

Surely, Elara, indiscriminate bombings and threats to kill civilians and destroy property simply do not make sense. I would think the name of other rulers of South Indian origin who have been appropriated by some Sri Lankan Tamil nationalists (and considered Tamil by many Sinhalese themselves) would have served the bombers' purposes better. For instance what about Kalinga Maga or Arya Chakravarti? Why not Prabhakaran himself?

Killing people and destroying property is bad enough. But doing so in the name of a person who, at least in myth did not approve of such violence is worse. In a sense this episode is symptomatic of the naive and irrational proportions the current inter-ethnic conflict has reached.

## FARMER SUICIDES AND THE CRISIS IN DRY ZONE AGRICULTURE

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**D**uring the past few months, 15 cultivators in the Polonnaruwa district have committed suicide, by swallowing insecticide. The question of agricultural loans given by banks has come to the forefront of public attention after the press highlighted the circumstances under which these suicides have taken place. We recently visited Polonnaruwa on a fact finding mission; our aim was to try to identify relevant issues, study their genesis and insert our analysis into the on-going public discussion. During our two-day visit we met and held discussions with the family members of six farmers who had taken their lives, two young farmers who had attempted to commit suicide, a number of other cultivators as well as some bank and government officials, private money lenders, traders and peasant activists.

We present our observations in the context of the crisis we see developing in peasant colonization schemes.

### Rural Indebtedness

**T**he debate in Colombo primarily revolves round the question whether drastic attempts by state banks to recover loans have led to suicide action by a negligible segment of those cultivators who have defaulted on loans. This is an incorrect and irrelevant question. The real issue concerns the serious indebtedness of many farmers to both banks and private money lenders.

Particularly in Dry Zone agriculture, peasant production has become capital intensive although under-capitalization is still a characteristic of paddy production. Indeed, the transformation of the rural economy in the direction of capital intensive and market as well as export-oriented agriculture has been a major goal of agricultural policy in recent times. According to current estimates, a minimum investment of about Rs. 35,000/= is needed to cultivate a 3 acre-plot in the Colonization Schemes; farmers have no option but to obtain credit from a variety of sources to cover this cost.

Although there are loan schemes that make bank loans theoretically available, many farmers are not eligible to obtain bank credit due to prior defaulting. Recently, banks have initiated a program of re-

scheduling agricultural loans, whereby loans and interests could be repaid in easier installments; however, to the surprise of bank officials and policy makers, many farmers have not made use of this facility. In fact, banks have started legal proceedings to recover outstanding loans.

As we have observed, there is nothing particularly surprising in the failure of cultivators to settle their bank loans by making use of this re-scheduling facility. To begin with, banks are not the only source of credit that farmers make use of. If a farmer becomes ineligible to obtain bank loans, he has no other option but to turn to private money lenders whose interest rates are as high as 20% a month.

The usual practice in private credit transactions is for the farmer to mortgage his future harvest. In other words, loan and the interest would be paid in paddy at the time of the harvest. For a season, the interest rate would be around 120%. Once the harvesting is over, the first thing the farmer has to do is to dispose of a sizeable share of his paddy crop as loan and interest payment. Shop keepers and suppliers of inputs are also there to take their own share of the paddy crop, in order to recover the value of goods they have given on credit. Usually, consumption and input credit too involves an interest of 10% a month. A number of farmers told us that after all these loans and credit are settled, the producer is left with only a few bushels of paddy to take home.

The final share of the harvest to which the actual producer is thus entitled is hardly sufficient for the family's consumption for the next six months. Some of it would invariably be sold in the market to meet family emergencies. Once that stock of paddy is over, the farmer's family is compelled to obtain new loans, or to mortgage jewellery, furniture, bicycles and even agricultural implements.

The survival of the farmer's family would be rendered precarious if the paddy crop of just one season failed, as it happened due to continuous rain during the last *Maha* season in the Polonnaruwa district. The fifteen farmers who committed suicide of course sought an extreme answer to the problem. If the coming *Yala* crop were also to fail, many more farmers might find that extreme

option the only available option. The crisis in the peasant colonization scheme is truly of tragic magnitude.

## Vicious Cycle of Indebtedness

Many researchers have repeatedly pointed out that indebtedness among small agricultural producers is a vicious cycle which constantly reproduces itself. There are some specific reasons that have emerged recently that make it impossible for the farmer to break out of this cycle. One major reason is the escalation of input prices, particularly of fertilizer, due to the withdrawal of subsidies. This has created another mini-vicious cycle for the farmer. In order to purchase and apply the inputs needed for a better harvest, investment has to be increased. Increased investment invariably means a greater degree of indebtedness, which will ultimately result in a greater share of harvest being appropriated by money lenders and input suppliers. In fact, capital intensive paddy agriculture has now reached a qualitatively new stage where the direct producer finds very little or no economic compulsion to increase productivity.

## Credit Management

We often hear it said, at seminars in Colombo, that farmers lack knowledge of intelligent investment and credit management, which should result in optimization of resources. This technicist approach fails to comprehend the multiplicity of new problems that have made investment in paddy production rather risky and precarious.

Agricultural production in colonization schemes has become excessively capital intensive, with a number of consequences detrimental to the survival of the small farmer. Paddy production is a rather complex exercise which compels the farmer to come into contact with a number of agents of so-called agricultural modernization—capital, owners and suppliers of capital, banks, representatives of MNCs and local suppliers of chemical inputs, traders and bureaucrats, all of whom were extraneous to the life which peasants, even of the immediately preceding generation, had been accustomed to. What it means

is that within one generation, the entire gamut of production relations in the colonization schemes has changed radically and drastically; all economic relations are now totally monetized. The intrusion of non-producer and profit-seeking elements into the life of the peasant producer has taken place against this backdrop. The cumulative effect of all these structural changes is that agrarian society is in a decided flux.

We also observed that the state agricultural extension service system has almost totally collapsed. The extension services were in operation upto a few years ago; farmers could then obtain advice and guidance from trained officials who had an obligation and sometimes also a commitment to help the enterprising farming community. A new bureaucracy and a layer of private traders, who

are the unconscious representatives of international agri-business have now replaced the extension officers.

The tragi-comic situation that has thus arisen was vividly captured in the answer given us by a farmer when we asked him what would he do if his paddy became subject to a plant disease: "I would go to the *Mudalali* (trader) who sells agro-chemicals and explain to him the problem. He will prescribe what brand of agro-chemicals (*mona beth jathiyada*) to be used and in what quantity". The degree of expert and disinterested advice he will get from this source does not need to be emphasised.

To further illustrate the tragic dimension of this crisis, let us cite the fate of a young farmer whose dream of becoming an "entrepreneurial farmer" ended up in nightmare. Camillus Anthony Fernando, 23 years of age, came to Dimbulagala from Moratuwa. He brought some money with him and decided to invest it in a profitable venture. On the advice of his relations and friends, he rented 5 acres of paddy land. His total investment on cultivating this extent of land in the last Maha season was Rs. 68,000/=. He obtained agricultural credit from many sources: banks, money lenders and some relations (In the colonization schemes, loans from relatives also entail an interest - 20% a month, to be paid in kind!); he obtained agro-chemicals and other inputs from private traders. The interest for input-credit was 10% a month.

Camillus Anthony is the "dream farmer" of many a policy maker who envisaged the emergence of a class of entrepreneurial and prosperous farmers from among the dry zone agriculturalists. The only difference is that he is not the offspring of an original allottee of land. Yet of course, prosperity among re-settled farmers was supposed to attract "gentlemen farmers" to the country side. Camillus faced one major handicap—he didn't have access to advisory and extension services, which were, of course, non-existent, or at best dysfunctional. There was no one to advise him on investment or risk management, although this was his first investment—a large scale one in the rural context. Incessant rain during the last Maha season ruined his paddy crop. His total harvest from 5 acres was a mere 48 bushels of paddy. And that was the ultimate return he got on an investment of Rs. 68,000/=. The young farmer swallowed insecticide, yet survived to tell us his story.

## Lack of Other Economic Opportunities

Yet another reason for the inability of farmers to get themselves out of the debt-trap is the relative unavailability of economic opportunities outside paddy cultivation. In the wet zone districts like Matara, Galle and Kalutara, paddy farmers find regular or casual work in rubber, tea and coconut plantations or in the construction industry to supplement their insufficient income from agriculture. A contrasting situation obtains in the dry zone colonization schemes, with the consequence that peasant families are forced to resort regularly to obtaining loans and mortgaging their household and personal belongings.

A visit to the office of a private money lender would enable one to gauge the extent to which mortgaging has become an integral element of the survival strategy of small and middle-level farmers in the settlement schemes. When we visited one such office in Hingurakgoda, we saw over 180 bicycles, nearly 50 motor cycles, and dozens of two-wheel tractors, tractor parts, patromax lamps, furniture, radio sets, flash lights, ceiling fans and even aluminum ware. The manager of this "private mortgage bank" told us that while the rate of mortgaging has dramatically increased after the failure of the last *Maha* crop, very few farmers come back to redeem their goods.

Settlement of all loans and credit usually takes place at the time of the harvest. As we have already mentioned, even if the farmer gets a good harvest, most of it is siphoned off by money lenders, traders and other entrepreneurial elements who dominate the agrarian economy. They are in fact the surplus appropriators in the peasant economy. The fact that lorry loads of paddy are regularly being transported out from Hingurakgoda, Minneriya or Padaviya does not necessarily mean that the peasant producers are totally comfortable with, and well-integrated into, market-oriented production. Nor does it indicate rural prosperity. It only reveals that the agrarian surplus is appropriated by a variety of non-producer elements who have found the misery of the colonizer a lucrative source of profit. Our observation is that the direct producer is deprived of a large share of his produce and he has virtually no control over the fruit of his own labour.

## Concentration of Land and Capital

Land ownership in the colonization schemes is governed by the Land Development Ordinance under which the transfer of ownership is legally restricted. This is intended to prevent fragmentation of agricultural land. The transfer of ownership can be effected only with permission granted by the state. However, land use and ownership practices in the settlement schemes have assumed a variety of new and extra-legal forms. Selling, renting and mortgaging of paddy land takes place outside the existing legal restrictions. In old as well as new colonies, including the Mahaweli settlements, a new class of agricultural entrepreneurs has emerged, engaging in buying and renting paddy land on a large scale. In addition to investing in commercial agriculture, they also run various other businesses—purchasing and processing rice, transport, trade, private banking etc. It is in the hands of this stratum of agricultural entrepreneurs that both land and capital are concentrated. Renting of paddy land is widespread in the colonization schemes. A common mode of land renting is called "*vee poronduwa*." Under this system, the owner of the land gets 1/3 of the harvest while the cultivator is entitled to the rest. Traders and money-lenders usually rent large extents of paddy land under this system of *vee poronduwa*. They usually prefer cultivation of other commercial crops—tobacco, chillie, onion etc.—so that risks involved in paddy cultivation could be avoided and the quantum of profit increased.

We wish to emphasize at this point that the existing patterns of land concentration go against the interests and well-being of small farmers. Colonists who have lost control of their own allotments have become agricultural workers. This is an obvious trend in the pauperization process observable in colonization schemes.

## Second and Third Generation Problems

Problems of second and third generations have contributed to the intensification of the socio-economic crisis in all land settlement schemes. Sociologists identified the warning signals of this crisis many years ago, when they studied the old colonization schemes. Since the extent of cultivable land is restricted and the family allotments cannot be divided, children of farmers have begun to occupy and even cultivate reservation and forest land. The options available to male members of the second and third generations are severely limited too—renting paddy land under *vee poronduwa* system, working as agricultural labourers, cutting down of forest trees and selling timber, and the distilling of illicit liquor are some easily available survival options. These by no means constitute a testimony to the success of peasant colonization policies. They are merely symptomatic of a deeper crisis. Although it may sound hackneyed, we cannot but reiterate the point that unemployment among young men and women and seasonal unemployment among the middle-aged is endemic in Dry Zone peasant society. A few garment factories, established recently, have provided employment to young peasant women in some Dry Zone districts. The Minneriya textile factory, which could have easily provided non-farm employment to the Dry Zone's surplus labour force, is now turned into a military camp. It is really ironical that at Minneriya, the entry point to the heartland of Dry Zone peasant colonization schemes, an army camp stands at the site where a large factory was once located. It symbolizes the economics, sociology and politics of the crisis faced by the second and third generations of settlers.

## What Next?

It is our considered view that the suicides by 15 peasants, even though they were in the context of rather unusual circumstances, in the Polonnaruwa are indicative of a qualitatively new crisis in the peasant re-settlement schemes. The same crisis is probably already there in the rest of the Dry Zone where paddy production is no longer as economically

viable as it used to be under a policy regime of producer subsidies. All political parties, policy-makers and planners should think in terms of both short-term and long-term remedies to this crisis.

The government has already announced the cancellation or waiver of agricultural loans. But, this promise still remains vague, because it is not clear whether it will cover bank loans and interest accumulated from as far back as 1984. Even if some relief is granted with regard to bank loans, the question of indebtedness to private sources will remain unaddressed and un-remedied. The rural credit market needs to be rationalized and controlled, while

institutional sources of credit need to be streamlined so as to give relief to the vulnerable sectors among peasant producers. Crop insurance as well as the expansion of marketing facilities are necessary to protect the producer when a crop fails and to ensure a fair income when the crop succeeds. The decline in the state network that purchased paddy from the producer at the farm gate is a major reason why the private trader is able to dictate terms to the farmer. So long as the producer is not effectively linked with the market, the farmer is constantly at the mercy of the middleman and the trader. Re-vitalization of paddy purchasing networks without bureaucratic corruption, and ensuring fair farm gate prices should be built into any future policy reform. Re-introduction of agricultural extension

services, while relaxing the existing bureaucratic grip over the peasantry, is yet another reform measure urgently needed.

The question of input subsidies looms large over the entire crisis which has recently developed in the peasant economy. Although it may go against the grain of the free-market orthodoxy, there is no substitute for carefully planned protectionism in peasant agriculture. A serious policy debate needs to be initiated to review afresh the question of peasant subsidies.

Longer term policy reforms should emanate from a careful examination of all dimensions of the crisis, within the broader framework of macro-economic reform strategies.

## COMMUNITY, NATION AND MILITARISM : TAMIL NATIONALISM IN SRI LANKA

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**T**he discourse of third world nationalism has always been linked to anti-colonial debates. But increasingly today there is a new form of nationalism. This nationalism is the product of the post-colonial state. In some literature this is called sub-nationalism implying that the original nationalism which was anti-colonial is primary while this discourse is secondary. One of the arguments of this paper is that this "sub-nationalism" can be understood using the modular forms which are used for the discussion of anti-colonial nationalism and that many of the issues fall into the realm of contemporary debates on nationalism and nationalist theory.

It is in the realm of community that we begin our story. In his response to Benedict Anderson book, Partha Chatterjee writes:-

Here lies the root of our post colonial misery. It is not our inability to think our few forms of the modern community but in our surrender to the old forms of the nation-state. The result is that the history of community and that of the state have remained out of joint and often in open antagonism, testimony to the simultaneous and often antagonistic existence in most countries of Asia and Africa...of a state which dominates without going hegemonic and several hegemonic projects still in search of dominance.

The post-colonial state then poses a different framework than the colonial one for the playing out of nationalism. The nationalism that it cultivates becomes hegemonic but only partially so. Rooted in a religious, linguistic and dynastic history, the imagination of the state is only partially the imagination of the community. This partiality is also its vulnerability. This disjuncture between the imagination of the state and the imagination of the community is a good starting point for the understanding of Tamil nationalism.

Since independence and especially after 1956, Sri Lanka nationalism has been equated with Sinhala nationalism. The identity was

rooted in a sense of a community of people who were Aryan of race, spoke Sinhala, practised the Buddhist religion and were chosen to live in the island called Sri Lanka. The Tamil community resisted the imposition of this identity from its inception and since 1956 have been in the throes of political development which by 1976 had led to the declaration of a separate state by the mainstream political party which was operating out of the North and the East where a significant percentage of the Tamil people lived. Bryan Pffanberger calls this a "defensive, nationalism" which others have called "reactive". The argument is that the development of nationalist sentiments did not begin at the colonial period. It was specifically linked to grievances accumulated by the actions of the post-colonial state. If the post-colonial state had acted in a different way and heightened a different sense of community, then Tamil nationalism may not have emerged. The emergence of Tamil nationalism is directly due to the imagination or lack of imagination of the post-colonial state which interacted dialectically with the aspirations of the Tamil community and its political leaders. In this sense sub-nationalism differs from the anti-colonial terms would brook no compromise with the colonial state.

Independence meant a permanent political rupture. But in the specific context of Tamil sub-nationalism, there was a choice of identities and nationalism was one of the options.

This choice is another difference between anti-colonial nationalism and subnationalism in the Sri Lankan context, While the former worked inevitably towards total separation, the post-colonial reality imagines other possibilities; that of devolution, federalism, and confederation. These possibilities of revolution are in fact different to the anti-colonial nationalism which worked towards total rupture. Total rupture is still a possibility but so are the other options. This choice then makes the struggle and the discourse qualitatively different at least when it comes to the terms of political negotiation.