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9. ABSTRACT

This monograph seeks to examine the interaction between rural local institutions and development in the rural sector of Sri Lanka.

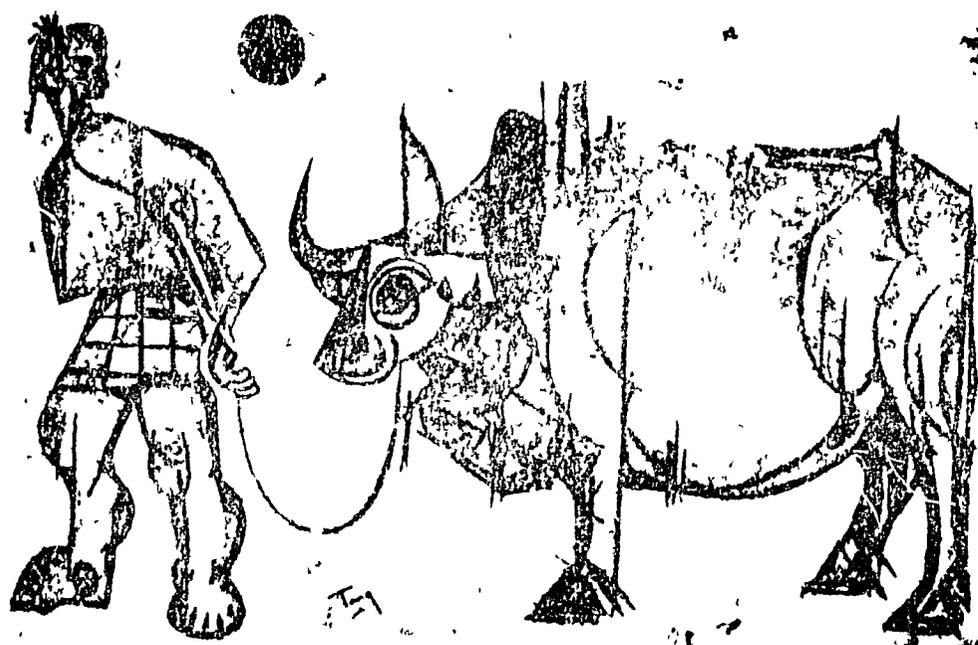
The case of Sri Lanka commended itself to the purposes of the study in a variety of ways. On the one hand, the rural sector is institutionally rich both in terms of the number and the variety of local organizations. On the other hand, Sri Lanka's performance on the development side has been mixed in character, reflecting unspectacular gains on the economic growth side, but unusual success in the pursuit of distributional equity.

Most of the empirical work which has been done on the pattern of rural development in Sri Lanka has focused upon structural economic factors or on the role of economic institutions (rural credit, crop insurance schemes, etc.). Such research has gone a long way towards explaining the pattern of development outcomes, and it is not a purpose to take issue with this work, but rather to amplify one particular dimension of institutional change in Sri Lanka which has received relatively little attention.

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*Special Series on Rural Local Government*

**LOCAL GOVERNMENT AND RURAL  
DEVELOPMENT IN SRI LANKA**

John S. Blackton

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Committee. A charge will be made for the cost of reproduc-  
tion.

## FOREWORD

This monograph was written as part of a comparative study of Rural Local Government organized by the Rural Development Committee of Cornell University. The study aimed at clarifying the role of rural local institutions in the rural development process, with special reference to agricultural productivity, income, local participation and rural welfare. An interdisciplinary working group set up under the Rural Development Committee established a comparative framework for research and analysis of these relationships.<sup>1</sup> A series of monographs, based in most cases on original field research, has been written by members of the working group and by scholars at other institutions and has been published by the Rural Development Committee. An analysis and summary of the study's findings has been written for the working group by Norman Uphoff and Milton Esman and has been published separately.

This study of Rural Local Government is part of the overall program of teaching and research by members of the Rural Development Committee, which functions under the auspices of the Center for International Studies at Cornell and is chaired by Norman Uphoff. The main focuses of Committee concern are alternative strategies and institutions for promoting rural development, especially with respect to the situation of small farmers, rural laborers and their families. This particular study was financed in large part by a grant from the Asia Bureau of the U.S. Agency for International Development. The views expressed by participating scholars in this study are their own and do not necessarily reflect the views or policies of USAID or Cornell University.

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<sup>1</sup>The members of the working group were Ron Aqua, Douglas Ashford, John Blackton, Harry Blair, Milton Esman, Mohinder Mudahar, Norman Nicholson, David Robinson, Benedict Stavis, and Norman Uphoff.

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## I. INTRODUCTION

This monograph seeks to examine the interaction between rural local institutions and development in the rural sector of Sri Lanka. From the outset of the project it was assumed that the relationship between these two large and complex variables was not a simple one. Not only was it assumed that the relationship was not a straight-forward linear one such that "x increase of local autonomy will correspond with y increase in rural welfare," but also that even the direction of the relationship was not certain. While the overall analytical schema which was developed by the Rural Development Committee at Cornell made certain heuristic assumptions about the dependence of agricultural development variables on the quality of institutions of local governance, it was recognized that the relationship was undoubtedly to some degree recursive.

The case of Sri Lanka commended itself to the purposes of the study in a variety of ways. On the one hand, the rural sector is institutionally rich both in terms of the number and the variety of local organizations. On the other hand, Sri Lanka's performance on the development side has been mixed in character, reflecting unspectacular gains on the economic growth side, but unusual success in the pursuit of distributional equity.

It should be made clear from the outset that neither of these outcomes can be accounted for simply (or even largely) by the quality of local institutions; however, the relative vigor and autonomy of local bodies is not to be discounted in explaining the shape and direction of rural development in Sri Lanka.

Most of the empirical work which has been done on the pattern of rural development in Sri Lanka has focused upon structural economic factors or on the role of economic institutions (rural credit, crop insurance schemes, etc.). Such research has gone a long way towards explaining the pattern of development outcomes, and it is not my purpose to take issue with this work, but rather to amplify one particular dimension of institutional change in Sri Lanka which has received relatively little attention.

The restriction of this study to the paddy producing part of the agricultural sector and the selection of just two districts (Kegalle and Amparai) for the intensive field study may be viewed by some as placing inherent limits on the validity of the conclusions for rural Sri Lanka as a whole. The delimitation of the analysis within these parameters was a function of limited time for on-site empirical study but also a reflection of my conviction that small-farmer rice agriculture is not only the modal case in Sri Lanka now but will continue to be for the foreseeable future. Indeed, it may increase in importance with the drive for food self-sufficiency which is underway

currently. As for the choice of districts, it was of course a compromise. The expectation was that by selecting relatively polar examples of what is essentially a modal activity, the competing requirements of encompassing substantial variance and yet achieving reasonable representativeness could be satisfied. The restricted focus of study makes two notable omissions to which some objection may be raised, as it does not encompass the plantation sector or the northern, predominantly Tamil districts. Since the electoral victory of the United Front in May 1970, significant policy shifts with respect to the plantation sector have been articulated, bringing it closer to the small farmer/cultivator concerns of this monograph. For the most part, however, these changes remain to be implemented, and the plantation sector is in a condition of suspended animation with the government having replaced the private sector as plantation owners, but with operations remaining essentially unchanged in other respects. If and when the transformation of plantation holdings into small farmer operations and collective/cooperative farms is realized, both the process and the outcome will be worthy of considerable analysis.<sup>1</sup>

A number of considerations led us not to include any of the wholly Tamil districts of the North. The

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<sup>1</sup>After returning to Sri Lanka for further field research in 1974, I am now persuaded that some tentative conclusions can be drawn concerning the post-1972 agrarian transformation. These findings will be included in a further monograph currently in publication.

Northern region is culturally and ecologically quite discontinuous from the remainder of Sri Lanka. Moreover, the region has not been central to government planning and policy-making for agriculture, a fact which has been exacerbated by separatist politics in the North in recent years. Finally, my own field experience and language proficiency are less adequate for work in the North than elsewhere. To the suggestion that these differences themselves make the region worthy of special attention, I can only agree; however, a case study of the northern region as an exception would seem more fruitful than any synthetic attempt to integrate it into the otherwise more homogeneous Sri Lankan experience.

## II. SRI LANKA: THE ECONOMIC SETTING

Depending upon whether one views it as an employment system or a productive system, the configuration of the Sri Lankan economy may appear quite different. Sri Lanka has an essentially two-sector productive economy-peasant agriculture and plantation (export) agriculture, with a marginal third industrial sector. As an employment system, however, it may be viewed as a four-sector economy with non-plantation agriculture accounting for about 40 percent of employment, plantations for 15 percent, services and communications for 25 percent and manufacturing and commerce for 20 percent.

The contribution of the agricultural sector to employment has been relatively constant over the past 25 years, but there has been a gradual shift in composition from the estate sector to the peasant sector.

Table 2.1

AGRICULTURAL EMPLOYMENT IN SRI LANKA

	<u>1946</u>	<u>1953</u>	<u>1963</u>	<u>1968</u>
Workforce in Agriculture as % of Total Workforce	58.3%	56.8%	55.9%	58.0%

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SOURCES: Central Bank of Ceylon, National Accounts for 1946, 1953, 1963, and 1968.

The importance of the agricultural sector as a contributor to Gross National Product has declined gradually but consistently during the same period, reflecting the general decline in the terms of trade for Ceylon export crops (tea, rubber, coconuts).

The manufacturing sector has remained small in terms of employment (10 percent of the workforce) but now accounts for a slightly more substantial share of the overall production in Sri Lanka's economy.

Despite the moderate growth of the Gross National Product in Sri Lanka (see Figure 2.2), both in terms of overall growth and per capita terms during the past

Table 2.2

AGRICULTURAL PRODUCTION IN SRI LANKA

	<u>1949</u>	<u>1959</u>	<u>1963</u>	<u>1968</u>	<u>1972</u>
Agricultural product as a percentage of GNP at 1972 factor prices	44%	39%	38%	34%	32%

---

SOURCES: Annual Report of the Monetary Board to the Ministry of Finance, April 1956 and March 1973

Table 2.3

MANUFACTURING SECTOR IN SRI LANKA

	<u>1949</u>	<u>1959</u>	<u>1963</u>	<u>1968</u>	<u>1972</u>
Total manufacturing product as a percentage of GNP at 1972 factor prices	9.0%	11.3%	11.5%	11.3%	13.6%

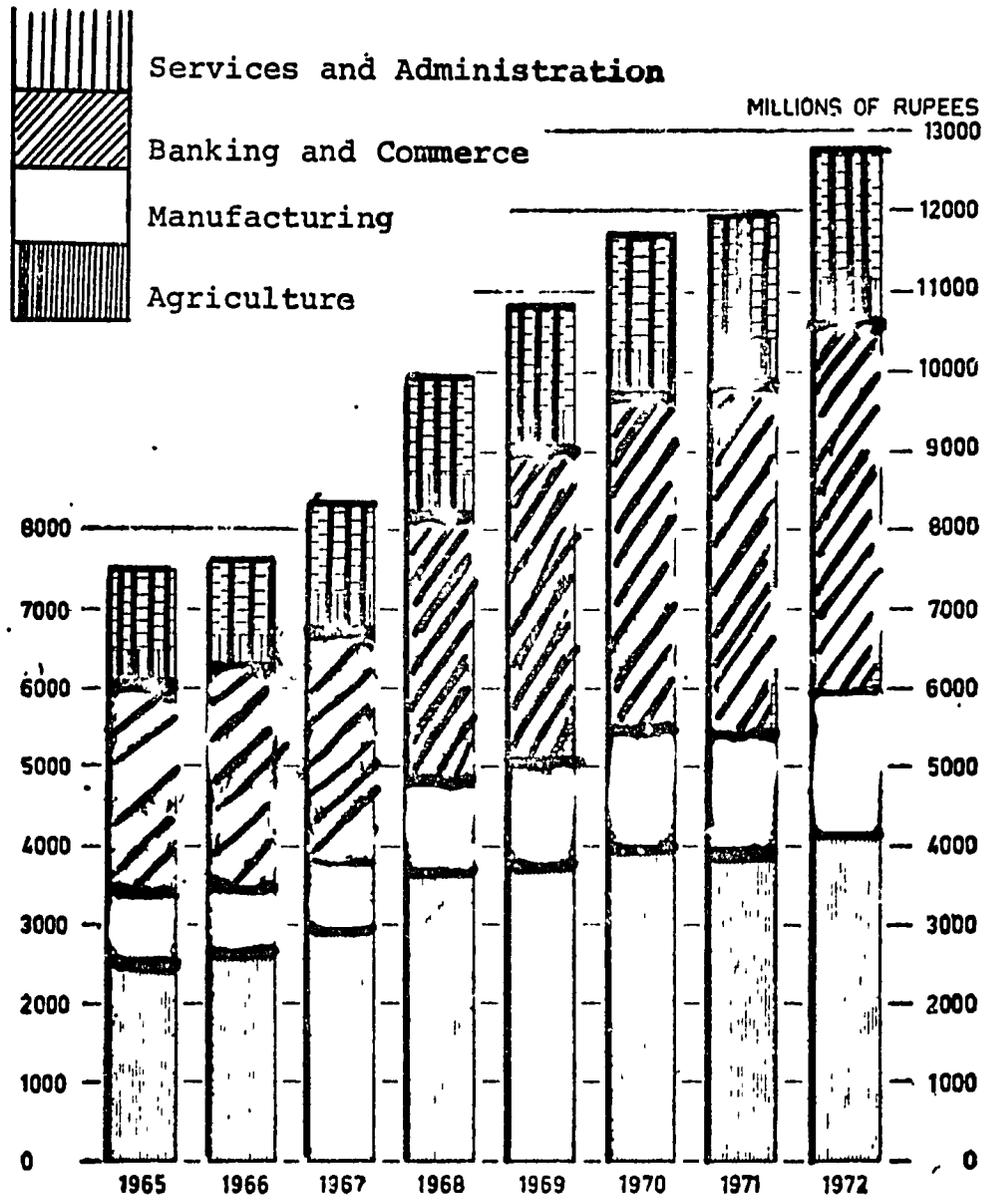
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SOURCES: As Above.

Figure 2.1

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

1972 Factor Cost Prices

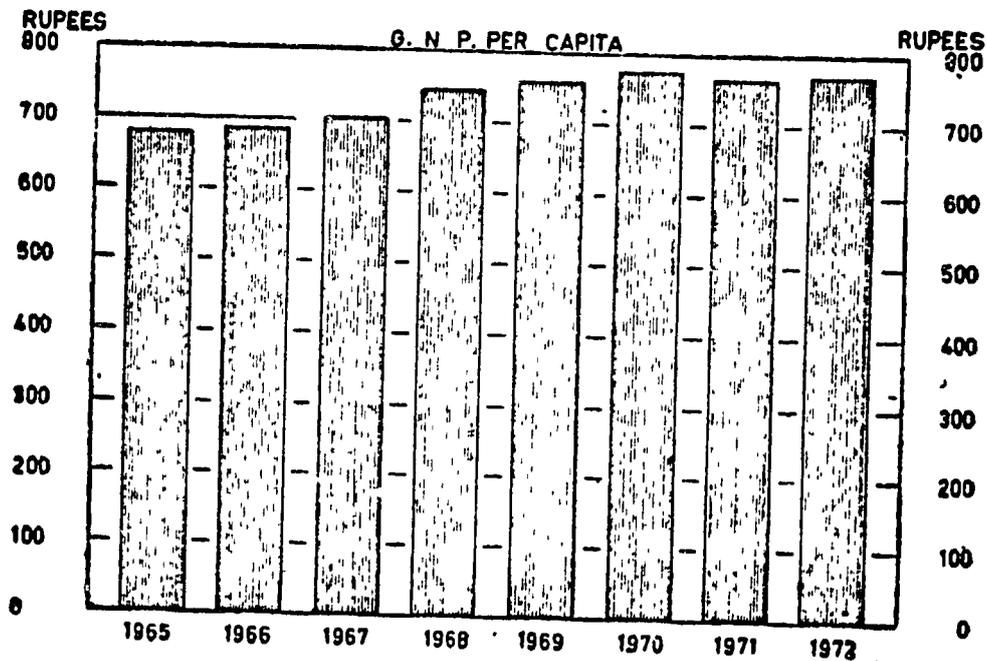
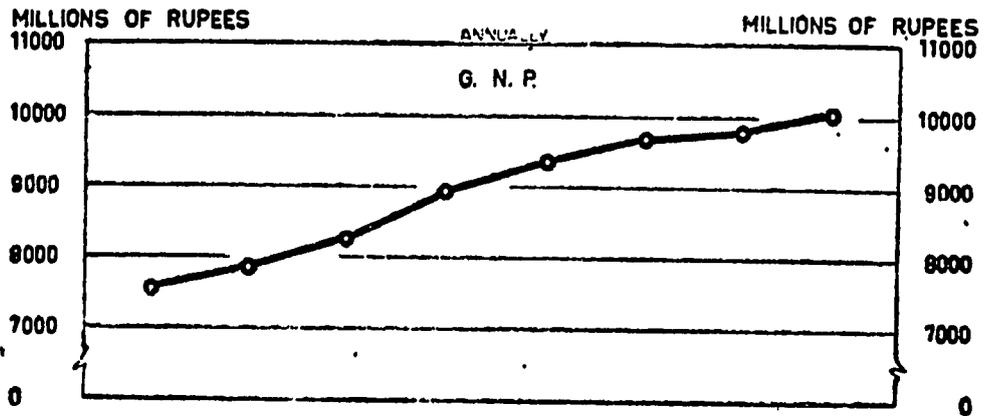


SOURCE: Central Bank of Ceylon

Figure 2.2

GROSS NATIONAL PRODUCT OF SRI LANKA

At Constant (1959) Factor Cost Prices



SOURCE: Central Bank of Ceylon, Annual Report of the Monetary Board to the Minister of Finance 1972.

twenty-five years, there are few signs of any genuine structural change in the Island's economy. Recent political changes suggest that the plantation sector of the economy may be further curtailed, but it is unlikely that this will alter the key relationship which determines the level of welfare for most of Sri Lanka's population: the export of tea, rubber, and coconut products to finance the importation of rice and other foodstuffs.

A critical key to understanding the environment of agricultural policy in modern Sri Lanka is the realization that the present sectoral balance within agriculture is not the product of chance historical evolution. The imbalance between food consumption and food production has its roots in a series of colonial policies which began in the mid-nineteenth century. In particular, the importation of labor from India to work in the British-owned plantations placed severe strains on locally produced food reserves. (See Table 2.4).

The terms of trade prevailing for almost a century favored the export of high-priced plantation commodities while importing relatively cheap wage-goods (especially food). This strategy was reasonably effective until the end of the Second World War, because population growth was relatively modest and the value of increments to output exceeded increments to consumption. For the

Table 2.4

IMPACT OF IMMIGRANT LABOR ON RICE IMPORTS

	<u>Immigrant Laborers Employed in Ceylon</u>	<u>Rice Imports (million Bu)</u>
1837	10,000	.65
1853	128,000	2.8
1870	252,000	5.7
1877	380,000	6.9
1880	300,000	5.5

---

SOURCE: Ferguson's Directories of Ceylon

Table 2.5

POPULATION OF CEYLON

	<u>1946</u>	<u>1953</u>	<u>1963</u>	<u>1973</u>
Total population (in thousands)	7,122	8,290	10,624	13,200*

---

\* estimated

SOURCE: Jones and Selvaratnam, Population Growth and  
Economic Development of Ceylon, Colombo 1971,  
Chapter 2.

1901-1946 period, population growth averaged only 1.1 percent. For the post-1946 period the corresponding rate has been 2.3 percent and population has almost doubled since independence.

While a variety of factors have been shown to account in part for the dramatic population increase after 1946, the largest single factor seems to have been the massive anti-malarial campaign begun in November 1945 and subsequent programs which have brought virtually all infectious diseases under control in Sri Lanka.<sup>1</sup>

To prevent the pressure of rising population on scarce food supplies from impacting too adversely on the lower income groups, the Government of Ceylon introduced rice subsidies in 1952, providing all persons with 2 kilos per week at controlled prices. In 1966 half of the ration was made free and the subsidy on the second half has been continued but at a somewhat lower rate.

About 90 percent of the population draws the free ration on a regular basis, while three-fourths also make use of the subsidized portion of the ration. Some higher-income urban groups prefer the comparative ease of purchasing high-price rice in the market to the inconvenience

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<sup>1</sup>Jones and Selvaratnam, op.cit., pp. 20-22.

Table 2.6

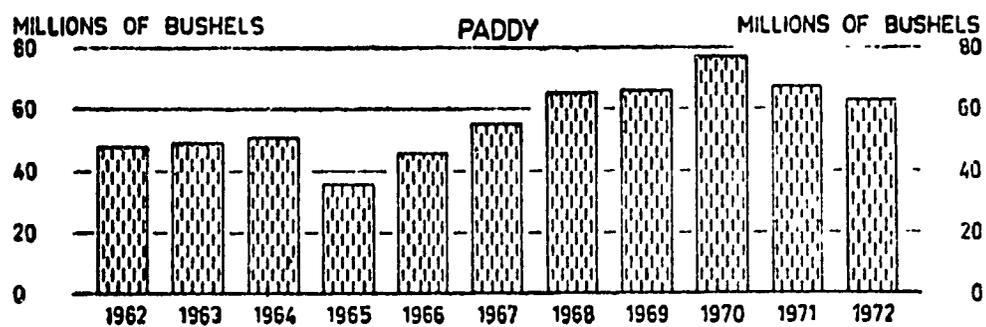
RATIONED RICE (CONSUMPTION & IMPORTATION) AND ESTIMATED POPULATION OF SRI LANKA

Year	Total Consumption of Rationed Rice (tons)	Adequate For (No. of Persons)	Estimated Tot. Population	& of Ration Imported
1955	570,083	6,140,000	8,550,000	67.1%
1956	634,192	6,829,760	8,800,000	77.6%
1957	666,925	6,829,760	9,165,000	75.0%
1958	700,112	7,539,667	9,351,000	71.9%
1959	748,479	8,060,563	9,498,000	69.1%
1960	791,335	8,522,069	10,063,000	64.7%
1961	816,464	8,782,689	10,167,000	59.8%
1962	823,933	8,873,125	10,368,000	58.5%
1963	880,751	9,485,010	10,624,500	58.7%
1964	893,753	9,625,022	10,712,000	57.3%
1965	935,535	10,074,992	11,332,000	66.6%
1966	916,664	9,871,093	11,500,000	55.0%

SOURCES: Food Commissioner's Reports and Jones and Selvaratnam, op.cit., Chapter 7.

Figure 2.3

PRODUCTION OF RICE IN SRI LANKA 1962-1972



SOURCE: Central Bank of Ceylon Research Department

of obtaining low-cost rice from ration shops. In the rural sector, many rice farmers find it cheaper to consume their own produce than to purchase subsidized rice from the government (although most farmers draw the free ration, if only to resell and augment their income thereby).

In addition to the overall agricultural character of the economy and the critical interdependence between exported agricultural commodities and imported food-stuffs, a third dimension of the economic environment which cannot be overlooked is the endemic problem of unemployment. While the precise parameters and definitions of unemployment are a matter of ongoing debate, there is general agreement that the overall rate of employment in Sri Lanka is substantial.

Although there is some unemployment throughout all sectors of the population, the major concentration of joblessness is among the educated young. The 15-24 age cohort, especially those with secondary education or higher, are most affected. The rapid expansion of education, especially in the rural sector after independence without corresponding structural changes in the sectoral composition of the economy, has led school leavers to seek jobs in the non-agricultural sectors which simply do not exist. Government and other public sector employment have been vastly expanded to accommodate

Table 2.7

ESTIMATE OF UNEMPLOYMENT IN SRI LANKA

<u>Source</u>	<u>Number Unemployed</u>	<u>Percent of Labor Force</u>
ILO Survey 1959-60	high 450,000	12.8%
	low 340,000	10.5%
Population Census 1963	high 390,000	10.8%
	low 265,000	8.0%
Consumer Finances Survey 1963	457,000	13.8%
Labor Force Survey 1968	448,000	11.0%
Rural Employment Survey 1964	450,000	12.5%
Labor Force Survey (second round 1969)	500,000	11.8%
Socio-economic Survey 1969	552,000	13.1%

this group, but financial constraints have effectively limited this avenue of recourse in recent years. The rate of unemployment of GCE "O" level workers between 15 and 24 is now over 70 percent (higher in the rural sector and for women). (See Tables 2.8 and 2.9).

• While our concern in this paper is more narrowly focused upon the inter-relationships between institutions of rural governance and development in the rural sector of the economy, it is impossible to view the rural economy except in the context of the peculiar conditions obtaining throughout the economy of Sri Lanka. The expectations and demands being placed on the agricultural sector of the economy are to 1) close the food gap at a time when rising world prices constrain rice imports; 2) generate more employment, particularly for the more educated; 3) provide the basis for overall national economic growth--both in terms of output increases and a transferable surplus for investment in industrial growth; and 4) create new sources of export earnings in the area of non-traditional, high-value agricultural commodities. It is not within the purview of this paper to evaluate the comprehensive development strategy of Sri Lanka. However, it seems not unlikely that the less than spectacular performance of the agricultural sector in the past decade may be due in part to the range of demands placed upon this sector and the institutional/resource diffusion attendant upon such a multiplicity of objectives.

Table 2.8

SRI LANKA: UNEMPLOYMENT BY AGE AND SEX 1971

Age Group	All Island			Urban			Rural			Estate		
	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females
Below 14	10,400	7,100	3,300	400	400	----	8,900	5,600	3,300	1,100	1,100	---
15-24	421,100	294,900	126,200	87,700	62,100	25,600	283,900	193,100	90,800	49,500	39,700	9,800
25-29	60,500	38,100	22,400	13,000	8,600	4,400	46,900	28,900	18,900	600	600	---
30 & over	58,000	45,500	12,500	14,500	12,500	2,000	40,000	31,100	8,900	3,500	1,900	1,600
<b>Total</b>	<b>550,000</b>	<b>385,600</b>	<b>164,400</b>	<b>115,600</b>	<b>83,600</b>	<b>32,000</b>	<b>379,700</b>	<b>258,700</b>	<b>121,000</b>	<b>54,700</b>	<b>43,300</b>	<b>11,400</b>

SOURCE: Ministry of Finance, Trends and Prospects, Colombo, 1971.

Table 2.9

SRI LANKA: UNEMPLOYMENT BY EDUCATION STATUS 1971

Educational Status	Total		Male		Female	
	Number	Percentage	Number	Percentage	Number	Percentage
Illiterate	29,800	5.41	18,900	4.90	10,900	6.63
Literate below Grade 5	103,900	18.89	89,500	23.21	14,400	8.76
Grades 5 - 7	105,200	19.12	89,100	23.11	16,100	8.79
Grade 8	133,900	24.35	96,200	24.95	37,700	22.93
Grade 8 Plus Training	24,500	4.46	17,600	4.56	6,900	4.20
G.C.E. (O)	136,600	24.84	66,500	17.25	70,100	42.64
Above G.C.E. (O)	16,100	2.93	7,800	2.02	8,300	
<b>Total</b>	<b>550,000</b>	<b>100.00</b>	<b>385,600</b>	<b>100.00</b>	<b>164,400</b>	<b>100.00</b>

SOURCE: Ministry of Finance, Trends and Prospects, Colombo, 1971.

III. THE AGRICULTURAL SECTOR: FOOD PRODUCTION

The rice growing component of peasant agriculture is the modal component of the agricultural sector in Sri Lanka with respect to employment, to domestic consumption, to domestic production and to social relations. More than 60 percent of the rural population are cultivators, and of these more than 95 percent are food crop producers on small holdings.<sup>1</sup> A total of 690,000 households in the rural sector derive their primary income from paddy cultivation, operating more than a million paddy holdings. The last comprehensive agricultural census (1962) indicated that the modal holding was in the neighborhood of one acre of paddy, and the impact of subsequent land reform legislation, while modest, has undoubtedly reduced the number of large holdings even more.

While the increments of new land brought under paddy cultivation have, of necessity, been limited, government investment in irrigation schemes has led to very substantial increases in the quantity of land which is under irrigation for at least one crop of paddy per year. (See Table 3.2).

The extension of irrigation facilities to new areas not only brought the benefits of greater output associated with any increase in the availability of water,

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<sup>1</sup>Department of Census and Statistics, Socio-Economic Survey, Part 1, 1969.

Table 3.1

SRI LANKA: PADDY HOLDINGS CLASSIFIED BY SIZE (JULY 1962)

<u>Size of Holding</u>	<u>No. of Units</u>	<u>Total Extent (acres)</u>
under $\frac{1}{4}$ acre	30,983	5,651
$\frac{1}{4}$ - $\frac{1}{2}$ acre	72,968	24,701
$\frac{1}{2}$ - 1 acre	128,941	87,098
1 - $2\frac{1}{2}$ acres	189,540	283,955
$2\frac{1}{2}$ - 5 acres	95,619	317,613
5 - 10 acres	38,089	235,814
10 - 25 acres	10,033	118,965
25 - 50 acres	1,230	33,100
50 - 100 acres	169	11,211
100 - 250 acres	65	9,522
250 - 500 acres	11	3,354
500 acres	5	5,194

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SOURCE: Government of Ceylon, Census of Agriculture 1962,  
Volume III-Asweddumized Paddy Lands, p. 28.

Table 3.2

EXTENSION OF IRRIGATION OF PADDY LANDS

<u>Year (Maha Season)</u>	<u>Irrigated Extent (acres)</u>	<u>Irrigated Area (as percent of total)</u>
1949-50	271,581	40.4%
1953-54	382,148	49.6%
1957-58	443,428	52.7%
1961-62	651,312	69.9%
1963-64	720,000	72.0%
1964-65	736,000	72.5%
1965-66	747,000	n.a.

SOURCES: Through 1962, Census of Agriculture Volume III; 1963-66, FAO/IBRD, Report of the Irrigation Program Review, January 1968.

Table 3.3

EXTENSION OF NEW VARIETIES OF PADDY IN SRI LANKA

<u>Year</u>	<u>Total Extent Sown</u>	<u>Extent Under New Varieties</u>	<u>% New Varieties</u>
1961	931,200	98,000	10.5%
1966	1,615,000	699,000	43.3%
1968	1,741,000	1,070,000	61.4%
1970	1,875,000	1,324,000	70.6%
1971	1,892,000	1,284,000	67.9%

SOURCES: Department of Agriculture, Extension of New Varieties, mimeo, 1972.

but more importantly, it was the essential precondition to the rapid extension of new, improved rice varieties in Sri Lanka. In view of the land constraint, the principle avenue to increased output had to be increases in yield per unit of land. The genetic groundwork for improved indigenous varieties had been laid by the plant breeders in the Department of Agriculture in the 1950's, but assured water supplies were a necessary condition for the adoption of high-yielding, fertilizer-responsive varieties of paddy. In the late 1950's, shortly after their introduction, the Ceylonese H-series accounted for only 2-3 percent of the total area sown. The rate of adoption was extremely rapid, however, and by the mid-1960's the area sown with fertilizer-responsive varieties very nearly equaled the total area under irrigation.

In the past few years a second generation of improved strains of rice has begun to account for a substantial share of the growth in rice production. Although some IRRI varieties have been introduced directly in Sri Lanka,<sup>1</sup> most of the successful varieties of the second generation are locally-developed combinations which draw upon the domestic gene pool as well as that of IRRI varieties (among these, some of the most successful are BG 11-11, BG 34-8, MI 273). In the two districts

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<sup>1</sup>These are varieties developed at the International Rice Research Institute in the Philippines, the so-called "miracle rice."

studied by the author, the new improved varieties were rapidly displacing the old improved varieties for the Maha season (when the water supply is most predictable), although a number of farmers in both Kegalle and Amparai said they still planned to sow H-4 in the Yala season and some indicated a desire to return to H-4 altogether as it gave a more assured yield in the event that fertilizer supplies were scarce.

Despite the wide dissemination of new varieties and farmers' familiarity with the associated production technology, yields vary extremely from region to region. Climate, water supply, variations in cultivation practices, availability of labor, the availability of inputs, and the cooperativeness of the bureaucracy all account for some of the variation in yield, but size of holding (i.e., intensity of cultivation) seems to show the highest correlation with inter-regional variation. This was one of the reasons that I selected Kegalle and Amparai Districts for examination, as they contrast strongly on this dimension. Kegalle paddy farms are small terraced upland holdings (the modal farm is just over one acre) which are cultivated extremely intensively owing to the availability of family labor and which generally record among the highest yields per acre in Sri Lanka.<sup>1</sup> Amparai

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<sup>1</sup>Department of Census and Statistics, Ceylon Census of Agriculture, Volume II: Land Utilization, 1966

Table 3.4

INPUTS ASSOCIATED WITH CHANGES IN RICE OUTPUT IN SRI LANKA

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<b>PRODUCTION</b> (Million Bu's)	43.0	43.2	48.1	49.1	50.5	36.3	46.1	55.1	63.6	66.2
<b>FERTILIZER USE</b> nutrient tons	5.5	7.5	10.1	12.1	15.7	11.2	12.2	15.2	23.0	23.5
<b>TOTAL PREPARED LAND</b> (thousand acres)	1,160	1,180	1,197	1,230	1,249	1,273	1,325	1,331	1,335	1,351
under major irrigation	(325)	(340)	(338)	(362)	(366)	(381)	(402)	(401)	(405)	n.a.
under minor irrigation	(388)	(344)	(351)	(364)	(370)	(377)	(388)	(385)	(388)	n.a.
rainfed	(498)	(496)	(508)	(504)	(513)	(515)	(533)	(545)	(551)	n.a.
<b>PERCENT OF EXTENT</b> <b>UNDER IMPROVED PADDY</b> <b>VARIETIES</b>	11.2%	n.a.	14.9%	n.a.	n.a.	36.8%	43.3%	58.1%	61.4%	65.2%

SOURCES: Ministry of Finance, Government of Ceylon, The Economy of Ceylon, Trends and Prospects, 1971.  
 Gunatillake, Godfrey et.al., The Cooperative System of Small Farmer Credit, Colombo, 1972.  
 Central Bank of Ceylon, Annual Report, 1970.

paddy farms are generally substantially larger (the modal farm is 6.5 acres) and cultural practices are noticeably less intensive--even in those areas of the district populated by migrants from Kegalle District. As a consequence of differences in intensity of cultivation, yields in Amparai tend to be lower than Kegalle, but the rate of increase in Amparai in recent years suggests that as farmers become more adept at the use of new agricultural practices, the advantages of high labor intensity will be offset by technological intensity. As this transformation occurs, the constraints on increased output become less a matter of limited land than of the scarcity and unpredictability of inputs (especially fertilizer and agro-chemicals). This was already becoming a dominant issue in Amparai where farmers interviewed complained more bitterly about supply problems with fertilizer than about any other category of problems. Increases in rice output over the past decade have been closely associated with increases in the availability and use of fertilizer (See Table 3.4). If Sri Lanka is unable to increase (or at a minimum, to maintain) supplies of chemical inputs to the farmer it is questionable whether the gains of the green revolution can be maintained.

#### IV. THE AGRICULTURAL SECTOR: RURAL WELFARE

The mixed performance of the agricultural sector on the production side must be balanced against a generally

Table 4.1

AVERAGE BI-MONTHLY INCOME BY INCOME GROUP AND SECTOR,  
1963-1969/70, IN RUPEES

<u>Income Groups</u>	<u>Urban</u>		<u>Rural</u>	
	<u>1963</u>	<u>1969/70</u>	<u>1963</u>	<u>1969/70</u>
0- 100	31.71	54.73	28.55	60.15
101- 200	77.70	157.77	75.44	148.84
201- 400	150.58	296.05	143.71	283.68
401- 600	248.14	502.17	241.65	507.64
601- 800	352.96	692.80	342.29	699.25
801-1000	453.30	894.74	453.06	877.19
Over 1000	1,097.77	1,863.16	916.66	1,157.90
Average	255.09	257.00	127.00	139.09

SOURCE: Warnasena, Rasaputram, "Changes in the Pattern of Income Inequality in Ceylon," Marga 1:4 1972..

Table 4.2

CHANGE IN PERCENT OF INCOME RECEIVED BY TOP 10%  
AND BOTTOM 10% OF RURAL INCOME RECEIVERS

	<u>1963</u>	<u>1969/70</u>
Average Bi-monthly Income (Rs.)	254.0	278.0
% Received by Top 10%	32.7%	27.6%
% Received by Bottom 10%	2.2%	4.3%

SOURCE: Rasaputram, op.cit.

positive performance in the other areas associated with rural development. Perhaps the most striking and unusual trend in rural welfare is the shift in income distribution away from the urban sector and towards the rural sector. While the overall levels of income are still markedly higher in the urban sector, almost all income gain in the past decade has been in rural households. The significance of this shift in favor of the rural sector is underscored by the fact that it was accompanied by a distributional shift in rural incomes favoring the lowest deciles.

Equally unusual has been the consistent trend towards overall equalization of income disparities in the period since independence. The Gini coefficient of concentration for all income receivers has moved from .50 in 1953 to .34 in 1970.<sup>1</sup>

Of course, income distribution income figures do not necessarily reflect differences in the quantities and value of public goods received by individuals. As Rainer Schickele has argued, lack of access to public services is one of the major factors accounting for the welfare disparity between rural and urban populations.<sup>2</sup>

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<sup>1</sup>Department of Census and Statistics, Socio-economic Survey of Ceylon, Part 1, 1969.

<sup>2</sup>Schickele, Rainer, Agrarian Revolution and Economic Progress, New York: Praeger, 1968, pp. 135 ff.

Table 4.3

CHANGES IN THE DISTRIBUTION OF INCOME IN SRI LANKA

<u>Deciles</u>	1963		1969-70	
	<u>% of Income</u>	<u>Cumulative %</u>	<u>% of Income</u>	<u>Cumulative %</u>
Lowest 10th	1.5	1.5	3.7	3.7
Second	3.0	4.5	5.1	8.8
Third	4.0	8.5	6.0	14.8
Fourth	5.2	13.7	6.7	21.5
Fifth	6.3	20.0	8.0	29.5
Sixth	7.5	27.5	9.4	38.9
Seventh	9.0	36.5	11.0	49.9
Eighth	11.2	47.7	11.8	61.7
Ninth	15.5	63.2	15.7	77.4
Highest 10th	36.8	100.0	22.6	100.0

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SOURCE: Socio-Economic Survey of Ceylon, op.cit., p. xi.

For example, average per capita income in Mexico is four to five times as great as in Sri Lanka, and yet Zatushni's study of institutionalized health care indicates that only 68 percent of all births are professionally supervised in Mexico opposed to 99+ percent in Sri Lanka.<sup>1</sup> The difference is accounted for not by total outlays on public health which are comparable in both countries, but rather by the decision of the health planners in Sri Lanka to invest in a system of dispersed intermediate-level rural health clinics as opposed to a massive centralized hospital system. Gini coefficient calculations of personal money incomes can mask important variations in inequality and require that attention be paid to the public service infrastructure as it affects access to and distribution of public resources.

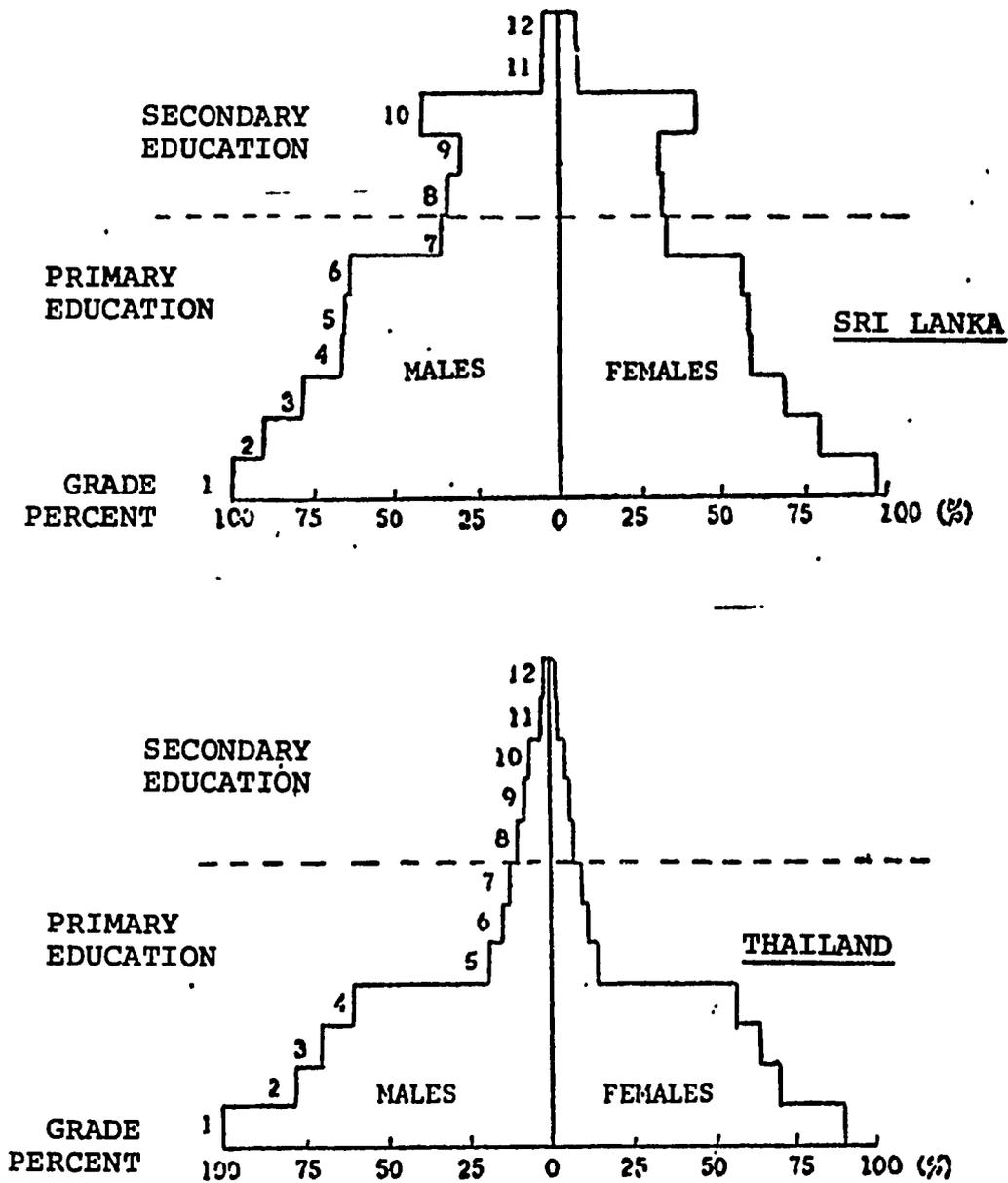
The pattern of relative income equality in conjunction with the rice rationing system has had a strongly positive effect on nutrition in terms of equitable distribution. In 1970 the difference in total caloric intake between the highest and lowest income groups was remarkably small, with the former group averaging 2600 calories per<sup>o</sup>

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<sup>1</sup>The study is reported in the analysis of health care in Jones and Selvaratnam op.cit. The data on distribution of hospital beds, preventative medicine units, etc. support the same general conclusions about access to public health care in Sri Lanka.

Figure 4.1

EDUCATION PYRAMID, SRI LANKA (estimated) 1969  
AND THAILAND (estimated) 1967



SOURCE: Jones and Selvaratnam, Population Growth and Economic Development in Ceylon, 1972, p. 94.

day and the latter cohort averaging 2060 calories.<sup>1</sup> Few countries even have such data, but probably no other country has so small a differential.

The availability of free education and free health care further emphasize the commitment to and, increasingly, the achievement of equalization of welfare both among income groups and between the urban and rural sectors. Given the good geographic distribution of schools and medical facilities, the availability of these services to poor and remote elements of the population is remarkably high. This is reflected in a life expectancy at birth of 70.4 years despite the relatively low level of per capita income--around \$150--and in the unusually broad educational pyramid shown in Figure 4.1.

#### V. LOCAL GOVERNMENT IN THE RURAL SECTOR: BACKGROUND

The history of local government institutions in ancient and medieval Ceylon is clouded in a vaporous blend of chronicle and legend, but there is general agreement that local village councils exercised substantial powers in the regulation of agricultural practices, the settlement of land disputes and the management of irrigation facilities. Successive colonization by the Portuguese, Dutch and British so substantially reorganized

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<sup>1</sup>Perera, L.N. et.al., "The Effect of Income on Food Habits in Ceylon," Marga, 2:1, 1973.

central authority that by the early nineteenth century no real measure of legitimacy remained at the lowest levels of governance. In 1818 the power of local self-government was explicitly withdrawn from village authorities and it was ordered that

No chief who is vested with authority or rank from this sovereign source is entitled to obedience or respect; and without powers deriving from government, no one can exercise jurisdiction of any kind or inflict the slightest punishment.<sup>1</sup>

In 1871, sensing a need to broaden the carrying of the administrative load carried by Government Agents in the districts, the colonial government promulgated the first village government ordinance. The ordinance provided for universal adult male suffrage for the purpose of electing Village Committees (VC) of six or more members. The Chief Headman of the VC area was ex-officio chairman of the Committee unless the Committee expressly resolved otherwise. By this device, therefore, the VC was linked from the outset to the central administration. In 1900 the Village Committee system had been

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<sup>1</sup>The Proclamation of 1818 was issued by the British governor following suppression of the Kandyan Rebellion of 1817-18. The report of the Choksy Commission on Local Government (1955) notes that following the Proclamation of 1818 the "Village Council or Gansabha fell into desuetude. Nevertheless the Village Council system of paddy cultivation continued without a break." Government of Ceylon, Sessional Paper XXXIII of 1955, p. 9.

implemented virtually throughout the Island and the number of Committees totaled 395. By 1927 further subdivision of village units increased the number of VC's to 657, and in 1973 (following the upgrading of many VC's to Town and Urban Councils) they numbered 542.

In their earliest days the local councils were primarily responsible to the Government Agent (GA) at the district level. The GA convened elections, approved committee appointments and sanctioned local expenditures. His recommendation to the Governor in Executive Council was necessary before any Village Committee could impose new tolls or levy new taxes. As additional statutory requirements were placed on Village Councils in the 1880's and 1890's in the form of sanitary legislation and public works legislation, the channels of authority between the village and the central administration became increasingly diffuse.<sup>1</sup>

In 1916 a commission of enquiry was appointed to report on the status of local government. The report of the commission led to a new comprehensive local government ordinance in 1920 which simultaneously broadened the scope of local government activities and more fully

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<sup>1</sup>Government of Ceylon, Sessional Paper VII of 1918 (Report of the Commission on Local Government in Ceylon).

integrated local government bodies into the network of national administration.<sup>1</sup> On the one hand, the powers of the councils to tax and to regulate were substantially expanded, but on the other hand, the councils now had direct financial and administrative accountability to the Central Local Government Board.

Throughout the last decades of Ceylon's colonial status, a succession of commissions and administrative reports reiterated the tandem problems which have plagued local government for more than a hundred years: 1) the inadequacy of local revenues, and 2) the need to increase the powers of village authorities, reducing the level of direct central control over their routine activities. A series of ordinances in the 1946-48 period addressed these problems, rationalizing local election procedures with parliamentary elections, making VC's responsible to an officer of the Local Government Department at the District level (rather than the GA), establishing a Local Government Service to provide a cadre of skilled civil servants at the local level to execute VC policy, and most significantly, enunciating a clear policy providing regular central revenue assistance to local authorities. The institutionalization of government

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<sup>1</sup>Government of Ceylon, Ordinance No. 11 of 1920.

grants on a regular, programmed basis further weakened the already limited capacity of the VC's, for example, have remained virtually stable since independence and have declined as a proportion of total local revenues from one-half to about one-fourth (See Table 5.1).

During the post-independence period, the central government has manifested a continued concern that the institutions of local government have become excessively moribund. This concern took concrete form in two massive reports of enquiry in 1955 and 1972.<sup>1</sup> It is not insignificant that the second report found the underlying conditions contributing to weak local governments essentially unchanged in the seventeen years following the recommendations of the first commission: 1) insufficient total revenues at the village level, 2) inadequate local taxing authority, and 3) unnecessary restrictions on the scope of local authority. Although not addressed in the commission reports, the treatment of the local government portfolio as an adjunct of the home ministry has also had a distinctly limiting effect on local autonomy. This assignment places the responsibility for central supervisory control over local government operations under the same aegis as the administrative apparatus which exercises control over the whole country's internal affairs.

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<sup>1</sup>Government of Ceylon, Sessional Paper XXXIII of 1955; and Sessional Paper VII of 1972.

Table 5.1

SOURCES OF VILLAGE COUNCIL REVENUES, LOCAL AND CENTRAL

	<u>1958</u>		<u>1963</u>		<u>1968</u>	
	<u>Rs.</u>	<u>% of Total</u>	<u>Rs.</u>	<u>% of Total</u>	<u>Rs.</u>	<u>% of Total</u>
Total Revenue	9,444	100	16,570	100	22,910	100
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Local Rates	3,980	43	2,143	13	3,019	13
Licenses & Fees	960	10	1,866	11	2,537	11
-----						
Central Government Grants	3,304	34	7,060	43	9,158	40
Centrally Assigned Revenues	1,200	13	5,501	33	8,196	36

SOURCES: Government of Ceylon, Sessional Paper VII of 1972; and Statistical Abstract of Ceylon, 1959 and 1969.

A. Politics at the Village Level

The formal structure of local government in Sri Lanka is composed of four categories of organization: Municipal Councils, Urban Councils, Town Councils and Village Councils. Although there is some overlap in terms of scale, the distinction generally reflects the degree of urbanization of the respective authorities. Our examination will be confined to the Village Council level, as this is the primary unit of local government in the rural sector. The VC is a public corporation with perpetual succession, the power to hold property, to enter into contracts, and to sue and be sued. The executive power of the VC includes the power to hire and fire staff (other than positions mandated by the Local Government Service Ordinance), to sell or dispense public utility services (water, electricity, street lights, housing for the indigent, etc.), to levy taxes and rates, to undertake the construction of public assets (roads, clinics, libraries, etc.), and to enforce laws made by the Council, including the right to prosecute violators in the Rural Court.

Cutting across these powers, however, is a substantial measure of central supervision and control. VC communal funds are maintained on account at the kachcheri (District Headquarters) where they are subject to inspection and audit. The most significant limitation

on the autonomy of the VC is the residual power of the central government to dissolve the Council and place the supervision of local executive functions directly under officials of the Ministry of Local Government. In theory this step is reserved for the most extreme cases of fiscal mismanagement or clear malfeasance on the part of the VC chairman or members. In fact, the punitive dissolution of VC's has become increasingly common, and the grounds for dissolution increasingly diffuse. In one of the VC's included within this study, the Council was dissolved following a protracted confrontation between the VC chairman and the local Member of Parliament over the latter's alleged failure to pay his electricity bill to the village authorities.

This incident is illustrative of a number of features of village-level politics in Sri Lanka: the conflict between the VC chairman as a local leader and the MP as a national political figure, the public character of the conflict, and the ultimate recourse to central intervention to resolve competing claims of authority are all consistent themes in discussion with the majority of VC's visited by the author. Each of these is worthy of consideration in any attempt to map the environment of local governance in the rural sector.

Figure 5.1

THE ADMINISTRATIVE ENVIRONMENT OF LOCAL GOVERNANCE IN 1973

LEVEL	ORGANIZATION			SCALE (approx. pop'n.)
CENTRAL	<u>MINISTER OF HOME AFFAIRS, LOCAL GOVERNMENT, JUSTICE, &amp; PUBLIC ADMINISTRATION</u>			13 MILLION
	<div style="text-align: center;"> <p>MINISTRY OF HOME AFFAIRS</p> <hr/> <p>DIRECTOR OF RURAL DEVELOPMENT</p> </div>	<div style="text-align: center;"> <p>COMMISSIONER FOR PEOPLE'S COMMITTEES</p> </div>	<div style="text-align: center;"> <p>MINISTRY OF LOCAL GOVERNMENT</p> <hr/> <p>COMMISSIONER OF LOCAL GOVERNMENT</p> </div>	
DISTRICT	<div style="text-align: center;"> <p>ASST. DIR. RURAL DEVELOPMENT</p> </div>	<div style="text-align: center;"> <p>GOVERNMENT AGENT</p> </div>	<div style="text-align: center;"> <p>ASST. COMMISSIONER LOCAL GOVERNMENT</p> </div>	500,000
SUB-DISTRICT  (REVENUE DIVISION)	<div style="text-align: center;"> <p>RURAL DEV. SUPERVISOR</p> </div>	<div style="text-align: center;"> <p>DIVISIONAL REVENUE OFFICER</p> </div>	<div style="text-align: center;"> <p>LOCAL GOVERNMENT INSPECTOR</p> </div>	60,000
LOCAL	<div style="text-align: center;"> <p>RURAL DEV. SOCIETIES</p> </div>	<div style="text-align: center;"> <p>GRAMA SEVAKA</p> </div>	<div style="text-align: center;"> <p>VILLAGE COUNCIL</p> </div>	10,000
SUB-LOCAL	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>JANATA (PEOPLE'S) COMMITTEES</p> </div> <div style="text-align: center;"> <p>VC WARDS</p> </div> <div style="text-align: center;"> <p>COMMUNITY CENTERS</p> </div> </div>			1,000

B. Village Leadership

Despite the relatively modest formal powers attending the office of VC chairman and the absence of official remuneration, the position has nonetheless been a traditional springboard into national politics as well as a potential avenue to collateral sources of income and prestige. There is, consequently, no dearth of contenders for the position. In Kegalle district, all 19 council chairmen reported themselves as "cultivators" or "landed proprietors," and none noted any other employment despite the fact that of the 19, two are junior ministers in the central government, two are private secretaries to Members of Parliament, and three are directors of public corporations. Indeed, more than a third of all sitting Members of Parliament are (or have been) Village Council chairmen.<sup>1</sup>

The job of the VC chairman affords access to higher-level politicians and officials because of the perceived political importance of the position and requires contacts at higher levels if the chairman wants to produce benefits for his constituency. The responses

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<sup>1</sup>No comprehensive tabulations exist, but a number of MP informants estimated the number of past/present VC chairmen in the legislature to be 50-65 out of a total of 145. The chairman of the All-Ceylon VC Chairman Committee is currently an MP and Deputy Minister for Shipping and Tourism in addition to his role in local politics.

to questions concerning linkage to the central political and administrative arena are illustrative (See Table 5.2).

The chairmen's responses are interesting not only as a measure of ongoing contact with the center, but also because they suggest the importance of political as opposed to administrative contacts. In response to question number 4, 17 of the 26 respondents indicated that they usually count on political figures (Junior Ministers, Deputy Ministers, Ministers) rather than professional bureaucrats. All the groups involved in this process (VC chairmen, MP's and government officials) agreed that this pattern of reliance on the political structure to solve ostensibly administrative questions had increased since the elections of May 1970. Unfortunately no comparable data for an earlier time period exist, so the rate and extent of this change remain a subject of speculation.

The patterns of contacts at the center characteristic of VC chairmen are not, by and large, reflected in the associations of the ordinary council members. This was usually attributed to the nature of local campaigns. Each ward is supposed to elect one member who then, in conjunction with his fellow members-elect, selects a chairman. In point of fact, a candidate seeking the VC chairmanship seeks to assemble a slate of candidates from all or most of the wards who are committed to support him

Table 5.2

CENTRAL LINKAGES OF VC CHAIRMEN (N=26)

1) How many trips to Colombo do you make each year on VC business?	0-5		5-10		10+
	0		9		17
2) How many telephone calls do you make per month to Colombo on VC business?	6*		8		12
3) Do you usually see the local member of Parliament when you go to Colombo?	YES		NO		
	17		9**		
4) To what level of central government do you usually take problems for solution?	Assistant Director or below	Director	Deputy/ Junior Minister	Perm. Sec.	Minister
	5	2	11	2	6

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\* These 6 respondents were the six whose Council Offices did not have telephones.

\*\* Of the 9, seven indicated that they were members of a different party than the MP.

in the post-election selection of the chairman. As a consequence, ordinary members tend to have particularly strong organizational roots in their respective wards and to generally reflect a network of associations which connects them downwards in contrast to the chairman's links up the political hierarchy. My sample of ordinary Village council members is less complete and probably biased towards more politically active members, but the contrast of their organizational memberships and those of the chairmen is revealing. (See Table 5.3).

The membership of local politicians in other associations is of particular significance in the context of the extraordinary degree of politicization and participation among villagers in general. By way of illustration I might point to my unsuccessful attempt to differentiate within my sample of farmers in Kegalle and Amparai in terms of their political awareness. I asked each farmer the name and party of his MP and that of a government minister generally adjudged to be particularly obscure. Of a total sample of 156 farmers (with holdings of less than 9 acres), all 156 correctly identified their MP and 155 knew the minister in question. (One named the man who had held the same portfolio in the last government). Of this same sample, more than one in four had held some appointed or elected office in a local level body. While the

Table 5.3

VC MEMBERS: ASSOCIATION MEMBERSHIPS

	Temple/ Mosque Committee	Cultivation Committee Member	Cultivation Committee Chairman	Rural Dev. Soc. Member	Community Center Member	Janata Committee Member
	n    %	n    %	n    %	n    %	n    %	n    %
<b>CHAIRMEN</b> n=26	19    73%	7    27%	7    27%	4    15%	10   38%	4    15%
<b>MEMBERS</b> n=62	58    94%	62   100%	44   71%	36   58%	19   30%	21   34%

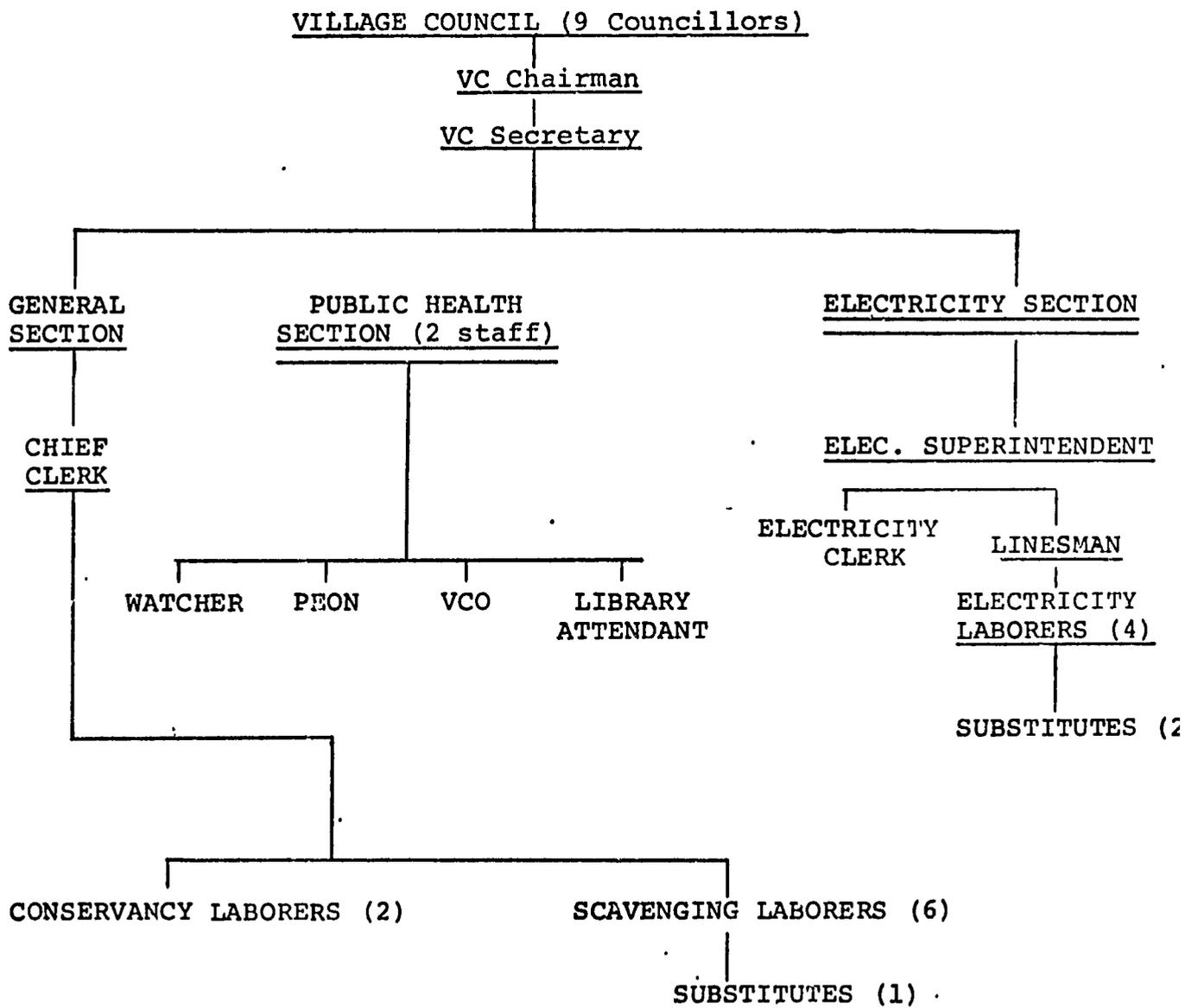
participation rates are no doubt somewhat skewed by the fact that my sample did not include agricultural laborers and was not constructed randomly from census rolls, the orders of magnitude do, I believe, accurately reflect the remarkably active and informed political environment in rural Sri Lanka.

Myths seldom die easily, however, and the myth of the uninformed and politically passive peasant still has surprising currency among administrators (although seldom among politicians!). Undoubtedly the weakest single link in national system as a whole in Sri Lanka is the link between the politically active rural population and the district and divisional levels of the bureaucracy who are supposed to serve them. Communication in both directions tends to be indirect. Local rural pressure is brought to bear upon the district bureaucracy by sending the complaint up the political network to the MP in Colombo who passes it on to the administrative network at the ministry or department level which in turn transmits it down the line to the GA's office in the Kachcheri at the district. Similarly, to mobilize support for some new administrative program at the district level, the relevant ministry or department passes the word to the MP's who may or may not feel the need to enlist the support of their constituents for the program.

However circuitous, these channels have gained the legitimacy of usage over time and changing them is not always easy. Not long before my fieldwork in Amparai, the GA had decided to take a much more direct and activist role in district development activities. This was seen as a direct threat to the political perquisites of the local MP for Amparai town who successfully lobbied in Colombo to have the GA removed. The significance of the outcome is underscored by the fact the GA was a very senior government officer who had served as private secretary to the Prime Minister, while the MP was a first-termer who had previously been a clerk in the local water development board. To shorten the administrative distance between the village and the Kachcheri could well have salutary effects for all concerned. Until and unless this is done, however, the role of the VC chairman and his Council in tying the village into the larger system via the political network is a central one. Were development planners and development administrators as sensitive to this relationship as the politicians, one might begin to find higher congruence between policy and action. In those instances where the administrators have made some effort to work through rather than around local organizations, the results have generally been quite positive. Much of the responsibility for developing the district agricultural plan had been passed on to the

Figure 5.2

STRUCTURE OF VILLAGE GOVERNMENT IN A PROSPEROUS VC AREA  
(Akkarapattu Central)



Staff totals 11 elected Officials, 3 Local Government Employees, and 16 regular local employees.

Cultivation Committee (CC), for example, with the consequence that the gap between projected and realized levels of production has narrowed. Administrative utilization of the CC has not led to any corresponding decrease in its political potential. On the contrary, this seems a clear example of the non-zero-sum dimensions of decentralizing power. The political and administrative interactions with the Cultivation Committee are dealt with in subsequent sections of this monograph.

#### VI. VILLAGE COUNCILS AND AGRICULTURAL POLICY

The strong membership overlap between Village Council and Cultivation Committee is significant. The functions of the CC have a particularly old and well-developed legitimacy deriving in part from the fact that the basic constituency of the CC is the Yaya (tract of adjoining paddy fields dependent upon the same source of water), and as an administrative unit it has roots in the earliest historical period in Sri Lanka. The requirement of collectively managing decisions relating to the timing of planting, the phasing and extent of paddy irrigation, and if feasible the standardization of varieties grown within the Yaya makes the CC a "functional" political unit in the simplest sense of the word. The relationship between the CC's and the agricultural administrative hierarchy is treated in a subsequent section; however, it is worth noting here that

the high correspondence between elected CC members and elected VC members (in my sample the correspondence was 100 percent of ordinary VC members) is probably the strongest link between agricultural policy-making and the formal political process at the village level.

The intention of the central government to keep "village functions" and "agricultural functions" organizationally distinct is clear from the content of legislation governing Village Councils. Of a total of 34 Acts and Ordinances regulating VC's, only one paragraph of one section of one ordinance relates directly to agriculture.<sup>1</sup> This provision enables the VC to "apply any part of the communal fund to the conduct of experiments in agriculture and the breeding of domestic animals, and to the maintenance of experimental farms and studs for this purpose." None of the VC's in Kegalle or Ampara District undertook these types of activities, which were generally agreed to be within the purview of the Department of Agricultural Extension (and consequently the responsibility of the KVS at the village level). Indeed, most VC chairmen and members were surprised at questions concerning the role of the VC in agricultural policy and none of the council meetings I attended addressed themselves to any explicitly agricultural questions.<sup>2</sup>

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<sup>1</sup>Government of Ceylon, Ordinance No. 54 of 1942, 17/k.

<sup>2</sup>The only activities encountered by the author which directly involved the VC with agriculture involved the decision to plant food crops on Council property and to award prizes to Youth Farmer Groups.

## VII. EXPENDITURES OF VILLAGE COUNCILS

The aggregate patterns of local government spending have changed relatively little during the post-independence period in Sri Lanka. Roads, public health and salaries consume the lion's share of almost every VC Budget. Most VC chairmen interviewed indicated that expenditures in these areas were generally accepted as legitimate both by constituents in the village area and by the Ministry officials who audited VC budgets. New or unique categories of spending tended to raise official eyebrows and provoke complaints from within the Village. Most VC members agreed that the task of collecting a reasonable portion of the taxes and rates assessed by the Council was difficult enough without having to justify new and expensive projects. Table 7.1 suggests how rigid the pattern of expenditures in the rural sector has become.

If we look at the budget of a single VC, the constraints on innovation and change become more obvious. The Pinnawala Village Council area is located in a densely populated paddy-growing region of Kegalle district. Pinnawala VC has a population of 20,500 spread over an area of 25 square miles and divided into 21 VC wards (each returning one member to the Council). The net revenues of the VC amount to 112,000 Rupees of

Table 7.1

EXPENDITURES OF VILLAGE COUNCILS, 1953, 1958, 1963, 1968 IN RS.

<u>Head</u>	<u>1953</u>		<u>1958</u>		<u>1963</u>		<u>1968</u>	
Public Health	1,133	23.3%	3,890	30.8%	4,600	31.3%	5,791	28.2%
Thoroughfares	2,229	39.0%	2,906	23.1%	3,716	25.3%	5,496	26.7%
Establishments	2,033	35.6%	5,000	39.6%	5,810	39.5%	8,578	41.7%
Others	118	2.1%	830	6.5%	581	3.9%	692	3.4%
<b>TOTAL</b>	<b>5,711</b>	<b>100.0%</b>	<b>12,626</b>	<b>100.0%</b>	<b>14,707</b>	<b>100.0%</b>	<b>20,557</b>	<b>100.0%</b>

which more than 80 percent are transfer payments from the center. The Council has fixed the acreage rates at Rs. 2 per 5 acres and assessments at 6 percent of the registered values of "built-up areas;" however, the intervention of the local MP (who also has a deputy minister's portfolio) has prevented the collection of rates for three years. The biggest single outlay of the Pinnawala VC is to support the Ayurvedic dispensary.<sup>1</sup> This facility treats some 200 patients per day free of charge and costs the VC just over 40,000 Rupees annually. The VC has built and maintains 150 miles of local roads (as distinct from roads maintained by the department of highways) on which they spent 28,000 Rupees in 1972 for maintenance. In accordance with a tradition of some 20 years' standing, these funds are divided equally among the wards. The formula in 1972 was 10 days of road work per ward for the fiscal year. Approximately 60 percent of this sum for roads is in the form of wages, and supplemental labor is hired in each ward for its own construction and maintenance work ensuring even more equal distribution of benefits. An additional 19,000 Rupees is required to meet the costs of the Council's clerical staff and the salaries of scavengers and conservancy laborers.

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<sup>1</sup>Western-type dispensaries and clinics are maintained by the central government, but traditional or Ayurvedic dispensaries (which enjoy substantial popularity) are a local responsibility.

The most discretionary element of the budget involves the expenditure of the capital grant paid to the Council by the central government on the basis of a formula calculation. Previously funds for capital expenditures were mandated under budget heads for specific projects and categories. Since 1971 they have been fully at the discretion of the VC with the provision that capital projects be undertaken from among those projects listed by the VC in its four-year development plan and approved by the ministry.<sup>1</sup> In fact, the range of choice on the part of the VC is limited by the feeling on the part of the chairman and more experienced councillors that only "cookbook projects" of the type that have always qualified for capital grants are likely to get ministerial approval in the village's four-year plan. These include the construction of playgrounds, the building of libraries, the construction of flood culverts and lined drainage ditches, etc. The real choices are distributional rather than qualitative, and most of the VC members and staff agreed that proportionality among wards would continue to be the guiding principle for these expenditures.

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<sup>1</sup> According to a plan proposed by the Minister of Local Government in August 1973, VC's would shift to PPBS budgeting with all funding on a continuous resolution basis. The shift to four-year plan cycles for village budgets is seen as an intermediate step to facilitate the transition to PPBS. A number of VC chairmen have been sent for PPBS training to the Local Government Institute at Peradeniya.

Larger capital projects such as the provision of piped water to built-up areas of the VC or the extension of electric services to remote off-road areas are all well beyond the scale of the annual capital grants. To undertake projects of this nature requires that the VC fall back on capital reserves if it has them (the reserve account of Pinnawala was minimal) or apply for a capital loan from the Local Loan and Development Fund of the Ministry of Local Government. These loans require the VC to prepare an implementation plan which includes provisions for timely amortization of the loan. In practice this means that the VC must not only demonstrate past fiscal responsibility but also an earnest intention to extract further local resources to cover the cost of debt repayment. In Pinnawala, as in virtually all VC's visited during the course of this study, the VC members expressed the gravest reticence to undertake any new financial obligations on the part of the council which would necessitate tax increases or increased collections of taxes at present levels. The commonly expressed point of view on this question was that "I have obligations to my supporters. How can I always be going to them for more money when they feel it is I who owe them favors and not the other way around?"

To alleviate this constraint on the generation of local revenues the central government shifted the responsibility for the assessment and collection of rates and taxes from the VC chairman to a Local Government Service employee in 1971. In theory, the chief clerk could now initiate prosecution for failure to pay taxes in the name of the Council but with the authority and independence of a central government servant. The Permanent Secretary to the Minister of Local government assured me that this procedural change has led to an 80 percent increase in the collection of delinquent taxes; however, in none of the 26 Village Councils whose current accounts I examined was any such shift reflected in rate and tax collection post-1971. Council members and chairmen expressed the opinion that as long as the locus of tax collection was the VC, efforts to collect more taxes would reflect badly on members regardless of who actually exercised the executive function. Interestingly, even those VC's who sought more autonomy in all other realms viewed with equanimity (and, indeed, with pleasure in some cases) the proposal made by the central government in the summer of 1973 to shift all tax collections to the Kachcheri at the district level and rebate a percentage of such revenues to the VC. Long-time civil servants in the Local Government Ministry saw in this proposal the death-knell of local autonomy,

while VC members perceived it as a welcome relief from an untenable burden. Perhaps this tells us less about the policy potential of such a procedure than it does about the difference in perceptions of "autonomy" on the part of urban middle class bureaucrats and rural middle class politicians.

While Pinnawala VC is reasonably representative of the modal VC in the two districts studied, the picture was not always so bright. In Pottuvil VC area (Amparai District), the council had recently been dissolved when I visited the office with the Assistant Commissioner for Local Government in Amparai who was then directly overseeing the administration of the village's affairs. Dissolution came in the wake of a vote of no confidence in the VC chairman followed by unwillingness on the part of any of the members to assume the chairmanship until external auditors were able to put the VC accounts on a sound footing. At that point the current account of the VC reflected revenues of 30,000 Rupees, of which 29,000 were central grants. The expenditure side of the books showed 4,000 Rupees expended for the construction of 1/2 mile of road, one well and 600 yards of retarring of VC roads. Another 7,200 Rupees had been paid in salaries to VC employees, and the remaining 18,000 Rupees were expended but unaccounted for. The state of financial chaos of the VC was mirrored by the condition of its other activities. Few meetings had been held in

the previous 12 months, and only four or five of the Council's eleven members had attended regularly. Acreage tax collections amounted to less than Rs. 150, although "taxes receivable" reflected a potential tax yield of 1,700 Rupees. Only two of the eleven wards had Community Centers (as opposed to 21 out of 21 in Pinnawāla--with 18 of these active), and both were moribund in part because the officers were elderly and uninterested in the organizations.

Most of the VC's visited were more like Pinnawala than Pottuvil, but it was the latter that comes closest to the stereotype of the village council which is held by most government officials at the district and central levels: "If we don't keep an eye on the budgets, those chaps will run off with the whole communal fund." "You find the most dreadful fellows popping up as VC chairman--honest farmers don't have the time for politics," "they're mostly in it for the money--these VC chairmen award themselves or their brothers all of the contracts."

#### VIII. AGRICULTURAL INFRASTRUCTURE: THE INSTITUTIONAL COMPONENT

The array of organizations and institutions in the rural sector of Sri Lanka appears remarkably complex to the outside observer. They can be organized functionally in terms of those which (1) provide technical services to

the farmer, (2) those which provide inputs, (3) those which perform internal regulatory developmental functions, (4) those responsible for external regulation, and (5) those which provide coordination with higher levels of the system. To catalogue the major institutions and roles under these headings, they include:

(1) Technical

Agricultural Extension: District Extension Officer, supported by Agricultural Instructors at the intermediate level, and with an IVS (village extension worker) at the lowest level.

Agrarian Services: District and Division level officers, supported by food production overseers at the village level.

(2) Inputs

Cooperatives: Asst. Commissioner of Cooperative Development at the District level. Cooperative Inspectors at the Division level. Primary Cooperative societies at the sub-district under which are regional coops and under those are village cooperatives.

Credit: Rural banks and cooperatives.

(3) Internal Regulatory  
Development  
Activities

Cultivation committees (one per paddy tract); Rural Development Societies (locally elected, but tied to rural development agents at the District, Division and village levels); Community Centers (locally elected, but registered with Department of Local Government and subject to some central controls).

(4) External Regulatory  
Developmental  
Functions

Rural courts (adjudication of land disputes); Paddy Marketing Board (supposed to insure that all surplus paddy is sold to government); Rural development officials (cooperate with and regulate Rural Development Societies); Grama Sevaka (representative of the administrative hierarchy at the village level).

(5) Coordination

District Agricultural Committees;  
District Coordinating Committees;  
Divisional Agriculture Committees;  
Village-level Agriculture Coordinating Committee.

The list is by no means exhaustive. Village government institutions are not mentioned as they are treated elsewhere in this paper, and many organizations which are common but not universal (women's committees, youth settlement schemes, young farmer's clubs, to name a few) are simply left out here. Indeed, the rural sector is so rich in institutions that it is difficult to find farmers who are not either active members or closely connected to someone who is. In the VC areas I visited in both Amparai and Kegalle, 25-30 percent of adult males in farm families held some elective or appointive position, and almost 100 percent were direct kin of someone holding elective or appointive office. Granting the fact that I was not interviewing non-agriculturalists or landless laborers (whose membership in village organizations would obviously be lower), nonetheless the rate of participation was consistently high. Voting rates in all elections were

similarly high. For VC elections and national elections the range of turnout was from 74 percent to 96 percent, with the median at 91 percent. For the Cultivation Committees the rate approached 100 percent in every case.

With such extensive participation both in terms of active (membership) roles and passive (voting) roles, one might expect that farmers would have a relatively high sense of efficacy in terms of being able to make the system work for their interests; however, this does not seem to be generally borne out in the cases I examined. Most farmers (especially those who were members of Cultivation Committees or cooperative boards) reported that they felt there was little that could be done by local institutions to change materially the policies and programs affecting the farmer if the change required resources from outside the village level. Despite an extensive mechanism for integrating these groups into planning and policymaking (See Table 8.1), it was generally believed that only government officers could expedite the resolution of problems or change adverse policies. The chronic late delivery of fertilizer stocks to village level cooperatives is a case in point. In 26 out of 26 villages this was reported as one of the major issues of conflict between the farmers and the government. Few of the farmers believed that the problem

was subject to resolution by recourse to local institutions. If, however, the problem was one involving local resources or the application of sanctions against local miscreants, significantly more farmers had confidence in the efficacy of local institutions. The distinction is born out in the response to problems involving fertilizer and irrigation control (See Table 8.2).

The most positive evidence regarding the efficacy of local rural institutions came from two areas where no such institutions existed. In one case a tract of land in central Amparai district which had been under the administration of the River Valley Development Board was visibly poorer than any of the constituted VC areas in the district, and there was strong sentiment to the effect that the only way the area could catch up was by having its own local government. Initial surveying of the composition of the area for the purpose of creating ward boundaries had only just begun and yet active campaigning for seats on the as-yet-uncreated Council was already actively underway. A youth settlement scheme of 85 members had already agreed upon a potential nominee and members of the scheme spoke excitedly of how they would be able to use the Village Council to pressure the government into providing additional material support for their settlement. Farmers anticipated easier access to basic agricultural commodities after the establishment

Table 8.1

ORGANIZATION AND COMPOSITION OF AGRICULTURAL POLICY-MAKING  
BODIES AT THE DISTRICT LEVEL AND BELOW

DISTRICT AGRICULTURAL COMMITTEE (Government Agent, Chairman)

OFFICIAL MEMBERS (statutory)

Members of Parliament within the district  
District Agricultural Extension Officer  
Representatives of the Territorial Engineering Services  
Asst. Commissioner of Cooperative Development  
Marketing Officer (Paddy Marketing Board)  
Land Development Officer  
Divisional Officers (AGA's & DRO's)  
Asst. Commissioner of Local Government  
Asst. Commissioner of Agrarian Services  
District Land Officer  
Asst. Conservator of Forests  
Government Veterinary Surgeons

UNOFFICIAL MEMBERS (appointed by Minister of Irrigation  
according to crops in District)

Paddy cultivators (3)  
Tea grower (1)  
Rubber producer (1)  
Coconut grower (1)  
Representative of cooperative farming societies (2)

DIVISIONAL AGRICULTURAL COMMITTEES (Divisional Officer, Chairman)

Members of Parliament within the division  
Chairmen of the Village Councils  
Cultivation Committee Representatives (2)  
Rural Development Societies (2)  
Chairman, Multi-Purpose Cooperative Societies  
Executive Engineer of Territorial Services  
Cooperative Inspector  
Agricultural Instructor (Divisional Extension Agent)  
Divisional Officer, Agrarian Services  
Rural Development Officer  
Supervisor, Land Development

VILLAGE LEVEL AGRICULTURAL ORGANIZATION (Chaired by Cultivation  
Committee Chairman)

Cultivation Committee Members (12, including Chairman and Secretary)  
Krushikarma Veyapthi Sevaka (Village-level extension agent)  
Grama Sevaka

NOTE: A Cultivation Committee consists of 12 farmers from a single yaya (tract) elected by all cultivators in that tract. The CC's have statutory taxing powers, powers of investigation in land disputes, rights of prosecution in cases of cultivation offenses, authority to promulgate and enforce irrigation regulations and the annual cultivation calendar.

SOURCES: Government of Ceylon, Ordinance No. 14 of 1956; and Kachcheri, Kegalle Memorandum 2/84/8/25 "Agricultural Implementation Programme 1973/74."

Table 8.2

PERCEPTIONS OF THE EFFICACY OF LOCAL INSTITUTIONS BY FARMERS

<u>Question</u>	<u>Village Level</u>			<u>District Level</u>		
	<u>Cultivation Committee</u>	<u>Village Committee</u>	<u>Other</u>	<u>Government Agent</u>	<u>Agric. Inst./ District Agricultural Extension Officer</u>	<u>Other</u>
If fertilizer is out of stock, whom would you contact? (n=104)	14 (13%)	11 (11%)	9 (9%)	41 (39%)	29 (28%)	0
If someone were breaking the locks on the irrigation gates, whom would you contact? (n=52; Amparai only)	24 (46%)	2 (4%)	0	19 (37%)	1 (2%)	6 (12%)

of a Village Council, and school teachers expected additional funding for rural schools in the area. In other words, while Village Councils were not perceived as being particularly instrumental in competing for resources against other VC areas, the absence of local government was perceived as a clear liability.

The second case of this type was even more clear-cut. It involved a newly colonized settlement in the interior of Batticaloa District. Settlers had been recruited from a variety of locations, assigned sites in a region where government had made a major investment in tank and irrigation channel construction, and provided with a start-up package of inputs and credit. After a year and a half only 4 acres of nearly six hundred has been cultivated. A fact-finding trip with the GA and his staff revealed that as a consequence of their diverse origins, the settlers had been unable to set up Cultivation Committees. Lacking any organizational base to set planting schedules and determine the basis of water issues from the channel system, cultivation had proved all but impossible. Once again, it was clear that however limited the capacity of Cultivation Committees to generate new agricultural policy or to deal with bureaucratic bottlenecks, the absence of CC's in the example cited suggests that they are a necessary if not a sufficient requisite to rational agricultural progress.

IX. CONCLUDING OBSERVATIONS

The introduction to this paper promised no simple interaction coefficient between institutions of local governance and rural development performance, and indeed we have found none. Some salient features of the institutional/developmental interaction do stand out in the Sri Lanka case, however. While the administrative apparatus of development is largely the standard model which is found in a large number of ex-British colonies, the political institutions in the rural sector are more numerous and more vigorous than one finds in most other cases. It is perhaps significant that this institutional configuration is associated with a pattern of development in which growth has been unremarkable (indeed, performance on the growth dimension is exceeded by a large number of developing agricultural countries) but very substantial gains have been made on the distribution/equity front.

If in fact the association of high institutionalization of participation with increasing equalization is causal, then the patterns of change in the immediate future should give us a clearer picture of the strength and magnitude of that relationship, since substantial changes in the configuration of rural participatory institutions are taking place currently and their impact should be clear within another year or two.

Janata (People's) Committees were sanctioned by legislation in 1971 and are just beginning to find their institutional footing. Generally more partisan in composition and more parochial in perspective than the VC's, they are beginning to challenge the Council's position in the village arena. The increasingly active role of MP's in the day-to-day affairs of their constituencies is not only increasing the salience of national partisan issues to local political institutions, but is also beginning to supplant the traditional role of the administrator as the primary link between village and center. These trends are at present associated with the government in power, but as with most forms of mobilization, it is probably a ratchet phenomenon, hard to reverse and likely to take on new forms unanticipated by its current promoters. Meanwhile Village Council elections, which are now overdue, are being postponed on the grounds of a technical state of emergency, and discussion continues at the center on plans to restructure the VC boundaries to conform to the parliamentary constituencies. Both politicians and bureaucrats tend to view this as a rationalization of local institutions with national ends, but it seems unlikely that it can benefit both groups.

Perhaps most revolutionary of all the institutional changes taking place in Sri Lanka is the establishment of

Agricultural Productivity Councils under legislation passed in 1972 which enables duly constituted farmer's groups to make definitive determinations concerning the utilization of all agricultural land within their territorial jurisdiction. They have the right to dispossess cultivators who are deemed to be misusing land even after warnings have been given them by the APC's. Like the Janata Committees, the APC's are too new to judge. As of September 1973 no APC's were really functioning in either Kegalle or Amparai, although the members had been appointed in some cases. Critics of these new developments see them as making rural governmental institutions appendages of the national political party organizations. Supporters see them as mechanisms for integrating participation in the rural sector with meaningful political decisions. Both are agreed that the changes are likely to mean a substantial increase in the already high quantum of political activity at all sub-national levels.

In some respects the years immediately ahead may be almost too rigorous a test for the capacity of local political institutions to handle the task of rapid economic and social change. Extreme resource constraints (especially food and the foreign exchange to purchase inputs for food production) combined with unabated population pressures are going to keep the load

on the political infrastructure at a maximum. If, under conditions of this type, the political structures prove capable of sufficient flexibility and innovative capacity to carry the system through a period of stable (or even perhaps declining) individual welfare for a period long enough that the nation can bring these pressures under control, then we will have the solid test of our hypothesis which inference alone cannot provide.

*Peasant and Bullock* by Chuah Theah Teng  
From the collection of Dr. and Mrs. Clifton R. Wharton, Jr.