

## **Social and Economic Changes in Sri Lanka under the British**



You will recall that we studied the system of administration maintained after the establishment of British power in the maritime provinces. The major developments that took place in the economy during that period gave rise to wide changes in the political, social, economic, religious and cultural fields of Sri Lanka. We hope to discuss those in this chapter.

At the time of the arrival of the Portuguese in this country in the early 16<sup>th</sup> century, a socio-economic system that could be described as characteristically Sri Lankan prevailed in the island. The socio-economic system that started with the establishment of settlements by the Aryans in the fifth century B.C., was based on agriculture. Although there was a certain amount of foreign trade, land was the main source of royal income. People enjoyed the land and provided the necessary services to the king. Trade was not wide spread. So was the use of money, and internal trade depended mostly on a system of barter. The economy was based on the caste system and members of a caste satisfied their needs by the exchange of goods and services produced and supplied by various other castes. Accordingly, their lives were mostly self sufficient. The economic system at the time of the arrival of the Portuguese can be described as a self sufficient economic order based on Rajakariya, caste system and land.

At the beginning of the 16th century, The culture of Sri Lanka was influenced by the Western nations . First, the Portuguese made their presence felt throughout the island and controlled the maritime provinces for about 150 years. As a result of this, the endemic socio-economic system of Sri Lanka began to undergo a gradual change. The strong emphasis paid by the Portuguese to trade resulted in a gradual weakening of the traditional system of the country, leading to the need for the import of rice. Along with this development, the pattern of self sufficiency in agriculture that prevailed in the country began to break down. It can be stated that the portuguese laid the foundation to this destruction. Under the Dutch,who replaced the portuguese as rulers of coastal areas in 1658, external trade began to expand further with a corresponding decline self sufficient agriculture. Concurrently, a working class also arose to cater to the small industries started by the Dutch . This in turn resulted in the subsitution of the Rajakariya system that prevailed

till then with a system of paid labour. In this manner, under the Dutch rule, the traditional national system of the economy began to decline paving way for a new economic order.

The inauguration of the systematic plantation of crops on a commercial scale is attributed to the Dutch. Although they opened up cinnamon plantations, they were not successful. In addition, they encouraged the cultivation of pepper, coffee and cardamom on home garden basis and launched sugar cane and coconut plantations. Just like the Portuguese, the Dutch also made use of the compulsory Rajakariya service system to obtain the necessary labour for their economic activities.

The English established their rule in the coastal areas in 1796 and captured the Kandyan kingdom in 1815. The reforms, introduced by the British after 1833 led to massive and a fundamental changes in the economic system of the country. Plantation agriculture replaced subsistence and self sufficient agriculture and the plantations under the English came to be the main driving force of the economy, leading to many changes in the social and economic system of Sri Lanka. This chapter concentrates on these changes that took place in the socio-economic system of Sri Lanka under the British.

## Land Tenure and the Abolition of Rajakariya

The foundation of the national social, economic as well as the political system of Sri Lanka was the Rajakariya system. It consisted of two aspects namely, Rajakariya relating to land tenure and Rajakariya associated with the performance of essential services.

According to the land tenure (Rajakariya system,) all lands in the island were considered as belonging to the king. His main source of income was the revenue from these lands. At that time, no payment by cash was made for the services rendered for the administration of the country. In lieu of a cash payment or a salary, the king allocated blocks of lands to persons who performed various duties for the king. These were known as '**Paraveni Lands**'. Those who held the tenure, performed various services for the king in return for the right to enjoy the land. They in return awarded their lands to ordinary persons for cultivation. Various taxes and duties were paid by the cultivators to the king and the nobles who were the landlords. This was known as the land tenure (Rajakari system.)

The other aspect of the Rajakariya system was the “compulsory services Rajakariya”. Under this system, all male adults of the country were liable to serve the king free of charge for a specific number of days every year. These services were provided under the Gamsabha and the village officers. This service was utilised for the performance of common activities such as the repair and maintenance of canals, water ways, reservoirs and roads in the areas where the persons who provided the services lived.

The Portuguese and the Dutch also used the same system of Rajakariya that prevailed under the Sinhala rulers to obtain labour for the performance of various activities in the areas under their control. The first attempt to change the traditional system of Rajakariya was made by the English who captured the maritime areas in 1796. It resulted in the rebellion against the British.



**Figure 2.1 Governor North**

### **Abolition of the Compulsory Service system of Rajakariya under Governor North**

The first systematic step intended to abolish the age old Rajakariya system that prevailed in Sri Lanka was taken by Governor North. He was not very pleased with the manner in which the Rajakariya system operated. He was of the opinion that native leaders used the system to exploit the labour of the natives for private purposes. He also held the view that it was a system of slavery incompatible with the status of free men. He considered the Rajakariya system as the main obstacle to gain labour for the development work of the island. Accordingly, he took steps for its abolition .

During the period 1801-1803, Governor North brought in three Acts by which he abolished the Rajakariya system, arranged to pay salaries and wages in respect of the services obtained by the state from the people and to receive a specific portion of the produce from the land holders as a land tax.

Abolition of the Rajakariya system did not bring the results expected by North. Although it was hoped that the abolition of Rajakariya would facilitate a convenient way of procuring labour, it resulted in a huge loss to the government and it was not possible to obtain even the amount of labour available under the old system. It led to a shortage of labour, reduction in the production of cinnamon leading to a fall in government revenue. Salaries exceeded the taxes received. It became very difficult to obtain labour needed for common services, and the people who had been accustomed to a self sufficient system of life under which money and the use of money was unnecessary did not see any value of money either. Therefore, these reforms implemented by North with the hope of securing a large profit by the abolition of Rajakariya and procuring paid labour, ended in a total failure.

### **Restoration of Rajakariya by Governor Maitland**

Maitland, who succeeded Governor North in 1805, did not approve the policy followed by North in the abolition of Rajakariya. He had realised the value of the Rajakariya system in the matter of finding labour for essential services. Therefore, he took steps to restore the compulsory service Rajakariya system with the twin objectives of securing labour and enhancing government revenue. However, he did not restore the Rajakariya system relating to land tenure. Accordingly, he continued the practice introduced by North of the payment of salaries and wages for services rendered to the government and the payment of a portion of the production of lands held under Rajakariya tenure instead of a tax to the government.

### **Abolition of the Compusory Service Rajakariya under the Colebrooke Reforms**

After the complete subjugation of the country, the English attempted to improve the economic and administrative organizations of Sri Lanka. Accordingly, a large number of European capitalists had arrived in Sri Lanka with the intention of developing the plantation industry. Even Governor Edward Barnes, who arrived in Sri Lanka in 1820 opened a coffee plantation at Gannoruwa and attempted to popularise the industry. However, the government revenue showed a gradual decline annually and finally it had to depend on help from the treasury to maintain itself. Obtaining the necessary labour for plantation acitvities also became a problem. Because of these reasons, the Colebrooke commission was sent to Sri Lanka in 1829 to find ways and means for bridging the gap between government revenue and expenditure, and make the necessary recommendations towards that end. The Colebrooke commission comprised two members; namely, William Colebrooke

and Charles Hay Cameron. The Colebrooke commission was entrusted with the task of examining and reporting on matters such as the system of land tenure prevalent in Sri Lanka at the time, different systems of cultivation practised in the up country and the low country, different systems of taxation and difficulties faced by foreigners in the acquisition of land. Colebrooke visited various parts of the country collected information and submitted two reports on the economic and administrative system of the country and a confidential report on the Rajakariya system related to essential services. Charles Hay Cameron, who was a barrister submitted a report concerning the manner in which the country's judicial system should be reformed.

- \* Abolition of the Rajakariya system relating to compulsory services was one of the main recommendations made by Colebrooke.
- \* He also recommended the facilitation of the inflow of foreign capital into the country through the sale of land. Colebrooke proposed the abolition of the Rajakariya system as a means for the unhindered supply of labour needed by private entrepreneurs, but what he emphasized was that it should be abolished because it caused much hardships to the people.

Accordingly, the traditional system of Rajakariya that prevailed in Sri Lanka for centuries was abolished in 1833.

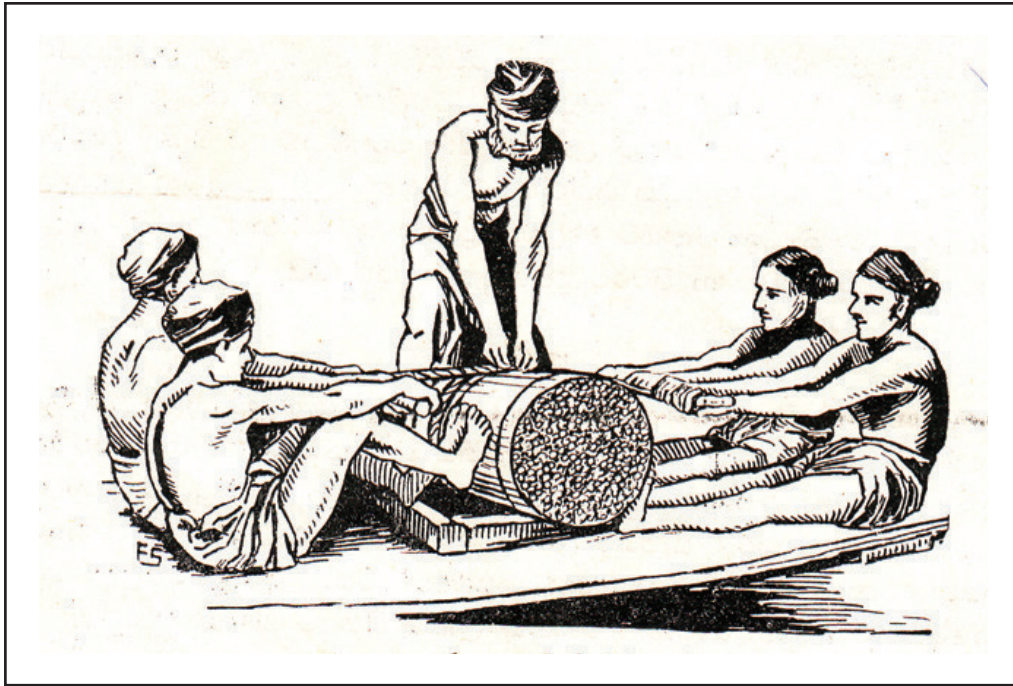
### Student Activities

- \* Explain what is meant by the system of compulsory service related to Rajakariya.
- \* What were the reasons that led Colebrooke to recommend the abolition of the compulsory system of Rajakariya?

## The Beginning and Expansion of Plantations

With the break down of the hydraulic civilization and the drift of the population to the south west, the agro based economic pattern of Sri Lanka gradually came to develop a trend towards a commercial economic system. In this context, cinnamon came to occupy an important place as an agro-export commodity. The trade in cinnamon that grew wild in the maritime as well as the Kandyan areas of the country was treated as a royal monopoly and it was possible for various foreign traders to obtain cinnamon from Sri Lanka. The Portuguese who came to Sri Lanka in the 16<sup>th</sup> century established a monopoly in the cinnamon trade of the





**Figure 2.2 Baling dried cinnamon**

maritime provinces, and earned massive profits. The Dutch, who succeeded the Portuguese in the coastal areas did like wise and increased their profits. During the early phase of their rule, neither the Portuguese nor the Dutch attempted to cultivate commercial crops in a systematic manner. It was the Dutch who tried to cultivate cinnamon as a commercial crop for the first time. Starting with cinnamon, the Dutch tried to cultivate both coffee and pepper on a commercial basis. They had started these plantations in places such as Cinnamon Gardens in Colombo, Kadirana and Averivatte. In this manner, the Dutch laid the foundation of the plantation economy of Sri Lanka.

The English, who captured the coastal areas from the Dutch attempted to cultivate various commercial crops as a means of enhancing their economy. Utilising the special patronage accorded by the British government in the form of special tax concessions and facilities for the acquisition of land, was the policy of the British. However, they were not only unsuccessful in developing plantation, but their income from coffee sales also was not very satisfactory.

### Reasons for the Decline of Cinnamon Sales

- ❁ Increase in the supply of cinnamon to the London market from India and Java.
- ❁ The possibility of obtaining Cassia, a substitute for cinnamon in large quantities from India, East Indies and Southern China.
- ❁ Due to the low prices, the use of cassia increased.
- ❁ The import duty charged in the London market from cinnamon supplied from the East including Sri Lanka was higher than the duty charged from the cinnamon brought from the West Indies.

Under these circumstances the price of the cinnamon supplied from Sri Lanka was higher and hence the demand was not satisfactory.

### Reasons for the Expansion of Plantations

Colebrooke who examined the situation that existed in Sri Lanka saw the government monopoly in trade as the main weakness of the economic system of the island. He proposed that the private entrepreneurs should be given unhindered freedom to engage in economic activities.

He also pointed out that the system of taxation that prevailed at the time was oppressive to the people and a hindrance to entrepreneurs. Therefore he proposed its abolition.

The proposals made by Colebrooke exerted a powerful influence on the development of the plantation industry. He suggested measures to allow Europeans to settle down in the country, remove the restrictions regarding settlement of Europeans in the island and the acquisition of land by them. He proposed that a policy of selling crown land to enable any foreigner to acquire any amount of land must be implemented.

Colebrooke was of the opinion that the British were reluctant to invest their private money under a governor who possessed wide powers such as the possession of all Legislative and Executive powers, authority to expel any person and to keep any person in custody without a trial. Therefore, he proposed to reduce the powers of the governor by the establishment of a legislative and an executive council and

through certain reforms of the judiciary. Colebrooke proposed to establish a liberal administration in the country for the purpose of encouraging foreign investors to settle down here and invest their money.

He held the view that the system of compulsory service based on Rajakariya should be abolished to enable the private entrepreneurs to meet their labour requirements without a hindrance. The system of Rajakariya that prevailed in the country throughout its history was implemented without causing any inconvenience to the people, but it was implemented by the British in a very oppressive manner. Colebrooke proposed that this system which was akin to a kind of slavery was not compatible with a free society and therefore it should be abolished forthwith. Although Colebrooke appeared to have shed tears about the pain the people had to undergo, his real motive was to encourage private entrepreneurs. Through this measure, he expected to create an environment conducive to the attraction of foreign entrepreneurs into the country. The compulsory service related to Rajakariya system was a hindrance to the free mobility of labour. Therefore, what Colebrooke intended to do was to remove the difficulties faced by the private entrepreneurs such as planters in obtaining their labour requirements.

In this manner, the proposals of Colebrooke helped to remove the obstacles faced by the private entrepreneurs to a large extent resulting in a rapid progress in the plantation sector.

As a measure of reducing administrative expenditure, Colebrooke proposed to abolish several privileges enjoyed by the civil servants up to that time. In order to offset the loss they had to incur as a consequence of this abolition, they were provided with facilities to engage in private business. This reform helped the development of the plantation sector further, because they used their official authority in a manner leading to the expansion of plantations.

## Expansion of Coffee Plantation

From about 1804, the British had been attempting to develop coffee cultivation. However, the lack of capital among the natives for engaging in plantation activities and the ban on the purchase of land from the Colombo district by foreigners made it impossible to expand coffee Cultivation. Governor Thomas Maitland did away with the ban on land purchase by the foreigners enabling them to purchase up to 4000 acres from the Colombo district. At the same time, tax concessions were granted allowing for a grace period of five or ten years at the end of which a tax of 10% on income was levied. Because of concessions of this nature, the English turned their attention to coffee. However, it was not successful because of the unsuitability of the coastal area for coffee cultivation.



With the capture of the Kandyan kingdom in 1815, the land most suitable for coffee fell into the hands of the British.

- ❖ The first coffee plantation was started by George Byrd at Sinhapitiya near Gampola.
- ❖ In 1824, governor Edward Barnes opened a private coffee plantation at Gannoruwa himself.
- ❖ Governor Barnes also removed the customs duty on coffee and stopped the duty levied from commercial crops for a period of 12 years.
- ❖ He exempted labourers engaged in the plantation industry from Rajakariya obligations.

These steps were instrumental in generating a very keen interest in coffee cultivation. By 1830, coffee plantations had begun to expand in areas such as Udugama in Galle district, Dumbara valley and the areas around Gampola and Peradeniya.

After 1837, coffee plantations achieved a very high degree of success and government officials as well as foreigners took to plantation activities. During the period 1837-1845, English entrepreneurs had spent about three million pounds while the export of coffee reached the 50,000 ton level by 1845. Starting from very small beginnings, by 1840 coffee had expanded into a wide area in the Kandyan provinces.

### **Reasons for the Progress of Coffee plantation**

- \* Reduction of the import duty on coffee by England in 1833.
- \* Decline of coffee plantations in the West Indies due to the abolition of slavery.
- \* Ability gained by Sri Lanka to produce coffee of high quality as in the West Indies at a lower cost by 1837.
- \* Increase in the demand from the people of Belgium and France due to growing popularity of the coffee drinking habit.
- \* Adoption of successful methods of cultivation modelled on West Indian systems. e.g. R.B. Butler introduced the methods he had studied in the West Indies and the others followed him.
- \* Importation of cheap Tamil labour from South India.
- \* High profits earned by investors in coffee.
- \* Construction of a network of roads connecting Colombo with the up country facilitating convenient transport of coffee and essential goods.

With the expansion of coffee plantations, it was found that the amount of land available was insufficient to meet the demand. Therefore, the Act no. 12 of 1840 known as the Waste Lands Ordinance was passed to confiscate extents of land in the Kandyan areas and sell them at ridiculously low prices to Europeans. In order to provide land for European planters, under this piece of legislation, even the land that was held and used in common by the Kandyans were sold to foreigners.

Although the coffee plantations developed very fast during the 10 years between 1837 and 1847, it experienced a set back by about the later date. The great depression of 1848 that affected the economy of almost the entire world, had its repercussions in this country as well. It was the main factor that led to the decline in coffee cultivation.

However, it was only a temporary set back. By 1853, the conditions had changed, obstructions disappeared and the coffee drinking habit spread very rapidly throughout Europe. The price of coffee in the London market registered an upward trend and the planters were able to reap huge profits once again. Nevertheless, in about 1868, a fungus disease named *Hamelia Vestratrix* appeared on coffee plantations in the country. By 1881, coffee had ceased to exist and the entrepreneurs began to think of alternative crops.

### Age of Multi Crops

During this time, a number of crops were cultivated giving rise to this name. With the complete decline of coffee, some planters turned towards cinchona. The bark of this plant was used for the production of quinine (the only known effective drug for malaria at that time). By 1878, cinchona plantations covered an area of over 65,000 acres. It was also cultivated in countries like Java. Since this was a medicinal plant with a very limited demand, it had to be abandoned within a short period of time. Therefore, the entrepreneurs turned towards tea.

Starting on a very small scale in 1873, tea plantations witnessed a very rapid expansion within 10 years. By 1875, acreage under tea was about 500. This expanded to 150,000 acres in 12 years (1887). By 1890, tea had virtually replaced coffee with a similar acreage. There were several factors behind this rapid growth.

#### Student Activity

- \* Explain the factors that led to the growth of coffee plantations.

## Expansion of Tea

Factors that led to the rapid expansion of tea.

- ❖ Increase in the price of tea in the London market.
- ❖ Greater mechanisation of production processes.
- ❖ Increasing use of fertiliser.
- ❖ Expansion of railways and other facilities.
- ❖ Development of the Colombo harbour.
- ❖ Effective cost reduction measures.
- ❖ Decline in the demand for Chinese tea in the London market and the consequent rise in demand for Sri Lankan and Indian tea.
- ❖ Bringing in South Indian labourers making it possible to secure cheap labour conveniently.



**Figure 2.3 A Tea Estate**

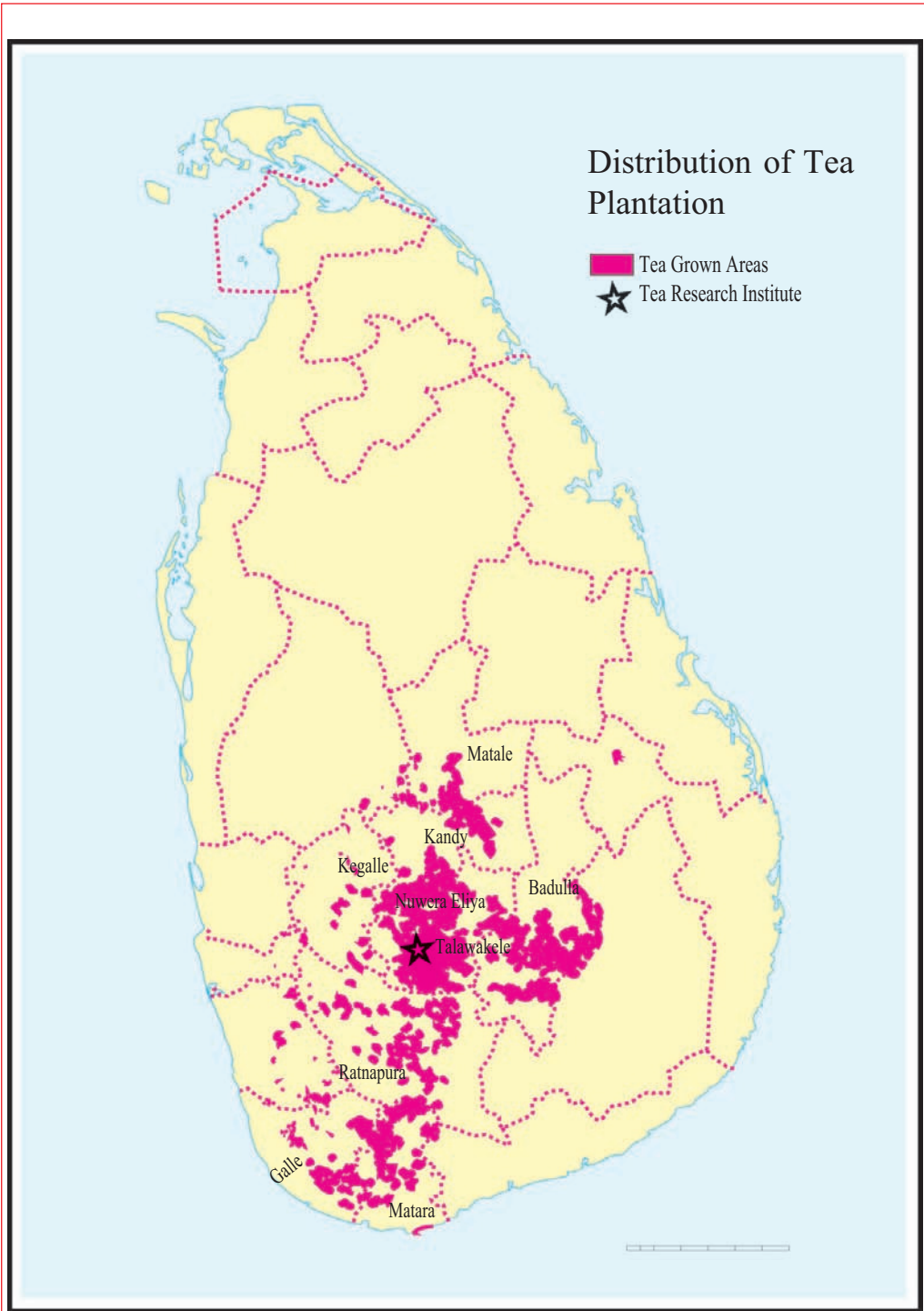


**Figure 2.4 A Tea Estate**

In 1925, the Tea Research Institute was established at Talawakelle for the purpose of conducting research into the diseases affecting tea plants as well as to determine ways and means of ensuring high yields at low cost. This was necessitated by the rapid expansion of tea plantations.

After the first world war, there was a temporary decline in tea prices due to the dumping of tea that had accumulated in war years on the market. However, the price of tea began to increase once again in about 1920. (This led to the opening of new land for the establishment of tea plantations.) The world economic depression of 1929 once again had a detrimental influence on tea exports as well as income from tea. In this manner, although the price of tea fluctuated from time to time, by 1920 tea had come to occupy a major position among the exports of Sri Lanka.





Map 2.1



## Expansion of Coconut Plantation

Coconut was another plantation crop that developed under the British rule during 19<sup>th</sup> century. Cultivation of coconuts had been prevalent in Sri Lanka from olden times, and the Dutch seemed to have been interested in cultivating coconuts on a plantation scale during their time. Fresh coconuts, poonac, desiccated coconuts, copra, coconut fibre coir rope etc. comprised the main important export products during this period. The export of these products began from about the latter half of the 19<sup>th</sup> century.



**Figure 2.5 A Coconut Estate**