

## The Plantation Sector before Nationalization

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We are at the beginning of a period of critical changes in the plantation system.

By the Land Reform Laws of 1972 and 1975 over 1 million acres, some 1/15th of the total acreage of the country, became vested with the government. The vested land included 363,000 acres of tea, 176,000 acres of rubber and 120,000 acres of coconut. Of this Sterling and Rupee companies owned 237,000 acres of tea, 95,000 acres of rubber and 6,000 acres of coconut. Some were incorporated in the U.K.

Land use in ancient Sri Lanka had preserved the soil as an asset. In those times you had paddy land in the low lying areas, patana in the hill country and tree crops on the slopes in the homegarden, recently termed as Kandyan forest gardens. This type of land use conserved the soil. If you go up now from Gampola to Nawalapitiya and Hatton you will witness what the plantations have done to the soil. On the left of you as you go up you will find tea land where there is no soil left. On the right are the Kandyan homegardens with various crops still preserving the asset in the soil. All in all the plantations had turned the soil into a wasting asset. Though companies had undertaken a scheme of soil conservation around 1955, these schemes were given up for good with the first threat of nationalisation.

The whole technique of mono-crop cultivation and 20 years of complete neglect has turned the soil into a wasting asset. The biggest task facing government as the new owner of these lands is to rehabilitate the soil.

The other aspect of land is the massive legal swindle through which the then government took possession of the waste land and placed this basic asset at the planters' disposal. The crown took over and sold wholesale, large parcels of land at -/50 cts. per acre to pioneer planters. Incidentally,

there is a difference between land planted with tea and those with rubber and coconut. Tea land was sold on a wholesale basis while land for other crops was bought in parcels from the villagers.

Investment of capital, broadly speaking, both working and fixed capital, were generated locally. Very little came from outside. Since 1948, not a single penny has come from the U.K. to Sri Lanka. Finances for work in the plantations were generated by local banking and work went on with bank overdrafts. Thus, the actual amount of foreign capital in the plantation sector was negligible.

Another important factor for the plantation system was labour. Labour was not available locally and was imported from India where a large number of people lived below starvation level. Some 10% of this imported labour perished on the way here. Some crossed around Mannar and walked all the way up. They were bound to serve their masters like serfs. They were migrant as they were here on condition that if there was no work or if there was a slump in the plantations, they were to go back to India. They were alienated from the whites as well as from the village population. They still remain completely alien. The entire surplus of Sri Lanka's income is from this sector. During the latter part of the colonial era the Indian government took some interest in Indian immigrants and set-up an Indian Agency here. This labour force is like a giant that holds up the world but has no share in it. I suppose the Sirima/Shastri pact will alter the situation.

Today there is an excess of labour in the plantation sector. Actually 40 to 50% of the plantation sector gives work for only 3 days a week, 40% for 4 days and only 10% for 5 days or more a week.

The problem has reached an explosive stage. If, however the Sirima/Shastri pact is successfully operated there will be a shortage of labour in the plantations. Although at present there is still an excess of labour in most of the plantations, in 10 years the position is going to be greatly reversed.

The ratio of wages to prices in the plantations has altered very sharply during the last 25 years. In 1955 the

wage of a tea plantation labourer was Rs. 1/50 per day, and the price of a pound of tea was also Rs. 1.50. Today a pound of tea is about Rs. 2/- to Rs. 3/- but a labourer has to be paid something like Rs. 9/-. I am certain that if the system is to survive in this country it cannot be on the present wages.

### Management and Technology

Young lads from Scotland chosen on height, weight and family connections came here and learnt the job. The most efficient sector of our agriculture is the plantations, and the system has worked whatever its peculiarities may be. Behind every white planter stood the full force of the establishment including the Governor. The planters wielded influence in the legislature as well as in other areas of society. This system continued to work even after the whiteman left. The climate of independence did not suit them and in the fifties they packed up. In their place came the blacks, of course, with right height and weight and very good family connections. Surprisingly enough this new system also worked and production too was sharper. The traditional planter was not an Agriculturalist but a Manager, and we must all know the new managers are going to do it.

Government first imported labour from India for the purpose of road building and so on. Roads were built mainly for the plantations and not to serve the people, who very often were cut off from the main infrastructure of the plantations. Some of the villages were not approachable by road.

The market for plantation products was the U.K. Our tea went almost direct to U.K. It was only after independence that the system of local auctions was started. All credit should go to Mr. R. G. Senanayake for starting the Colombo Tea Auctions in spite of impediments from banking, shipping and other vested interests.

I have covered some aspects of the old plantation system and I would like to conclude by saying that this system had reached its last stages. Socially and politically it could no longer last or be tolerated. The wage system was incompatible with the prices of commodities, so much so that either the wage system or the plantation system had to be given up.