance, military training, supply of weaponry) provided by India to the separatist guerrilla groups in Sri Lanka, which paved the way for these groups to acquire strength during their critical formative stages - a process that began in the late 1970s and ended with the assassination of Rajiv Gandhi, a former Indian Prime Minister, by the LTTE in 1991. Over these years, following a period of clandestine nurturing of the separatist groups by the Indira Gandhi government, India, under the premiership of Rajiv Gandhi, took on the role of mediator, and attempted to bring about a settlement of the conflict. This culminated in an Indian military intervention in Sri Lanka that took the form of the induction of a massive Indian Peace-Keeping Force (IPKF) into Sri Lanka in 1987. The IPKF failed in its objective of disarming the Tamil militants. On the contrary, the Sri Lankan sojourn of the Indian army had the unintended impact of enabling the LTTE to become the most powerful secessionist group of the country. In the more recent past there has been a drastic change in the attitude of both the Central government of India as well as the State government of Tamil Nadu towards the LTTE. Delhi's proscription of the LTTE, and its demand that Velupillai Prabhakaran (leader of the LTTE) be extradited to India as a key suspect in the Rajiv assassination, the substantially strengthened coastal surveillance by India against the smuggling operations of the LTTE, and the offensives of the Chennai (Madras) government against the subversive activities of the LTTE in the state of Tamil Nadu, have all served to strengthen Colombo's hand in its dealings with the LTTE. Despite Delhi's present policy perception of the LTTE as a criminal organisation, it has (with some reservations) endorsed the current peace efforts of the government of Sri Lanka.

The liberal democracies of the 'west' have, in general, been supportive of the idea of a constitutional arrangement that facilitates the devolution of political authority to the people of the northern and eastern parts of Sri Lanka while preserving the territorial integrity of the Sri Lankan state. Humanitarian considerations have prompted most of these countries to permit the inflow of 'refugees' from Sri Lanka into their own countries. They have also continued to support relief for the war-affected people in Sri Lanka. Their attitude towards the Tamil militants of Sri Lanka, however, has not been entirely free of ambiguities. It has, for example, been established with an abundance of evidence that front organisations of the LTTE (and even the LTTE's own cadres) engage in a wide variety of licit and illicit fund-raising activities in these countries, and that a large share of the funds so raised is

channelled into the procurement of arms used in Sri Lanka, not only for the LTTE's military confrontations, but also for attacks on civilian targets. There is evidence, albeit somewhat inconclusive, to suggest that certain arms procurement operations of the LTTE were known to (but were kept secret by) the intelligence agencies of these countries. There is a far more persuasive body of evidence to conclude that official policy (or the absence of a consistent official policy) in certain western countries towards organised crime linked to Sri Lanka's secessionist movement has also contributed enormously to the elevation of the LTTE to their present status of eminence among the terrorist organisations of the world. Related official attitudes usually tend to be rationalised with reference to principles of democratic governance and fundamental human rights. Quite obviously, none can challenge the legitimacy of such ideological commitments, especially if, as it sometimes happens, they are not tainted with excessive inconsistency, self-interest and bias. One cannot, however, be unmindful of the frequent contradictions between precept and practice. As, for instance, an editorial of a leading Canadian daily has pointed out (cited below), it requires a major calamity such as that of September 11, 2001, to expose these contradictions.

'The federal Liberal Party will have to change its benign attitude towards Canadian groups that have links with terrorist organisations. In plain sight, Liberal MPs have supported the Federation of Associations of Canadian Tamils (FACT), which has been identified by the U.S. government and our intelligence agency as a front for the Tamil Tigers, a terror and military organisation that regularly uses suicide bombers against civilian targets in Sri Lanka. In June 2000, Tiger supporters in Canada held an outdoor party celebrating the Tigers' campaigns. Jim Karygiannis, a Toronto Liberal MP, proudly attended this celebration and hoisted the Canadian flag alongside the Tamil Tiger flag. Imagine the uproar if Mr Karygiannis had raised the Marple Leaf next to the flag of Hamas or al Qaeda. Yet the Tigers have killed more people than both these organisations combined. Despite this, neither Mr Chretien's government nor the Liberal Party of Canada has done or said anything publicly to distance themselves from Mr Karygiannis.'

'Last May, opposition MPs were smeared as racists when they asked why Paul Martin, Minister of Finance, and Maria Minna, Minister of International Development, attended a Toronto event sponsored by FACT. But the time for such multicultural posturing came to a definitive end on September 11 (2001).'

Regarding the actual interventions of the 'western' countries in Sri Lanka's conflict, the following points deserve to be highlighted:

- The United States proscribed the LTTE in 1998. Several other 'western' countries - Canada, United Kingdom and Australia - adopted similar measures in the aftermath of September 11. Certain EU countries have been contemplating the imposition of restrictions on the activities of the LTTE.
- Donors of aid to Sri Lanka, notably those of the West, have persistently urged the government of Sri Lanka to seek a negotiated political settlement to the ethnic conflict. There has frequently been an implicit indication in the statements made by these countries that the amount of aid granted by them to Sri Lanka would be conditioned by both the seriousness of efforts to reach a solution to the conflict through compromise, as well as the record on

preventing violations of fundamental human rights. Many of these countries have restricted the sale of weapons to the government of Sri Lanka.

- The government of Norway has, with the consent of both the government of Sri Lanka as well as the LTTE, been performing the function of mediator of the current peace efforts. Norway, along with certain other Scandinavian countries, have undertaken the task of monitoring the ceasefire agreement entered into in February 2002.
- Many of these countries, as described earlier (Paragraph 10.1.5.) have contributed to the relief and rehabilitation efforts, and have indicated their willingness to provide generous assistance to hoped for 'post-war reconstruction' programme of the future.

Summary

1. Sri Lanka is, at it has always been in the past, open to external influences and interventions. Indeed, the strengths of Sri Lanka's economy and the richness of its cultural mosaic are products of the country's varied external relations.
2. Sri Lanka is a member of several international organisations. It maintains diplomatic relations with a large number of countries. There is a high degree of dependence of Sri Lanka's economy on foreign aid, trade and investment.
3. The donors of aid to Sri Lanka exert considerable influence on both domestic politics as well as economic policy. In the former, there has been constant pressure applied by the donors on the government to seek a negotiated settlement of the ethnic conflict, safeguard fundamental human rights, and avoid deviations from the norms of democratic governance. Similar (but somewhat less effective) pressures have also been applied on the LTTE. Many country's have been supporting the current peace initiatives, and the relief and rehabilitation efforts.