Sri Lanka: 60 years since the Great Hartal

Monday 9 September 2013, by KADIRGAMAR Ahilan (Date first published: 12 August 2013).

Understanding what Sri Lanka's Great Hartal meant in the global order of the 1950s, and what its legacy might mean for the country today.

Contents

This year, 12 August marks the 60th anniversary of the Great Hartal of 1953, the nationwide strike and mass public agitation that brought down independent Ceylon's second prime minister, successfully reversed certain unpopular government policies, and became a celebrated event for Lankan leftists. There are domestic political, economic and social aspects to the emergence of this historical moment, which shook state and society in postcolonial Ceylon. But the Hartal was also shaped by the politics of decolonisation and the erstwhile global order, and understanding this crucial moment means exploring the longer history of global political and economic forces, their impact on Sri Lanka's economy, and the resulting upheavals and struggles. Looking at the country today, one could argue that the impact of global forces and the tremendous changes in the Sri Lankan economy in the years following the end of the civil war are comparable to the changes experienced in the years after independence, which culminated in the Great Hartal.

From London to Washington

Lankan independence, coming just five years before the Hartal, was shaped by the Second World War and the decline of the British Empire, which led to decolonisation across Southasia. The Soulbury Commission, sent to Ceylon by the British government in 1945, was clearly constrained by these events as it attempted to address issues of state reform. Furthermore, after the ban on the Trotskyist Lanka Sama Samaja Party (LSSP) during WWII, Ceylon's nationalist elite gave their full support to the British administration. The delay, timing and eventual recommendations of the Soulbury Commission, which culminated in Ceylon's first postcolonial constitution, were all meant to preserve this loyal support and guarantee that the country would not cause the British any bother, first during WWII and then as Britain prepared for the Cold War.

Gordon Walker, a Labour Party MP and the Parliamentary Under-Secretary of State, represented the British government at independence celebration in Ceylon on 4 February 1948. He circulated a report about the celebrations and the general political situation to members of the British Cabinet, in which he expressed hopes of continued British hegemony and a future of political and economic stability on the island:

"Ceylon is settling down as a genuine Dominion. Present Ministers are extremely friendly and want to maintain and deepen the British connexion … Socially, Ceylon is a mixture of feudalism and Eighteenth Century landed aristocracy. There is relatively little caste and practically no communal tension … If no serious land reforms are undertaken the Left Parties will remain of some importance,

though I doubt whether they will make electoral headway. The United National Party is beginning for the first time to take local organisation seriously. Buddhism and Catholicism will become increasingly stubborn obstacles to Marxism."

This report reveals how well the British knew their allies, their enemies, and their own interests. However, it also reflects how wrong the British were in their political predictions for the succeeding decades.

With independence, Ceylon rapidly produced various state institutions. The British were willing to support this process, but the Finance Minister at that time, J R Jayawardena, in taking steps to create the country's Central Bank, did not seek the help of the Bank of England. Rather, he requested support from the US Federal Reserve in Washington. Shrewd politician that he was, in the post-WWII global order Jayawardena already saw the importance of aligning Ceylon with the United States. Jayawardena's US expert was John Exter of the Federal Reserve, who would become the first governor of the Central Bank in Ceylon. Exter had the following to say in the 'Report on the Establishment of a Central Bank for Ceylon' in November 1949:

"The decision of the Government of Ceylon to establish a central bank was a decision with far reaching implications for the people of Ceylon. One implication already stands out very clearly: in taking steps to establish an independent monetary system to be administered by a central bank the Government has demonstrated unmistakably its intention to achieve genuine economic freedom as a corollary of the political freedom achieved a year and a half ago."

Exter clearly knew how to ideologically manœuvre the project of refashioning Ceylon's monetary governance in the prevailing postcolonial political climate, wresting independent control of central banking and breaking old ties to India and Britain. He wrote:

"In fact, whenever a country voluntarily links its currency to another, it establishes a satellite-planet relationship which in effect proclaims that the satellite will always move with the planet. This is tantamount to a renunciation of a basic element of monetary sovereignty."

Thus, he evoked sovereignty in relation to establishing central banking and opening the country's economy to external investment.

As early as a couple of years after independence, foreign investors and international institutions began to drastically shape the political economy of Ceylon. In January 1950, the foreign ministers of many Commonwealth countries, including the UK, arrived in Colombo to initiate what was called the Colombo Plan, which was elaborated in a report released later that year titled 'Colombo Plan for Cooperative Economic Development in South and South-East Asia'. This initiative was built upon the emerging international discourse of development, and a year later, with the Korean War at its height, the US also decided to join the Plan, aiming to use development aid to promote its project of countering the Communist 'menace'.

In a further shift towards the hegemony of Washington, in late 1951, the World Bank sent a large mission to Ceylon. The mission's extensive report, running close to 800 pages in length and titled 'The Economic Development of Ceylon', made a number of recommendations. Subsidies featured prominently: "Ceylon's problem of food subsidies is of the greatest importance not only because of its adverse effect on the budget, but also from the general economic point of view." The report went on to quote the Central Bank's 1950 annual report:

"… a widespread system of subsidies has a tendency to hide real costs, to distort the country's economy, and sometimes to act as a serious barrier to efficiency … Food subsidies are no more than

a palliative, concealing the necessity of adjustment by keeping food prices at an artificially low level."

These two US initiatives – support from the Federal Reserve for the newly created Central Bank, and the World Bank mission – and the economic recommendations that resulted from them, had considerable influence on the ruling United National Party (UNP).

Then and now

From 1952 into 1953 with a fall in exports, Ceylon's foreign reserves began to deplete. The government, under considerable financial pressure, decided to cut subsidies to address the balance of payments crisis. This was the context for the rise in rice prices from SLR 0.25 to 0.70 a kilogram. This, along with cuts to free mid-day school meals, triggered mounting protests, including one of the largest demonstrations in Lankan history with some 200,000 people descending on Colombo's Galle Face Green. A general strike was called on 12 August 1953 by the Left, which shut down the country and is remembered to this day as the Great Hartal. The uprising and its fall out led to Prime Minister Dudley Senanayake's resignation and, eventually, the defeat of the UNP in 1956 by the opposition Sri Lanka Freedom Party (SLFP). British hopes of a smooth and friendly handover of power to the local elite were dashed by subsequent developments, with both Leftist and nationalist politics gaining ground over the next two decades.

Starting with the SLFP government in the late 1950s, both sides of Ceylon's political spectrum resisted and reshaped the market-oriented development policies over the next two decades. This lasted until the UNP's decisive victory and the election of J R Jayawardena in 1977. The Jayawardena regime crushed the labour movement and instilled an agenda of liberalisation and development, which successive Sri Lankan governments then followed. The assault on labour came after tremendous centralisation of power in the creation of an authoritarian presidency, the draconian Prevention of Terrorism Act, and the state of emergency which continued for decades. Indeed, neoliberal authoritarianism had its own risks and costs, as such repressive power was also turned against the minorities and youth. The postcolonial political stability predicted in London and the economic development envisioned in Washington would be undermined by a long and costly war in the North and East of the country, and a brutal insurgency and repressive counter-insurgency in the South; the social costs of all these conflicts are now part of Sri Lanka's tragic history.

The years since the end of civil war in 2009 have also been years of another wave of global integration for Sri Lanka, much like the earlier waves of liberalisation following independence in 1948 and the Jayawardena regime's emergence in 1977. The impact of the global economic crisis of 2008 continues to be felt in the country, with decreasing demand for Sri Lankan exports even as the great inflow of speculative global finance capital continues. Historically, the hegemony of British- and then US-backed political regimes in the country allowed for drastic economic reforms. Today, the Rajapaksa regime is throwing its lot in with the emerging hegemonic power of China, using it to buttress development policies of infrastructure development, financialisation and urbanisation. Social welfare measures, particularly health and education programmes, are being cut even as the cost of living is rising. The acceleration of neoliberal accumulation through dispossession is pushing Lankan society towards a social crisis. Society is increasingly polarised as minorities are made scapegoats for prevalent socio-economic problems; the political economy of the hate campaign against the Muslims is deeply worrying. Is this, perhaps, the making of another great uprising, another major political shift, again with unpredictable consequences?

Ahilan Kadirgamar

P.S.

* Himal Magazine, 12 August 2013:
http://www.himalmag.com/component/content/article/5183-60-years-since-the-great-hartal.html

* Ahilan Kadirgamar is a contributing editor for this magazine, and a member of the Collective for Economic Democratisation in Sri Lanka (www.economicdemocratisation.org).