

Editorial: 1977 & After: 40 Years of the Open Economy in Sri Lanka

1977 was a turning point in post-colonial Sri Lanka. The right-wing United National Party returned to government in a landslide victory after seven fractious years in the opposition. The components of the previous left-wing coalition government were politically discredited and electorally crushed. JR Jayewardene and his Cabinet of Ministers embarked on deregulation, globalization, and privatization of the economy, in parallel with the Thatcher-Reagan era and fifteen years in advance of India. The Accelerated Mahaweli Development Programme; establishment of Free Trade Zones (initially in Katunayake and Biyagama); and the Colombo Master Plan were flagship infrastructure projects. Women were visible in export manufacturing, in services, and as transnational migrants. Another kind of structural adjustment, to the administrative, governmental (including later electoral), and constitutional system locked-in economic and political regime changes in the avowed interests of 'stability' and 'development'. Critics complained that 'opening' the economy was coupled with 'closing' the polity, as authoritarianism muscled out a beleaguered democracy. Anti-Tamil riots, including in plantation districts, in August of 1977 signalled an increase in the frequency of communal violence (1981 and 1982). As the 'ethnic conflict' exploded after July 1983 into terror, militarization, displacement, and occupation, causal connections were drawn between the economic drivers of war, and its 'hidden economics'. There was ferment in society as a new middle class emerged with different social, spatial, and ethnic features. Amidst spiralling unemployment, the conspicuous consumption of a small minority provoked social discontent when austerity economics prescribed the withdrawal of food stamps and diminution of social welfare benefits for the poor. The disciplining of labour to create an environment friendly to capital investment was attempted initially through legislation but realized extra-legally. The debacle of the July '80 strike was the beginning of the slow death of organized labour. In

contrast, the disintegration and disorientation of the Party and non-Party Left was swift and more or less finalized in the aftermath of the implosion of the Soviet Union, and transition to the market in China and the former Socialist bloc.

The elements of this narrative, indeed the critique itself, have long ceased to stimulate fresh enquiry. Why this is so, is a problem that looms large in any reconstruction of the intellectual history of this period and forecast for the contours of critical thought in the near future.

In a modest attempt to address this concern, and to mark the 40th anniversary of the introduction of open economic policies in Sri Lanka, *Polity's* latest issue concentrates on the ramifications of the 1977 Open Economy Reforms, touching on issues ranging from education to logistics to healthcare and beyond. In different ways, the writers seek to place what has taken place in Sri Lanka since 1977 in conversation with the global dimensions of the spread of 'neoliberalism as doxa': "an unquestionable orthodoxy that operates as if it were the objective truth – across social space in its entirety, from the practices and perceptions of individuals to the practices and perceptions of the state and social groups" (Chopra 2003). The issue does not make claims to covering all dimensions of the insidious spread of neoliberalism across the country after 1977. However, taken together they afford an insight into the ways in which open economic policies have come to shape sectors such as health and education more directly and less visibly, but no less in export agricultural sectors such as cinnamon production.

The issue opens with Ahilan Kadirgamar's argument against analyzing the 1977 reforms as a response to a mere "domestic economic crisis of governmental mismanagement". Instead, by focusing his analysis on financialization, Kadirgamar locates the introduction of open economic policies in the spread of neoliberal globalization. His focus also enables him to explore the

unique dimensions and effects of the neoliberal policy packages that were introduced in Sri Lanka in the aftermath of the 'open economy'.

The next two articles afford perspectives on both the impact of and the resistance to neoliberal reforms in the education and health sectors. Education and health remain two of the most enduring legacies of the welfarist policies that were introduced in the 1930s. Sri Lanka's high ranking in socio-economic indicators is often attributed to the availability of free education and healthcare, and is often proffered as evidence of Sri Lanka's unique status of development in comparison to other countries in the region. However, as recent discussions and controversies demonstrate, these two sectors continue to be the terrain of struggle over the progress of neoliberal policies in the Island. In her examination of the neo-liberalization of education, Prabha Manuratne articulates how the discourse on the 'crisis' of education turns a class-related crisis into one about expectations, affects, and personal failure, thereby masking the deeper class antagonisms implicit in it. Manuratne's analysis of the 1981 White Paper reforms introduced by then Minister of Education teases out the ways in which the proposals sought to amplify rather than address the deep-rooted class antagonisms that continue to shape perspectives on educational reform. The state health sector is another key concern for neoliberal policymaking. Ramya Kumar's article focuses our attention on the remarkable durability of free healthcare in Sri Lanka's political discourse as one of the key reasons for the uneven nature of the project to 'liberalize' the health sector in the direction of the 'free' market. Kumar's article asks us to consider how political considerations may function to resist the neoliberal push for the privatization of healthcare in the country. However, recent revelations of tax holidays for private hospitals and the decision by the Health Ministry to pay private hospitals for the use of operating theatres indicate that private capital (with the collusion of state authorities) continues to find mechanisms for accumulating capital through the health sector.

It is also worth remembering that the introduction of open economic reforms in the country cannot be dichotomized from the tacit encouragement of nationalist forces that led to the outbreak of the civil war. In his analysis of the continued twinning of capitalism and nationalism, Tom Widger draws attention to what he terms 'philanthronationalism' as a characteristic of private capital in the country. Widger demonstrates how the nationalist imagination of Corporate Social

Responsibility Programmes in Sri Lanka function to legitimize and encourage capital accumulation, while gaining state sanction for the exploitative economic activities of these companies.

The last three articles in our collection of essays explore the impact of neoliberal policies on three specific sectors – cinnamon peeling, logistics, and labour migration. Shanka P. Dharmapala traces the impact Sri Lanka's economic transition has had on cinnamon peelers and their industry. Dharmapala anatomizes how the penetration of capitalist social relations into the cinnamon industry has compartmentalized the cinnamon-making process, thus contributing to the weakening of the bargaining power of the peelers. Devaka Gunawardena, in his paper on calls for Sri Lanka to transition from a focus on exports to logistics, draws our attention to how the short-sighted prioritizing of certain industries over others at great cost to the latter is characteristic of the profit maximizing intent of neo-liberalism. He demonstrates how this ideology "forecloses alternatives by insisting on tone-deaf proposals to do more of the same" despite repeated failures. Gunawardena's call is to push back against these 'expert' opinions by creating spaces in which people can debate their alternatives to come up with an economic agenda reflective of their needs and priorities. If Gunawardena's article discusses a hoped for transition, the final article in this section by Matt Withers discusses a less noisy shift that has already taken place. Withers' article explores the class, ethnic, and gendered implications of dependence on a remittance-led economy. He argues that the "open economy has rekindled a colonial logic of accumulation by subordination that has marginalised the poor within an uneven and remittance-led model of development". Withers' article provides a useful coda to these three articles by reminding us of how easily the predatory logic of capitalism is masked by the neoliberal push for reform of sectors such as cinnamon peeling, logistics, and labour migration.

This issue also features two interviews focusing broadly on neoliberalism and its trajectory. The first interview is reprinted with kind permission of the editors of the Jacobin magazine, and features a conversation with David Harvey about neoliberalism. In the interview, Harvey discusses the emergence of the term, its continued relevance to the analysis of economic crises today, as well as the shape and politics of resistance to neoliberal reforms. The inclusion of this interview reflects Polity's long-standing commitment to introducing global conversations with leading

political and economic theorists to a local audience in Sri Lanka. The second interview in this section is with Prof. SB De Silva, economist and author of *The Political Economy of Underdevelopment*. De Silva emphasizes the importance of prioritizing industrial manufacturing over other, newer forms of capital accumulation such as services and logistics. Sharing his thoughts on the socio-politico-economic conditions that enabled the 1977 regime change and the subsequent economic transition, De Silva opines that the political situation of Sri Lanka is chiefly responsible for the country's economic morass, and reiterates the imperative of qualitative transformations to the structure of the economy.

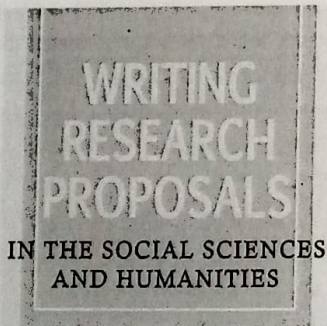
The Field Diary section consists of a conversation with a mudalali who Mark Schubert encountered in the process of fieldwork in Nawalapitiya. In contrast to the discussions on broad economic policies and its impact on communities, this entry explores the perspective of a rural capitalist reflecting on his itinerary from assistant to a mason baas to one of the wealthiest businessmen in his region. The businessman also shares his reflections on the impact of the 2015 election of a supposedly business-friendly new regime on rural capitalists, the need for constant diversification, and his aspirations for his children. His account provides a fascinating insight into the spread and politics of capital accumulation in

sites that are peripheral to older urban centres such as Kandy and Colombo.

The issue also includes two reviews: Jayadeva Uyangoda reflects on Sasanka Perera's *Violence and the Burden of Memory: Remembrance and Erasure in Sinhala Consciousness*, in terms of memorialization in post-war Sri Lanka. Harini Amarasuriya in her observations on Gananath Obeyesekere's latest work *The Doomed King: A Requiem for Sri Vikrama Rajasinha*, illuminates some epistemological issues including the 'validity' of historical facts.

As WD Lakshman notes in his commentary, the present issue of *Polity* is an expression of "the SSA's journey into critical examination of the nature and development impacts of neoliberalism on the global and Sri Lankan scales". As some celebrate political anniversaries, the more complex repercussions of the changes introduced to the economy in 1977 may easily be ignored or forgotten. The significance of this volume lies in the fact that it constitutes an attempt to re-centre the open economic reforms of 1977 in current debates over the continuing impact of neoliberalism on liberalization's losers. It asks us to consider how neoliberalism intersects with the dynamics of caste, gender, and ethnicity while continuing to re-shape class relations in complex ways.

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