the official statistics during the last decade due to non-availability of data as a result of the civil war.

In the past fifty years (1951-2000) the real GDP growth of Sri Lanka was below one percent during two years only. In 1956 the real GDP growth rate plummeted to 0.7% and in 1971 to 0.2% (Central Bank of Sri Lanka, *Annual Report 2000*, special statistical appendix, table 7). The former year was marked by the ascendancy of a nationalist (inward looking) economic regime after eight years of liberal economic regime since independence in 1948. The latter year was marked by the first youth armed revolt of the country spearheaded by the JVP (Janata Vimukthi Peramuna —aka People's Liberation Front), and dawn of one of the worst dirigiste economic regimes in South Asia.

Now, the year 2001 is poised to become the third year in post-independence period to record less than one percent economic growth. The GDP growth in the first half of this year has been a dismal 0.9%. There is hardly any likelihood of an improvement to this pathetic economic performance in the second half of this year due to the multiple impacts of prolonged draught and the consequent power crisis, rebel military strike at the Katunayake airport, abyss of political crisis facing the country, and the US war on Afghanistan leading to deterioration in the international economic environment. Hence, it is almost a foregone conclusion that the annual growth rate for the current year would be less than what was recorded in the first half of this year.

The authorities are putting up a brave face amidst a very poor economic performance in the first half of this year by pointing out that the growth rate was comparable to some Southeast Asian countries. However, what they fail to acknowledge is that Sri Lanka's growth rate in the first six months is the lowest among South Asian countries, India leading with 3.5% growth.

IMF-GOSL Standby Credit Arrangement

The International Monetary Fund (IMF) has approved a US$ 253million standby credit facility to Sri Lanka on April 20, 2001, to stabilise the macroeconomic fundamentals. An initial instalment of US$ 131million has already been released, and the rest is expected to be released in four equal instalments (US$ 30.5million each) on August 30, 2001, November 30, 2001, February 28, 2002, and May 15, 2002 depending on the performance of the economy. In addition to this, another US$ 250million may be provided under the Poverty Reduction and Growth Facility (PRGF), successor to the Enhanced Structural Adjustment Facility.

To begin with, the military expenditures of Sri Lanka and the number of poor in Sri Lanka as reported by the IMF Country Report are significant underestimations. The author has dealt with this issue extensively elsewhere and therefore does not want to dwell on it here. The IMF forecasts for the economy of Sri Lanka and the commitments made by the GOSL to the IMF on institutional and structural reforms are constantly falling apart.

The IMF forecasted a growth rate of 4.5% for the year 2001, which seems far wide off the mark. The economic growth rate in the first half of the year was a meagre 0.9% as noted above, and the annual growth rate is expected to be worse than this. Inflation was expected to be contained to a single digit level but has remained above 10% during the second quarter of the year and there are no signs of improvement during the rest of the year.

As envisaged in the IMF standby credit arrangement, imports have been considerably reduced due to higher tax burden and depreciation of the rupee, which has resulted in a lesser trade deficit so far compared to the corresponding period last year. However, it is important to note that exports have also declined, though to a lesser extent. Besides, whilst lower imports have marginally helped the balance of payments position it has left a trail of import business closures and lay off of labour. A casual observation of the weekly government gazette notifications would reveal the number of business closures in recent months. Considerable reduction in imports during this year has burdened the banking sector with bad debts. Several small and medium enterprises are entrapped in a credit squeeze by the financial sector, who themselves are burdened with increasing number of non-performing loans. The Federation of Chambers of Commerce and Industry (FCCI) has called for amendment of the debt recovery laws due to the gravity of the problems encountered by small and medium enterprises.

The Government of Sri Lanka has breached its own undertaking to enforce a moratorium on public sector hiring on several occasions in recent months. The armed forces (army, navy, and airforce) continue to recruit personnel. Recruitment of schoolteachers goes on unabated. In October 2001 the government made over 40,000 casual employees in the public sector permanent as a gesture of goodwill to the masses in light of the impending parliamentary elections in December.

Again as a gesture of goodwill to the masses in light of the impending parliamentary elections, the employees of pubic sector, semi-governmental institutions, and public corporations and statutory boards were provided a pay hike of LKR 1,200 per month effective from October 2001. As a corollary, pensioners were also offered a hike of LKR.750 per month. This is against an explicit undertaking given by the GOSL to the IMF that public sector salaries will be frozen until end of this year. Whilst acknowledging the rapid rise in cost of living during this year and the consequent hardships faced by the masses, these pay hikes are a bit premature for an ailing economy.

There were other fiscal sweeteners to the electorate as well during October 2001; diesel vehicle tax, save the nation contribution, and import duties on raw materials of the construction industry were abolished. The national security levy was reduced to 6.5% from 7.5%. Import duty on cement was reduced.

All these pay hikes, tax concessions, and public sector recruitment are a manifestation of fiscal irresponsibility by a defunct

government amidst a deepening economic crisis and political morass. Further, with the dissolution of parliament institutional and structural reforms are stalled; even before that, economic reforms were lackadaisical. The planned divestiture of remaining state holding in Sri Lanka Telecom and Shell Gas (Lanka) Ltd this year has not taken place so far, primarily due to unfavourable market conditions.

In sum, both the IMF and the GOSL are unable and unwilling to deliver on their economic forecasts and institutional and structural reforms respectively.

Conclusion

The Sri Lankan economy is poised for a very low economic growth rate this year, perhaps the worst since independence. This will inevitably result in significantly lower public expenditure on social sectors and a marginal decline in defence expenditure compared to last year. What is alarming is that the gap between defence and social expenditures as proportions of public expenditure is expected to widen further. ∎

CONFLICT RESOLUTION THEORIES AND THEIR RELEVANCE TO THE ETHNIC CONFLICT IN SRI LANKA

Ranjith Wijesinha

Conflict resolution is a discipline with a developing body of theory and practice. As an academic and professional study, conflict resolution developed largely in the United States and Europe. It was the Cold War and a number of changes within western nation states that led scholars, mainly in social sciences, to search for a science of conflict and its resolution.[1] Today conflict resolution has become a distinct field of study through the setting up of formal centres in academic institutions and the publication of professional journals. The period between 1950s and 1960s is considered as the foundation period of conflict resolution. Further construction and expansion occurred in the period 1970s to 1980s.[2] Conflict Resolution has a theoretical base and practical skills in resolving actual conflicts. The skills are for the resolution of conflict within an individual, between two individuals, between communities or organisations or conflict at the international level.

Conflict Theories

Theories of the nature and origins of conflict have a long history and include those of Freud and Marx. There are a number of conflict theories and theorists in conflict resolution. Two scholars who have been prolific contributors to conflict research are John Burton (international relations) and Johan Galtung (peace research). Both Burton and Galtung as human needs theorists share the view that denial of human needs is the central cause of conflict.[3] There are also various scholars in the field of psychology who provide insights to conflict resolution.

Many social scientists have identified the role of human needs in understanding human behaviour. According to Burton human needs are 'universal and primordial, and perhaps genetic'. They are required for the development of the human species and will be pursued by all means.[4] Burton identifies nine human needs. These are consistency of response, stimulation, security, recognition, distributive justice, appearance of rationality, meaning, control, and role defence (defence of roles that permits satisfaction of needs).[5]

Galtung identifies four classes of human needs. These are: survival needs, well-being needs, identity needs and freedom needs[6]. Although less precise, Galtung's formulation allows much greater scope for the social dimension of human existence and for variety of forms in which these needs manifest themselves. Galtung, who identifies the structural nature of protracted conflicts, has played a prominent role in identifying the social structures that give rise to protracted conflicts. He explains conflict in the form of a triangle and identifies three elements: the attitudinal aspects (consisting of cognitive and emotive elements), the behavioural aspects and the conflict itself. The construction of Self-Other image with significant differences between images held by different actors is the next important cognitive aspect. The cognitive aspect is reinforced by emotions enhancing Self-love and Other-hatred.[7]

Practical Skills in Conflict Resolution

Conflict resolution involves both the study and practice of skills in communication, problem solving, mediation and negotiation. Communication is vitally important as a means for carrying out the fight and to gain new supporters. Communication also lies at the heart of the resolution of conflicts. Inappropriate language very often leads to breakdown of peace talks. For example, during the failed talks between the LTTE and the government in 1995, the LTTE reacted angrily to the language of negotiations,

when the president used the term "concession" to describe lifting of the economic embargo on Jaffna.[8] However, good communication alone does not necessarily lead to resolution of conflicts.

Problem Solving

J ohn Burton has been the leader of problem-solving process in the international arena. The workshop as envisioned by Burton consists of panel experts in conflict resolution and parties to the conflict representing the various sides and factors. The parties are not themselves officials of the government or the opposing armed group. The workshops are held in secret to avoid outside pressure. The objectives of the process are analytical and not negotiation. In 1985 The Centre for International Development and Conflict Management at the University of Maryland (USA) in collaboration with the International Centre for Ethnic Studies (Sri Lanka) sponsored a large forum as well as two smaller more intensive seminars that addressed the Sri Lankan conflict.[9] Although participants in these workshops were influential members of both communities, they were not able to make an impact on the leadership of the government and the LTTE. "This disjunction and problems of re-entry into the conflict system make successes at the workshops level difficult to transfer in meaningful ways to a political, negotiation process."[10]

According to Galtung, conflict resolution requires much more than problem solving. Galtung makes a distinction between direct violence (people are murdered), structural violence (people die through poverty) and cultural violence (whatever that blinds to this or seeks to justify).[11] In his view structural violence "is not only evil, it is obstinate and must be fought." The strategy advocated by Galtung is nonviolent revolution.[12] He also identifies peacekeeping, peacemaking and peacebuilding as three approaches to peace[13]

Assumptions and Criticism of Conflict Resolution

A ccording to a number of scholars conflict resolution has been of little relevance to protracted ethnic conflicts such as in Sri Lanka.[14] There are unstated assumptions in conflict theory that need to be deconstructed in order to understand why it has not been more useful.[15] Salem, mainly from a non-western perspective, criticises the ideological basis of conflict resolution. And Tdwell and Heys argue that conflict resolution has made no difference to the escalating conflicts and identify conceptual flaws.[16]

The macropolitical context (USA & Europe) has been a major influence on the assumptions and values of conflict resolution. Considering the dominant and powerful intellectual, cultural and political traditions of the societies in which conflict theory emerged, could the theory remain acultural and apolitical? In this macropolitical context legitimacy is based on authority embodied in the legal system, bureaucratic administration and centralisation.

Based on democratic and liberal values there is an assumption that all parties share certain values such as equality and recognition of the rule of law. It is an environment where people are considered as self-interested rational beings. And most of the disputes that emerge in these societies can be resolved within the system of law and they are mostly to do with individual rights. Generally the state itself is not a party to the conflict.

The origins of the ethnic conflict in Sri Lanka have the basis in the formation of an ethnic state. Beginning from 1956 there was the rise of Sinhala-Buddhist nationalism. The state was controlled by a hegemonic majority and was based on patron-client loyalties. When Sinhala was made the official language, this policy tremendously disadvantaged the minorities. The state was the party to the conflict. Such a state can be is described as a "defective state." That is, the state is controlled by a hegemonic majority and bound by patron-client loyalties. The rule of law and democratic principles are weak. Besides the state being a 'defective state' the invention of opposing identities and ideologies based on myths and symbols has formed opposing 'mindsets'.

Changing Approaches of Conflict Theory and Practice to Protracted Conflict as in Sri Lanka

A pproaches toward ethnic conflicts and conflict resolution are changing in the international field since the end of the Cold War. The relevance of pacifist and nonviolence objectives and strategies to conflict resolution is being recognised. For example, the ideas of Gandhi are seen as vitally important to the understanding of violent political conflict and alternatives to it. The teaching of Buddha (Dhamma), how the doctrine of middle way and the four noble truths locate the deepest roots of conflict in the perceptions, values and attitudes of the parties are given recognition.

Sri Lanka has much to offer and gain from conflict resolution, practically and theoretically. But the vast literature on conflict in Sri Lanka remains rooted in "realist" political and anthropological approach.[17] It is a task for peace researchers, peace activists in Sri Lanka to identify and make use of the vast literature. Human needs remain the most extensive theoretical approach for understanding protracted conflicts. It is argued that the human needs approach provides a moral and spiritual basis for political action to resolve the conflict in Sri Lanka. But for this approach to be accepted and put into practice there has to be changes in the mindsets of both sides.

Creating a Will

C reating a will to resolve protracted conflicts is perhaps the most difficult problem in the whole study of conflict resolution. The cost of the conflict in terms of death, destruction and economic hardships has not led the Sri Lankan government and the LTTE to take actions to resolve the conflict. Instead both

the parties have used the cost to rationalise their positions. For the Sri Lanka government any attempt to create a separate state has to be fought at all costs. For the LTTE the cost of the war in terms of suicide killings, hardships born by the Tamil people are all part of the sacrifice and martyrdom for Eelam.

The responsibility for finding a solution that will satisfy the Tamil demands rests with the Sri Lankan government. But whatever political party is in power there is a failure to adopt a long-term perspective for peace as they focus on clinging on to power at the next general elections. Opposition to devolution comes from the Sinhala nationalist parties who see any form of devolution as a division of the Sinhala majority nation.

An Alternative Approach

A lthough Western conflict theory and practice remain problematic in application to Sri Lanka, some of the theoretical developments and practices do provide valuable insights for peacebuilding and peacemaking. There are two main obstacles confronting the peace process in Sri Lanka. First, there has been a growing consensus between the two major parties that the solution to the conflict is a power sharing and devolution close to a federal system. But in the absence of a broad consensus within the Sinhala and Tamil communities and a bi-partisanship between the two major parties, the peace proposals do not have credibility. Second, LTTE is a military organisation with narrow political perspective. And it is not clear whether the LTTE could transform into a political organisation and will accept anything less than a separate state.

Since 1983 resources and mindset of the Sri Lanka state has been directed towards war. After so much violence, destruction, mistrust and polarisation between the two communities, can peace be achieved in a short period by negotiations? Sri Lanka needs a comprehensive peace process where peacebuilding commences with healing and reconciliation. "Since wars begin in the minds, it is in the minds of men [and women] that defences of peace must be constructed."[18] The peace process needs to commence by changing attitudes and mindsets using insights from both Buddhism and Hinduism.

However, there are western theoretical insights for the peace process. These are the human needs theory, peacebulding and peacemaking as defined by Galtung and the insights on conflict transformation developed by John Lederach.[19] This alternative approach includes the civil society and is a long-term approach based on peacebuilding. It adopts a multifaceted and multilevel approach. That is, it involves all sectors of the society, at national, regional and international levels. This approach argues that before negotiations are possible considerable preparations are needed.

The first stage in peacebuiding is establishing an effective southern peace constituency and a bi-partisanship between the two major parties. This will enable to gain the trust and confidence not only of the moderate Tamils but may go a long way in getting the

confidence of the LTTE. In the south it is the civil society that is able to put pressure on the two major parties to establish bi-partisanship.

Given the long history of broken agreements and anti-Tamil riots, it is the Sinhala politicians and the Sinhala people that should take steps to build trust in the Tamil community. For an active peace constituency to evolve there has to be a united peace movement in the south. Considerable effort is needed in changing attitudes and developing inclusive politics. In order for an understanding and acceptance of the non-negotiable human needs that has given rise to the conflict, an education for ethnic reconciliation and human rights are needed.

Once a strong peace constituency emerges with the backing of moderate Tamils, regional and international powers, the LTTE could be brought under considerable pressure to move from violence to politics. The Tamil diaspora in many western societies need to play an important role in establishing peace. To a large extent the Tamil diaspora can assist to move the LTTE from violence to politics and from exclusion to inclusion. The role of the international peace community is crucial in the involvement of the Tamil diaspora in peacebuilding. Because the Tamil diaspora carry bitter memories of anti-Tamil riots that led them to leave Sri Lanka and has no confidence in the Sri Lankan government or the Sinhala community.

Given the history of the protracted conflict in Sri Lanka, lack of political consensus and the mistrust of the Sinhala polity by the LTTE, it will be idealistic to believe that a process exists that will bring peace in a short span of time. The conflict has created mistrust, extreme perceptions and bitter emotions. Therefore the peace process must start with very small but clearly coordinated steps that indicate 'good faith'. A comprehensive peace plan that builds confidence, trust and changes the "mindsets" is a pre-cursor to negotiations.

Notes

[1] Joseph A Scimecca, "Conflict Resolution in the United States: The Emergence of a Profession," in Kevin Avruch, Peter Black & Joseph A Scimecca, (eds.) *Conflict Resolution Cross-Cultural Perspective,* London, Greenwood Press, 1991,pp.20-21.

[2] See Hugh Miall, Oliver Ramsbotham and Tom Woodhouse, *Contemporary Conflict Resolution,* Polity Press, Cambridge1988.

[3] According to the Human Needs theory, besides biological needs that cannot be compromised humans have psychological needs such as identity, recognition and distributive justice that are nonnegotiable.

[4] John Burton, *Conflict: Resolution and Provention,* London, Macmillan, 1990. pp36-37.

[5] Burton, *Deviance, Terrorism and War,* New York, St Martins, 1979,p.79.

[6] Johan Galtung, "Cultural Violence", *Journal of Peace Research* 27,no.3, 1990,p.292.

[7.] Galtung, *Solving Conflicts: A Peace Research Perspective,* Honolulu, University Of Hawai,1989,p.4.

[8] J. Uyangoda, "Breakdown of Peace Talks", *Pravada* Vol 4. No.1 May/June 1995, p20.

[9] Edward E.Azar, *The Management of Protracted Social Conflict,* Dartmouth Publishing Company Ltd, 1990,pp.73-81

[10] Kumar Rupesinghe, "Mediation in Internal Conflicts: Lessons from Sri Lanka", in Jacob Becovitch,(ed.) *Resolving International Conflicts.* Colorado, Lynn Rienner Publishers, 1999,p.155.

[11] Galtung, "Cultural Violence", *Journal of Peace Research* 27,no.3, 1990, p292.

[12] Galtung, *The True Worlds: A Transnational Perspective,* New York, Free Press, 1980,p.140.

[13] Peacekeeping (dissociative approach) means a third party as a peacekeeping force separates the warring parties and maintains a ceasefire. Peacekeeping is appropriate when the conflict is horizontal, that is between equals and over goals rather than interests. Peacemaking (conflict resolution approach) means resolving the underlying cause over goals, interest and need by negotiations and mediation. Peacebuiding(the associative approach) is to build over a long term economic and social relationships and

structures, which do not lead to violence and unpeacefulness. Johan Galtung, *Three Approaches to Peace, Essays in Peace Research,*vol.2.Copenhagen,Christine Ejlers,1976.pp 282-304.

[14] AJan Tidal and Andrew Heys, "The Ashes of Conflict Resolution", *The International Quarterly of World Peace,* Vol.54, 1993.

[15] K.Rupesinghe, *Strategies for Conflict Resolution: The Case of South Asia,* p.164.

[16] Tidwell and Heys, "The Ashes of Conflict Resolution", *The International Quarterly of World Peace,* Vol.54, `1993.

[17] Liz Philipson, *Negotiation Process in Sri Lanka,* Marga Institute 2001.

[18] Preamble to the UNESCO constitution.

[19] According to Lederach, conflict transformation is best understood when contrasted with the traditional linear methods. In this process there is a bias towards the long term. The focus is on relationship building over time and a commitment to constructing and sustaining an infrastructure as opposed to achieving an immediate result. See John Lederach, "Conflict Transformation in Protracted Internal Conflicts: The Case for a Comprehensive Framework", in K.Rupesinghe, (ed.) *Conflict Transformation,* New York, St Martin's press,1995. ∎

PARTITION AS AN OPTION

Sumanasiri Liyanage

T he LTTE attack on Katunayake International Airport and air base has shown two things, namely, (i) the Sri Lankan security establishment cannot achieve a final military victory over the LTTE; (2) the war cannot be confined to the North and Eastern part of the island. So the positive side of the LTTE attack on Katunayake airport and air base is that it brought these two essential truths home. People in every walk of life have now realized that war, if continued, would affect the whole social fabric of the country. The Katunayake attack triggered a generalized crisis for the first time after the 1988-89 period. It has amply demonstrated that the political and military leadership in this country cannot handle the situation effectively. So the generalized crisis has a personality dimension as well. In this sense, it is different from the 1988-89 crisis. It was predicted that the GDP growth rate would be around 2 per cent this year. The drought and the unresolved problem of power supply may lower the growth rate below 2 per cent. This may be disastrous in terms of the standard of living, employment and economic development. What is the root of the crisis? It is true that monocausal explanations may not explain fully the antecedents and magnitude of the crisis. Nevertheless, I suggest that the current the crisis be called "Jaffna Crisis" as I believe that the main cause of the crisis is the cost of holding Jaffna.

The lower productivity growth, politicization and militarization of institutions are associated with the cost of holding Jaffna. So the ethnic problem is at the heart of the current crisis. However, the political leadership of the country, both Sinhalese and Tamil, has time and again shown that it is are not prepared to come to an amicable solution to the ethnic problem through negotiations. Negotiation, ceasefire and peace talks have become parts of the political strategy to achieve/maintain the monopoly of power. Negotiated settlement needs a different approach and demands a power-sharing perspective. It has clearly shown that the Sri Lankan government, the UNP and the LTTE lack such an approach and perspective. So the current crisis forces us to find different options that would be compatible with the approaches and perspectives of the main actors of the conflict, notwithstanding the fact that those options may not be the best and ethical solution to the problem.

In this article I examine the pros and cons of partition as an option for the solution to the ethnic conflict in Sri Lanka. I do not suggest that partition is the only available solution, but I argue that it has to be treated as a serious option.

Right of Self-Determination as a Tamil Demand

I n the past, many attempts had been made in order to resolve the ethnic problem within a single state. I do not intend to give a detailed account of those attempts here. Although some Tamil politicians raised a demand for a separate state in the past, it gained national political importance only after the Tamil United Liberation Front decided to include it in its program at the Vaddukodai Convention in 1976. The Vaddukodai Resolution justified the demand for a separate Tamil state by emphasizing that Tamils "are a nation distinct and apart from the Sinhalese" with the right to "their own territory". The distinct Tamil homeland was based on the Cleghorn Minutes, the validity of which is questioned by Sinhalese academics. In the first parliamentary election after the Vaddukodai Convention the TULF won a landslide victory in the Northern Province and significant support in the Eastern Province. With this notion of a separate Tamil nation with its own homeland, the right of Tamils for self-determination has naturally become a fundamental political demand of the Tamil political parties. The TULF manifesto emphasized the right of the Tamil nation to self-determination in the form of a separate sovereign state—Tamil Eelam. The Manifesto declared:

> Hence, the TULF seeks the mandate of the Tamil nation to establish an independent, sovereign, secular, socialist state of Tamil Eelam that includes all the geographically contiguous areas that have been the traditional homeland of the Tamil-speaking people in the country.

The demand was transformed into three cardinal principles at the Thimpu discussions at which militant Tamil organizations played a major role. The right of self-determination expressed in the form of a separate, sovereign state has become the main agenda of the Tamil militant politics. Three cardinal principles unanimously approved by the TULF and the militant Tamil organizations are:

1. Recognition of Tamils of Sri Lanka as a distinct nationality;
2. Recognition of an identified Tamil homeland and the guarantee of its territorial integrity;
3. Based on the above, recognition of the inalienable right of self-determination of the Tamil nation.

A significant difference can be found between the Vaddukodai Resolution, TULF manifesto and the Thimpu principles. One is that the two terms, nationality and nation, are used in the Thimpu principles' as synonyms and interchangeably. Secondly, the 'Tamil-speaking people' in the TULF manifesto was dropped in favor of more specific 'Tamil nation.' The significance of the second difference has been indicated in the attitude of the Tamil parties towards Tamil-speaking Muslims in the Northern and Eastern Provinces. The trajectory of the Tamil nationalism from Vaddukodai