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PLANTATIONS AS THE DOMINANT MODE OF PRODUCTION IN SRI LANKA A HISTORICAL ANALYSIS

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ABSTRACT

The dual economy approach, based on the assumption of independently existing "modern sector" and "traditional sector", overlooks the dominant influence that the plantations (or the modern sector) has had on the whole economy and polity of Sri Lanka. This paper suggests a holistic approach in the context of plantations as the dominant mode of production. The latter brought in capitalistic characteristics in relation to capital, land, and labour in the traditional economy. These characteristics in turn have led to changes in the traditional social structure particularly to the formation of a capitalist oriented national elite. This has had implications for development policy and planning in the country.

In the historical discussions of Sri Lankan political economy the general tendency has been to make a stark distinction between the plantation or the so called 'modern' sector and the 'peasant' or the 'traditional' sector - otherwise known as the 'dual economy' approach. This approach has led to much misperception historically of the economic, political and social reality of Sri Lanka. The latter is not without implications for policy and planning for the development of the nation.

It is misleading to speak of a separate and independently existing 'modern' sector and a 'traditional' sector in Sri Lanka firstly, because there are a great many overlaps and interactions between the two sectors and secondly, from a holistic point of view, the modern sector has had a 'total influence' on the whole political economy of the country. This paper attempts to explore specifically the second–the nature of the total influence of the plantations on the whole economy and society.

The total influence of the plantations is to be understood in the context of the plantations as the dominant 'mode of production' in the country. A mode of production may be considered following Cleaver, as consisting of

> ......the material forces of production and the social relations which prevail among those involved with production. By forces of production is meant the combination of natural resources, man-made tools, skills, knowledge and labour which are co-ordinated by and through the worker in the process of production........the relations of production refer to the structure of social relations among those connected to production (Cleaver 1974-pp21-22).

The plantations represented a form of capitalist mode of production in that they called for, in the productive process, a capitalist class who owned the means of production and proletariat who sold their labour for a living, not unlike in the development of capitalism in the Western Europe which took shape from the 'putting-out system' (Dobb 1946). The plantations, as a mode of production, differed from the traditional modes in Sri Lanka in that the latter did not have a clearly defined form of private ownership nor a wage earning class.

The plantations, towards the end of the 19th century had become the dominant phenomenon in the economy of Sri Lanka. There was a physical infrastructure consisting of roads, railways, ports, and developed lands which was structured around the needs of the plantations; there was an institutional infrastructure, consisting of agency houses, banks, a commercial community and a marketing network, which was geared primarily to the plantations; there was the colonial government and the bureaucracy which were attuned to and had interests in a plantation economy. Further, the plantations had come to be the major earners of foreign exchange, and the largest source of local revenue to the government; the plantation crops occupied the greatest area of land under cultivation, and formed the major avenue of employment. Hence, the plantations the 'dominant mode of production'.

When the plantations came to be the dominant mode of production, many of its characteristics pervaded through the 'traditional' modes, as well. This pervasive influence was felt in the whole of the nation taken as a "system" or a total 'social formation' in Maxian terminology (Marx 1961). Some of these characteristics are singled out for the discussion below. The characteristics are: the spread of a money economy, changes in the concepts relating to land and labour, and certain changes in the traditional social structure, particularly the formation of a new national elite.

1. Monetization of the Economy

The plantations led to a general monetization and commercialization of the whole economy through direct involvement of Sri Lankans in the estate sector and in small holder production of the export crops as well as through other monetary flows into the economy that the plantations opened up. The Sri Lankan ownership in the plantation crops, discussed below, would provide an indication of this monetary flow:

From the coffee times (1820–1890), the Sri Lankan villagers had gradually moved into the cultivation of cash crops. This involvement was relatively smaller in coffee and tea but was greater in rubber and coconut. In 1880–81, at the height of the coffee era, the share of Sri Lankan ownership was over 20,000 acres which amounted to about 8% of the total as shown in table below:

Table I—Non-European and European Ownership in Coffee, 1880-81

	Extent in Acres	*Percentage*
Non-European	20,352	7.9
European	236,148	92.1
Total	256,148	100.0

Source: M. Roberts, "Export Agriculture in the Nineteenth Century" in *History of Ceylon Vol.* 3, ed. by K. M. de Silva, p. 97.

Coconut occupies the other end of the scale in terms of Sri Lanka ownership. Its regional spread was wider, extending from the northern extreme in Jaffna to the southern extreme in Matara along the coast. Writing in the early 1890s Ferguson estimates that there were about 500,000 acres under coconut of which all but 30,000 acres were owned by Sri Lankans (Ferguson p.54).

Tea and rubber small-holdings classified as those under 20 acres were largely owned by Sri Lankans. Table 2 shows the small-holders' share in relation to the estates in tea and rubber.

Table 2—Area Under Estates and Small-Holdings
(000 acres)

	1901		1946	
	Estates	*Smallholdings*	*Estates*	*Smallholdings*
Tea	366	41	490	63
Rubber	2	—	507	152
Total	368	41	997	215

Source: Snodgrass (1966), *Ceylon: An Economy in Transition*, Homewood: Richard D. Irving, p. 49

The production of these export crops by the villagers means a basic change in their earlier largely subsistence oriented production. A cash nexus is introduced and the costs and benefits are calculated in terms of rupees and cents. Table 3, showing the receipts from the export of major plantation crops distributed between the 'modern sector' and the "traditional sector", would provide an indication of the monetary flow into the villages.

Table 3—Breakdown of Receipts from Domestic Exports Between Modern and Traditional Sector, 1929 (Rs. Million)

	Modern Sector	*Traditional Sector*
Tea ...	202.1	32.7
Rubber ...	73.4	13.2
Coconut Products ...	25.0	35.6
Total ...	300.6	81.5
% of total ...	78.7	21.3

Source: Snodgrass (1966), Ceylon: An Economy in Transition, Homewood: Richard D. Irving, p. 60

The production of export crops was not the only source which brought in a cash flow into the villages. There was a host of other avenues which opened up with the increasing commercialization and the spread of monetization. The more lucrative servicing and trading functions connected to the plantations in which the Ceylonese were involved, according to Roberts were:

> forest clearing contracts; contracts to supply food and labour; the operation of general merchant stores and boutiques in service centres—the "bazaar towns" and villages; trade in coffee; transport contracts; building contracts and allied trades; the supply of furniture; the supply of barrels and timber and the supply of arrack and toddy—both wholesale and retail (Roberts: p.268)

Such commercial activities and monetary flow, though more obvious in the plantation regions, were by no means limited to these areas. The improvements in communication, particularly roads and railways, that took place with the development of plantations facilitated the spread of commercialization and the monetization in all regions of the country. Further the plantation crops opened up certain opportunities which were not necessarily limited to any region. For example, in the case of coconut, it provided for several small industries, such as the production of copra and coconut oil and the coir industry which were widespread in the rural areas (Roberts: p. 105).

It might be expected that the result of such diversification of activities and the commercialization of agriculture was that the traditional factors of production underwent certain changes and acquired new meanings. Those relating to labour and land are particularly relevant.

2. Labour as Commodity

Labour in the modern sense of wage labour was almost non-existent in the traditional economic and social organization of Sri Lanka. The only system of rendering labour, other than the mutual labour exchanges known as *attam* and help rendered on a gratuitous basis known as *kaiya,* was *rajakariya* whereby the subjects performed certain public services in the name of the Crown (Obeysekera 1967; p8; Knox 1911: p17). But the large capitalist plantations required an army of resident labour which was free from other economic ties. The requirement was met by mass importations of labour from South India. Thus, a class of landless agricultural labourers was created.

This landless labour class augmented gradually, by more and more Sri Lankans entering the ranks. Although the Sri Lankans were reluctant at the initial period the

> ......less onerous conditions experienced in the cultivation of rubber and other crops and with the entry of Ceylonese capital into the plantation industry, local labour was gradually weaned from its initial unwillingness to work the plantations......(Census of Agriculture 1952).

A contributory factor in the augmentation of the wage earning class was the landlessness resulting from the expansion of the plantations. The land consolidation that took place in the *Kandyan* highlands, during the rise of the plantations has been compared to the "enclosure" movement of the 15th and 16th century England– a movement which created a large labour force without land, without any tools or instruments of production, and with only labour power to sell (Hunt 1972: p. 23; Report of the Kandyan Peasantry Commission, p. 73; Pieris 1956 pp.82–86).

In the rush for land that accompanied plantation expansion, it is alleged, that not only government forest land but also vast extents of communal village lands, particularly the *chena* lands, were bought by planters (Vanden Drieson 1957; pp. 36–52). In other words there was direct appropriation of peasant land. In addition to such appropriation it has been alleged that the government land policy led to sale of land by villagers themselves. The Kandyan Peasantry Commission reports,

> The presumption in favour of the Crown created by the Ordinance (of 1849) led to a great degree of uncertainty among the peasantry as to the title of their peasant land. As a result the peasantry sold what they regarded as doubtful titles......(Kandyan Peasantry Commission p.91).

The outcome of all these was a severe limitation of land available for peasant cultivation.

A survey on landlessness in the Wet Zone districts reports the following rates, for the year 1946:

Table 4—Estimated Percentage of Wet Zone Agricultural Families who were Landless, 1946

District		*Percentage*
Colombo	...	14.2
Kalutara	...	22.0
Galle	...	20.0
Matara	...	20.2
Chilaw	...	34.9
Kurunegala		12.1
Kandy	...	19.4
Matale	...	38.3
Nuwara Eliya	...	41.8
Badulla	...	8.8
Ratnapura	...	32.2
Kegalle	...	20.5

Source: Report on Survey of Landless, Sessional Paper 13 of 1952. Quoted in B. H. Farmer, *Pioneer Peasant Colonization in Ceylon* (London: Oxford University Press, 1957), p.89.

Such landlessness and unemployment conditions have provided the impetus for more Sri Lankans to join the wage labour force in the estates. At the Agricultural Census of 1952 a total of 613,294 labourers were employed in the estates, of whom 153,063 were of Sri Lankan nationality.

Although wage labour began with the cultivation of plantation crops, it did not end there. Gradually, it has become a widespread phenomenon in the peasant sector as well. This trend was less pronounced in the non plantation areas i.e., the Dry Zone and the spread effect was generally slow up to the early decades of this century. But there had been a marked acceleration of capitalization of peasant agriculture from the 1930s. This coincides with the trend of increasing national attention to the development of peasant agriculture. The latter, as is well known, was brought in by a series of circumstances, the important among them were: the world depression of the 1930s which brought to the fore the basic weaknesses of a primary export economy and the need for diversification along more self-reliant lines through the development of domestic agriculture; the implementation of the Donoughmore constitution in 1931 which, with its universal franchise and the State Council with elected representatives, called for a government more responsive to the larger segment of the population; and the need to relieve the growing population pressure in the Wet Zone by absorbing more people in to the Dry Zone peasant agriculture.

The trend towards capital intensification, including the use of hired labour in peasant agriculture has been stepped up during the post-independence period. Particularly noteworthy are the changes in cultural practices associated with the 'Green Revolution' of the 1960s, which call for increased use of hired labour. According to a survey in *Maha* 1972/73 the percentage of hired labour in the total labour input in the production of paddy ranged from 56 to 78 in selected districts. (Vanden Drieson 1960: ppl–17; Snodgrass 1966: pp 59–71).

3. Land as Private Property

Land is probably the most important of the means of production that felt most, the impact of the plantation enterprise. Plantations, the form in which they were established by the British, were but a capitalist mode of production and therefore it was imperative that land, as a means of production, be private property, for there could be no capitalism without the private ownership of the means of production. Private property means,

> ....an exclusive, alienable, 'absolute' individual or corporate right in things ......it is a right to dispose of, or alienate, as to use; and it is a right which is not conditional on the owner's performance of any social function (Macpherson 1978: p. 10).

But such was not the concept of land in the traditional Sri Lanka. It is true that land constituted an important form of wealth in the traditional economic and social structure and that there was a higher strata of royal officials known as the *radala* who controlled vast extents of land, such land did not constitute 'private property'– as a commodity to be purchased and disposed of at free will because, the basic principle relating to land was that it belonged to the Crown and the right for the use of which was given to people in return for certain specified services (Pieris 1956: pp 169–179).

Hence, it was necessary to define the ownership over land in terms of private property and Crown property. The Colonial Government did just this through various land ordinances, such as Crown Lands Ordinance No. 12 of 1840, Crown Lands Ordinance No. 9, of 1841, Temple Lands Ordinance No. 10 of 1856, and Waste Lands Ordinance No. 1 of 1890. This made possible the sale of land as a commodity both by the government and by private individuals.

These measures were by no means, confined to the plantation regions, rather the government's legal and administrative measures applied to the whole of the country. These measures fostered by the plantation mode of production brought the concept of private property as the predominant concept relating to land. Thus, not only in the plantation regions but also in the other areas land has come to be bought and sold as a commodity.

II

The plantations brought in certain capitalistic characteristics to the economy of Sri Lanka. Important among these are the increased monetization and commercialization of agriculture, and changes in the concepts relating to labour and land. The impact of these changes on the traditional economy were direct and more pronounced in the Wet Zone because the plantations were largely a phenomenon of this region. However, in the long run, due to increased communication, interregional flows of people and resources, and unifying administrative measures of the Government one may find a greater uniformity in such impact in the whole country (ARTI 1975: p. 18). This impact on the economy was not without implications for the traditional social structure. Some salient changes in the social structure accentuated by the plantation mode of production are discussed below'.

4. Changes in the Social Structure

The Sinhalese social structure of the pre-British period has been compared to the feudal structure of the pre-capitalist Britain on the basis of some similarities, such as a rigidly stratified society, a decentralized political organization, a higher strata of royal officials with military functions and more important, an interconnected system of land tenure, social status and service obligations (Ryan 1953: pp 45–50). Similarly the impact of the capitalist plantation mode of production on the Sinhalese social structure may be compared to the impact of industrial capitalism on the British feudal social structure. Particularly noteworthy in this respect are the creation of a class of owners of the means of production and another class of wage labourers, and the extension of a cash nexus into human relations involved in the process of production and distribution.

The changes associated with the plantation mode of production, such as the spread of a market economy, the metamorphosis in the concepts of land and labour, or the general administrative measures of the colonial government did not destroy completely the older social structure. The British often pursued a policy of ruling through the traditional power hierarchy and this buttressed the older social structure, except on those, not too rare, occasions where the evaluation of the British of a Sri Lankan's wealth, family and social status differed markedly from that of the locals. Similarly, the new opportunities associated with the plantation mode of production were not exclusive to any particular local group and therefore it may be expected that the new opportunity structure was not entirely inconsistent with the old one. Yet, it cannot be denied that the new changes introduced a certain fluidity in the traditional social structure whereby it was possible for individuals or whole groups to move up or down the social hierachy. This was the result of the breaking down of certain exclusive privileges in the old system and the creation of new opportunities to wealth, status and power. Those related to land are a case in point.

Peebles, in a study of elite formation in the 19th century Ceylon, suggests that as a consequence of British land administration in the 19th century, firstly, a local market was created that brought a great deal of land under cultivation by Ceylonese land owners: secondly, the distribution of the extent of cultivated land tended towards a greater inequality of land ownership; and thirdly, the acquisition of land became a channel of upward social mobility for the Ceylonese elite (Peebles 1973; pp. 26–38). These changes, as to be expected, were more pronounced in the plantation lands and in plantation regions, but by no means confined to them. One finds today even in the most remote villages, such as those in the dry zone, some families which had better access to land purchasing channels, controlling disproportionately large extents of land (Leach 1961; Robinson, 1975, ARTI 1977). Such land acquisitions by hitherto underprivileged families in the villages gave rise to certain changes in the village power structure. It also paved the way for certain individuals to rise up to the level of elites of a regional nature. However, those lands related directly to the plantation enterprise are of more consequence, in that they gave rise to a new elite of national stature.

During the "coffee mania" of the 1840's over 250,000 acres of lands were alienated most of which were bought by the British. Only a few Ceylonese entrepreneurs bought land during this period. But Crown land alienation continued throughout the century and much of these lands were bought by the Ceylonese during the latter period. The new national elite acquired ten or more times the amount of land held by any Ceylonese before 1840 (Peebles 1973: p. 230).

Landed property related to the plantation economy provided the most important avenue to national elite status, but it was, by no means, the only one. There was a host of other entrepreneurial avenues to wealth and elite status that opened up in the new capitalist economy. Some of these, such as transport, timber contracting, and arrack and toll renting, were directly related to the plantation enterprise. Some, such as gemming and graphite mining were not. Quite apart from the entrepreneurial avenues there were others related to access of education, particularly through the medium of English, which also provided for upward social mobility.

Thus, there was a significant portion of the national elite who had made their way up through the administrative service and through the 'liberal' professions.

However, although there were different avenues to elite status they were eventually intertwined. As Roberts points out,

> Once achieved; the national elite consolidated their positions by various means. A great many of these successful families took care to spread their "investments". The principal Ceylonese cash crop planters had mixed investments in a number of cash crops as well as urban property. Successful merchants and businessmen as well as those administrator-professional occupations generally purchased plantation property; Marriages linked and buttressed such investments (Roberts: p 274).

It was mostly from among this new national elite that the political leaders of Independent Sri Lanka were recruited (Singer 1973: pp 361–383). Consequently, the large majority of the political leaders of independent Sri Lanka had a shared background that was steeped in the capitalist liberal tradition of the West. This shared background of the leaders provided for a certain common orientation towards governing the country. This is in spite of the different political and ideological commitments declared by the different political parties. As Obeyesekera points out,

> One could view the major political parties sociologically as factions of a ruling elite. Take the major political parties moving from right to left: the United National Party, the Sri Lanka Freedom Party, the Lanka Sama Samaja Party (Trotskytes) and the Communist Party. Party manifestos and ideologies might be radically different from one end of the spectrum to the other but the leadership of all these parties came from elite ranks almost without exception. They came from the same schools, went to the same clubs, spoke English and marriage alliance cut across political differences (Obeyesekera 1974: p 380).

Such an elite background among the political leaders was not without implications for government policy. In the formulation of policy relating to the development of land and agriculture, the leaders tended to operate within certain parameters set by their capitalist liberal background. In setting these parameters a dominant plantation mode of production has contributed in no small measure.

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