

# Analysing the OECD publication- Economic policies and Agricultural Performance in Shri Lanka 1960-1984

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This analysis on the publication "Economic Policies and Agricultural Performance in Shri Lanka 1960-1984; is to bring out the issues that are emphasised through economic data in the Agricultural sector over four political regimes. The breakdown of the time in question i.e. 1960-1984, over four political regimes in a chronological sense and the focus on the squeeze on the tree crop sub-sector to establish and promote the paddy sub-sector are the features reanalysed and an argument has been worked to bring out that the main argument of the research study is falling short due to a lapse in the analysis which does not reflect the total data available in an economic sense to justify the formulation of economic policies and the agricultural performance during these periods.

First, the breakdown of the period 1960-1984 into four political regimes and the stands adopted to direct the agricultural sector over the four different regimes respectively are analysed in the publication and the total result at the end of each period is established as follows;

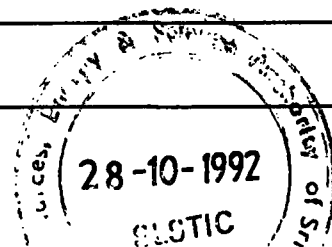
- Political Regime 1: 1960-1965
- Political Regime 2: 1965-1970
- Political Regime 3: 1970-1977
- Political Regime 4: 1977-1984

The publication establishes that land expansion was the evident feature during regimes 1 & 3 and yield improvements were in focus during regimes 2 & 4. As far as the publication presents political regimes totally reflects yield improvements but quite to the contrary of what is stated the facts reveal that a cumulative of yield improvements and land expansion was

evident during this period. The opening of new lands for cultivation under the Mahaweli Programme supports the latter.

This argument related to political regime 4 is supported by the excerpt drawn from the publication; '.... the much more dramatic paddy production growth in the second and fourth periods relied mainly but not exclusively on yield improvements ....' (p. 20) This is so to the extent that the researchers did not work with economic data pertaining to the establishment of the Mahaweli infrastructure and the opening up of new lands for production; at very high costs to the treasury funds of the government. It is believed that the costs absorbed by the treasury in this instance was in the form of debt service and not in any manner close to being drawn from the export earnings of the tree crop sub-sector.

Second, the argument of the authors "That which were needed for social programmes had to come from the Agricultural sector and the squeeze put on the tree crops (tea, rubber and coconut) sub-sector and not on the paddy sub-sector" (p. 11) are two touching points chosen for clarification as for reasons unknown the authors have not chosen to touch upon the debt base, again. Most of the social programmes, agricultural and in general, were financed by foreign debt to which there is evidence in figures and also funding source-wise. The argument by the authors that earnings from the agricultural sector, primarily the tree crop sub-sector Tea, Rubber and Coconut due to its capacity to generate foreign exchange through the exports of produce, value added, though to extents stand valid does



not fully explain the situation that occurs in the Shri Lankan context.

As the returns from the tree crops sub-sector through export taxes and levies does play a role in meeting budget requirements to purchase material and other forms of services required for domestic production but is only marginally utilised for purposes of domestic social programmes, since the need for foreign exchange is great in the first instance.

Further to establishing more meaningful counter arguments to arguments on the overall results of the four political regimes and the squeeze on the tree crop sub-sector and the support to the paddy sub-sector through different policy regimes promoted by the different governments over the period 1960-1984, this brief review extends to draw a trend in the varied policy stands of different governments during the period under question.

The trend as seen moves in a particular direction totally to the benefit of the average Shri Lankan, essentially in a cultural context. The emphasis on the paddy sub-sector is primarily due to (a) meeting domestic needs on the requirements of rice which is the staple diet of all groups of people in Shri Lanka (b) the necessity to save foreign exchange through increasing domestic production of rice which is a crop that could be cultivated in the given climatic conditions of the country. Based on these two points the policy regimes of the respective governments of the four political regimes are examined again. The argument here though might be somewhat askewed yet gives ground to trace a direction of the

progress the Agricultural sector as a whole moved over the period 1960-1984. Land allotment programmes, irrigation rehabilitation, settlement schemes in the lines of organising the rural sector, appropriating land from the private plantation sector, establishing irrigation infrastructure and opening new lands for cultivation in the dry zone for purposes of individual farmers' efforts, subsistence/commercial small scale and medium and large scale commercial farming, are basically the major actions that have been realised over the period under observation. These activities are governed and enacted through a series of policy documents, acts, ordinance, bills etc. The basis for choosing one or another direction through different political regimes though manifold the effort here is to establish, (a) the need, at that point in time, to implement these actions as plans, strategies of the respective governments during the varied political regimes and to identify the underlying pressure upon the respective governments to make progress in the implementation of various government actions.

Identifying the needs for actions and the underlying pressure upon the respective governments to implement such actions are the issues of prime importance.

As stated in the research effort under observation in two instances "..... major function of the tree crops was to generate the foreign exchange necessary to impact manufactured goods and the food shortfall for a growing population." (p.35) "Domestic food crops can be broken down between paddy and all others. Whereas the four successive governments had well defined strategies -of a reasonably consistent and reinforcing set of policy measures -with regard to paddy production and rice consumption, the same cannot be said for the other domestic food crops which were characterised by a combination of being neglect and ad hoc policies," (p. 36) Starting from the direction taken by the government in 1960 on land expansion and the successive efforts to improve the paddy sub-sector was based mainly on -

- (1) cutting down foreign exchange spent on the import of rice for local consumption,
- (2) support the farmers incentives and infrastructure to produce sufficient

paddy for the local demand and

- (3) identify varieties of rice, with high yields, through research and other supportive efforts.

The need for this emphasis on the paddy sub-sector was primarily to meet the main food requirement of the average Shri Lankan to whom rice is the staple diet.

The efforts through out the period 1960-1984 was to render all forms of support to ensure regular supplies of this commodity to the average Shri Lankan.

The role of the tree crop sector seeming to play a role in the economy to earn the much needed foreign exchange to purchase other forms of raw materials, goods and services is acknowledged throughout this period.

Anyhow, the argument of the authors to maintain that the tree crop sub - sector was squeezed in terms of taxes and levies whilst the paddy sub - sector was supported seems an inadequate argument on the light of the fact that the performance and role of the paddy sub - sector though different from the role and performance of the tree crop sub-sector, catered essentially to the local needs in terms of food. The point in focus here is that the tree crop sub - sector and the paddy sub-sector catered to two entirely different needs of the nation. The rural population being the greater proportion that benefitted from the efforts of the respective governments to promote the paddy sub-sector as a whole, inclusive of the agrarian relationships, provision of infrastructure and incentives, employment generation etc. The proportion of the population engaged in the tree crop sub-sector is relatively low, yet the returns of this sub-sector is of high value which at all times were insufficient to meet the total of the social welfare programmes of the government. The necessity to support these government social welfare programmes through debt was and is vital and the authors are to re-analyse the study on the basis that debt played a greater role to support the paddy sub-sector with minimum disadvantages to the tree crop sub-sector. The issues emphasised by the respective governments during the varied political regimes, in the tree crop sub-sector were essentially due to fluctuations in the taxes and levies on products in keeping with the markets for such commodities, situations related to management and employer -

employee relationships in this sub-sector, the lapse in identifying high yielding varieties and the shortfalls in attaining the quality standards established by the markets or perspective buyers. These issues were realised over time for action.

**Reference:**

*The New Realities* - Professor Peter F Drucker. Heinemann Professional Publishing Ltd. 1989.

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