# SOCIOECONOMICS 'SYSTEM' OF THE JAFFNA DISTRICT 1984 – 2004 A CRITICAL OVERVIEW OF THE INSTITUTIONAL AND RELATIONAL DIFFERENCES



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MEMORIAL LECTURE

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#### Introduction

The onset of the ethnic conflict in Sri Lanka (SL) and its violent as well as non-violent ramifications have almost completely overhauled the existing sociopolitical, socioeconomic, and sociocultural landscape of the Tamil speaking people living in the Northeast (NE), bringing with it changes in their institutional and relational structures. Although there is some research and a build-up of literature on this modification process, the effort is not only sporadic, but also very much secondary in nature. Most studies have their own specific objective, but occasionally digress to discuss, perhaps, an issue closely related to the ongoing change in any of the areas mentioned above. There is, however, no comprehensive study dealing with the entire transformation process in the NE.

It is not the intention of this paper to even pretend that it had strived to fill this gap. It would, on the contrary, be observed that, at the very outset, the paper is subjected to an inherent constraint. Any study on SL Tamils should, by rule, incorporate the NE. But this essay chooses to consider only the Northern sector and, within this too, it restricts itself to the Jaffna District (JD). There are two reasons for this highly imperfect examination. On the one hand, the author is closely familiar with developments in the selected location and could, therefore, speak with some degree of confidence on the various issues coming under scrutiny. There is,

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on the other, an acute paucity of data and information on the East, which hampers a meaningful analysis. The ground conditions prevailing in the region, along with the time constraint in the context of this paper, preclude any attempt towards readily rectifying this shortcoming. It would, however, be pertinent to point out here that sufficient information on the Eastern sector is an area, which needs to be seriously considered by students of the NE.

Even when one moves to the JD, the focus of this paper, the situation cannot, certainly, be described as absolutely rosy or bright. Research sources are neither copious nor readily accessible. Statistics beyond 1981 are not simply available<sup>2</sup> or whatever available are merely speculative and, thus, not very reliable. In terms of actual research, there is almost a total blank. Sarvananthan, who made some effort to improve on the state of affairs through a scrics of working papers on the NE, began promisingly with the stated objective of highlighting the economic and social decline in the NE. But he ended up. ultimately, stating the obvious: the backwardness of the NE vis-àvis the rest of the island.3 An exception could, perhaps, be made of the various mini-studies done by Balasunderampillai, which have time and again appeared in the Tamil media, probing the ground reality in the JD. Despite the plethora of information and statistics contained therein, they too lack, nevertheless, a deep analysis of the socioeconomic as well as the sociocultural changes, (leave alone the political), and, thus, fail to capture the ongoing transformation. On the other hand, Sivathamby has examined the sociocultural aspects of Jaffna Tamils, often exposing the hidden features of the Jaffna society.5 His analysis avoids, for obvious reasons, providing any interpretation in cconomic terms. Yet, it is hugely helpful in throwing ample light on several socioeconomic issues, which makes their explanation relatively casy.

This study relies, while utilising fully the limited range of resources described above, heavily on empirical observations. An additional source has been the dissertations submitted in recent years by students reading the Special Degree in Economics at the University of Jaffna, as a component of their final examination. They contain valuable data and information collected on the spot, which prove to be a rich source for any research on the JD.

A word of explanation on the choice of the time frame for this study also seems relevant. The origin and impact of the ethnic conflict can, undoubtedly, be traced to the promulgation of Sinhalese majority rule in Sri Lanka in 1948 or even prior to that stretching into the British colonialist era. Wilson, writing in the proface of his landmark contribution The Break-up of Sri Lanka, goes even further behind and considers that '...(Sri Lanka's) political problems owe their existence to circumstances that are of more than 2.500 years' standing...', reflecting the depth of Sinhalese Buddhist feeling on the need to safeguard the Sinhalese people and Sinhalese Buddhism.6 Yet, he too agreed that 'the transfer of power to the Sinhalese ethnic majority in 1948 brought in its wake an unfortunate train of events which can best be described as a loss of perspective on the part of the Sinhalese political elites'. The train of events peaked, however, in 1983 with the pogrom performed by the Sinhalese on the Tamils, eventually leading to an ethnic war between the two communities. Balasingham opines, quite rightly, that the 'Black July' of 1983 'changed the course of political history of the Tamils', creating the subjective and objective conditions for a secessionist struggle.

But, what is more significant from the point of view of this paper is that, it was not simply the political history that was poised for a change. The chain of events ensuing the July 1983 genocidal riots jolted the entire pattern of existence of the SL Tamils and subjected them slowly but steadily towards an altogether different

lifestyle. Nowhere has this been more clearly demonstrated than in the JD within the NE. Although the process is by no means yet complete, the two decades taken up for analysis in this study provide sufficient evidence of the emerging trends and underline the challenges facing a new Tamilian political order.

## The Background Political Economy

The political militancy of the Tamil youth and counteraction in the same violent coin by Sinhalese governments have, no doubt, been outwardly instrumental for the package of changes unfolding in the Jaffna society during the post-1983 period. But, Tamilian politics itself had, more fundamentally, been a responsive outcome of two major forces operating within SL. These could be referred to as *external* and *internal* to the Tamilian society, the focus of our attention. But both had economic overtones related to unfavourable conditions experienced by SL Tamils during colonial rule.

The external dimension unfolds with the dawn of Western colonialism. When colonial subjugation, with the fall of the Jaffna Kingdom in 1619, engulfed the Tamils, the resources within the NE, both natural and human, ceased to enter the economic arithmetic of the ruling governments, except for taxation purposes. The Tamils were, thus, left to seek, devoid of any express state support, their own economic destiny not only for their subsistence, but also to meet the ever increasing fiscal desires of colonial governments. This could, in fact, be viewed as the starting-point of a sneaking 'individualism' among the SL Tamils growing into a major force shaping, internally, their long-term political economy.

A partial change, however, occurred in this episode in the wake of the Colebrooke Reforms of 1833, when the British colonial government decided to utilise human resources within the island to fill-in the middle level bureaucratic positions in the state administrative service. The JD Tamils were favourably poised to reap the gains from this move, mainly because they possessed, thanks to the educational activity of Christian Missionaries in the NE, the required pre-requisite of English language proficiency. Consequently, the surplus human capital rapidly accumulating within the JD could easily be spared to take up these newly created opportunities. On hindsight, it could, in fact, be viewed as an accident in the economic history of Tamils, which infinitely helped to avoid a calamity or a crisis unfurling within the JD through a serious imbalance in the combined utility of natural and human resources. State level employment in the South served as a useful vent for the surplus building up in the latter and prevented a disastrous sociopolitical reverberation.

This shift of human resources from their original environs to be tied to factors of production elsewhere, a feature prevalent not only in the JD, but in the entire NE, could, in economic historical terms, be considered as a distorted pattern of resource-use. It should, under normal conditions of development, be not more than a temporary aberration and, in due course, correct itself allowing the labour to revert back to its home surroundings. But the unfortunate plight of SL Tamils had been that the latter process did not happen, whereas the former attained a more permanent characteristic and continued unabated. It is, in fact, this divorce of the human from the rest of the factors of production in the Tamilian natural habitat constitutes, to this day, the political economy of the SL Tamils. In other words, what should, under normal (economic) historical circumstances, be a short-run phenomenon has, for the SL Tamils, become the long-run traversing, up to now, their entire socioeconomic, sociopolitical, and sociocultural systems subjecting them to an ongoing transformation.

The economic exigency of employment outside, inevitably acquired by the Tamils, required, on the other hand, a different

genre of political response. It manifested in the form of an accommodative stance within the Sinhalese polity both during and immediately after the British colonial era. The political history of SL Tamils has, almost in its entirety, been punctuated by dialogue and course of action on this accommodation path. The historical reality that the Tamils were once the proud citizens of an independent sovereign state had long been forgotten. The political alteration proved, however, to be far from smooth vis-àvis the majority status attained by the Sinhalese within the unified island framework. The difficulty was further exacerbated by the clear reluctance of the Sinhalese from the very beginnings to share power with the Tamils. There was a total absence of any conceivable structural adaptation, within which the Tamils could articulate their rights and promote progress. The Sinhala political mindset was that the island of Ceylon actually belongs to them and any others within its boundaries were deemed to be second-It was apparent that, in this milieu, the class citizens. accommodative posture of the Tamils would be a failure and it reached a totality when the major political party of the Tamils declared in 1976 that a separate sovereign state called the *Tamil Eelam* would, now, be its aim. 10 But, while the party leadership was still debating the modus operandi to achieve the objective, Tamil militant movements suddenly appeared on the radar and made it clear that violence would be their preferred option. If their choice was without the required social recognition, it was soon provided by the anti-Tamil riots of 1983.

However, the birth of the militant movements and their violent strategy would not have been feasible propositions without the internal changes taking place in the Jaffna society. Unlike developments in the external dimension, which came in short spurts, the internal process stretched over a long period of time and involved the (economic) behavioural pattern of especially the JD Tamils.

A closer scrutiny of the Tamilian economic behaviour, devoid of state-oriented macroeconomic policy guidance, would reveal that it was a triangular formation with individualism, competition, and escapism connecting the three ends. They were, nevertheless, very subtle in character and remained highly camouflaged by the prevailing social organisation of the Tamils. The caste system, religion, and the extended family provided a suitable cover against the darker phenomena of the triangle being exposed. The ruling colonial powers too, whether Western or indigenous, did not at any time attempt to disturb the social system of the Tamils and, Arasaratnam was correct, when he declared that 'colonial rule was imposed on the Tamil people without changes in the social structure or the traditional power hierarchy'. 11 Yet, the ruling powers quietly withdrew the policy support as well as the necessary infrastructural investments for Tamilian economic activities driving the community discreetly towards individualism. competition, and escapism. As long as an uninterrupted supply of opportunities was available, the three ends of the triangular behaviour could smoothly move in unison. The era of Tamil domination in the SL public service demonstrated the zenith of this unified trend. But, when ethnic politics set-in, the whole socioeconomic complexion the Tamils encountered underwent a change.

When the Sinhalese discriminatory measures left the Tamils in an imminent state of shock, the Tamil leadership too was not very prepared with a compatible (counter) action programme to meet the economic catastrophe. It did not, for example, have an economic package of any form, which could, at least, provide some temporary relief to the unemployed Tamil youth. Each individual family in the Tamilian community was, thus, compelled to respond on its own with a high degree of singular conduct. It resulted immediately in a sudden exposure of the inherent negative qualities of the triangular behaviour. Individualism and competition, which were, until then, masked,

suddenly became protruding and acute. Escapism appeared as a strategy either in the form of a search for less competitive areas in the South or as a complete exit looking for opportunities overseas.

In the aftermath of the 'Sinhala-only' act, when the Tamils clamoured for the limited ratio of places reserved for them in the public service vis-à-vis the majority Sinhalese, the level playing field hitherto existing had disappeared and, perhaps, for the first time, the Tamils had to compete under discriminatory conditions against the Sinhalese. While the Tamilian efforts for equal opportunities were increasingly becoming politicised and that much difficult, the competition for employment had, in the meantime, been by and large internalised. Ironically, the competition was more revealing internally among the SL Tamils than with the Sinhalese. The tussle was at the preparatory stages for the final output than for the output itself. It manifested as acute competition among the SL Tamils for the right kind of education, leading, irrevocably, towards a situation, where the actual values and objectives of education becoming unduly distorted, if not highly tarnished. Education was, now, being sought to make the search for economic opportunities either in the South or in countries abroad relatively easy. In other words, it had to facilitate the 'escapist' tendencies of an individual either within the island towards a less-competitive field or some suitable opening overseas. Other socioeconomic as well as sociocultural requirements of education altogether disappeared or came to be viewed rather secondary. Tamilian education, thus, serves as a perfect mirror to capture the negative qualities of the three ends connecting the triangle.

The educational change is visibly seen in the Tamilian quest for professional positions during the post-1956 era and the rivalry to acquire compatible qualifications to get them. In an ethnically charged sociopolitical milieu, however, the noticeably successful performance of the Tamils in the professional fields, could not for

long escape the Sinhalese eye. It was, therefore, not very surprising that, in 1971, the scheme of 'standardisation' was invoked restricting the number of university places for Tamil students. While there were, like in the past, some lukewarm protests from Tamilian quarters against this unduly biased system, the most obvious outcome was again seen internally. The ugly nature of the triangular behaviour was more clearly underlined. Vigorous competition for the limited number of university places through the attainment of the required educational qualifications had been the preferred Tamilian strategy. It went to the extent of even losing confidence in the existing secondary school system and promoting the alternate mode of *tutory* education. Yet, for many Tamil youth, it was a struggle in vain milking their energy and time. In the meantime, they had to, therefore, look for some alternate means of a total 'escape'.

There was, thus, the simultaneous trek towards overseas destinations seeking an environment not only less competitive, but also largely free from injustice and discrimination. The tempo of this migratory process had always been a function of the existing socioeconomic and/or sociopolitical conditions within the island. The initial wave of this episode could, in fact, be traced to the post- 'Sinhala-only' period, especially after the 1958 communal riots. It was, nevertheless, still confined to the most affluent of the SL Tamils reflecting the 'brain-drain' syndrome found in any average developing economy. It had not yet grown into some 'escape route' necessitated by political and/or economic exigencies. But, with the progressive deterioration of conditions, it assumed high priority, leading, ultimately, into the formation of a SL Tamil diaspora with a different set of political economy implications.

It needs to be, however, emphasised that even though Tamil migration subscribed, due to the enormous numbers involved, <sup>12</sup> to some social tinge, it was largely a personal decision extending,

perhaps, to one's own immediate family and close circle of friends. Once again, the 'individualism' had been the most predominant characteristic. The move was also subject to, like other Tamilian activities, competition within the society. Our focus is, however, not on those who succeeded in their bid to migrate, but on the remainder, who were left out, or, in other words, those, who could not 'escape'.

Overseas migration was in itself a socioeconomic process, which required a set of favourable factors. Adequate funding, an obliging social connection abroad, an understanding home environment, and, perhaps, some skill, which could catapult into steady economic advancement were all necessary resources to accomplish a successful migration. But among the large number, which aspired migration, only a small proportion could, actually, satisfy these rather stringent conditions. The others, who formed the bulk of the Tamil youth, belonged to the less affluent and middle class families. They had neither the capacity nor the wherewithal to move into a foreign country in order to better their prospects. This group of unfortunate lot had already been marginalised from the internal competition and was, thus, left exposed to the full fury of the Sinhalese discriminatory politics. Once cornered in this manner, they had no other choice, but to oppose the existing system, which denied them a decent living. To their dismay, they found that the incumbent Tamil leadership too was not equipped at all to take their cause.

The SL Tamil youth of the mid- and late-1980s had to, under these very frustrating conditions, compulsively play a dual role. On the one hand, they had to first garb the leadership role and, then, on the other, decide on a useful strategy, an effective toolkit, to launch a system, where their basic needs would be met. A major reality they had to contend with had been the disillusionment of the accommodative stance. A corollary of this had also been the failure of the conventional parliamentary, non-

violent approach. They had, therefore, been exceedingly rational in their choice of force and violence as the most appropriate stratagem. When the natural youth exuberance became an added factor the birth of militant politics was a foregone conclusion.

Once militant politics set in, while individualism and competition were very much in vogue, escapism attained another distinct flavour. The socioeconomic prerequisites mentioned earlier had, now, almost ceased to operate and political and/or economic persecution became the most important determining factor. The SL security forces were in hot pursuit of the Tamil youth either for torture under prolonged detention aided by the draconian Prevention of Terrorism Act or for summary execution. In addition to this, the selective destruction of the Tamilian means of survival, including the major sources of energy like the electricity and oil supplies, (generally in the NE, but more especially in the JD), by the Sinhalese armed forces and an economic blockade imposed by the SL government had made day-to-day existence of the Tamils extremely arduous, if not impossible. There was also a breakdown of the services, education and health in particular, conducive for the upbringing of children with the long run tradeoff of the healthy build-up of human capital, a facet never interrupted in the past. A large number of Tamils, both young and old, were, therefore, compelled to leave their home environs and seek sanctuary, either legally or illegally, in any country they could enter. A true Tamil diaspora was, thus, in the offing.

# Militancy and Migration

When the institutional and relational differences occurring in the socioeconomic set-up of the JD during the peak of the ethnic war are closely examined, it would emerge from the foregoing political economy background that there were two factors primarily responsible for the changes. Although they are singular outcomes of the fusion between the external and the internal

dimensions described above, they are both entwined with one another and harp, more or less exclusively, on youth behaviour.

Firstly, violence and militancy were taking the centre stage of all political developments. This is a phenomenon suddenly dawned on the Tamil community, to which it had not, hitherto, been acclimatised. On the one hand, the Tamils had not, at the very early stages, shown much inclination towards active political participation, perhaps, another indication of their pre-occupation with self-motivated economic interest. Subsequently, on the other, they were, however, dragged into it and had to, in the midst of discriminatory politics, gradually identify themselves with the various measures the leadership was taking. Yet, as long as the political strategy remained within parliamentary means, they did not encounter much difficulty in their association. But, now, abruptly, everything was poised for a change. People had to not only adapt themselves to the new strategy, but also play a participatory role, either indirectly supporting violence, or as victims of counter measures taken by the state security forces. There was, in fact, very little room for their own initiative and thinking on the issue. They had to simply abide by the decisions taken at another level. The reason for their helplessness was, evidently, the involvement of the youth, who constituted part of the society and, for many, their own family.

The importance the youth assumed and their total appropriation of the right to make decisions had, by any standard, been a major institutional change the JD society was called upon to assimilate. Its significance could easily be realised by anyone, who is familiar with a working knowledge of the traditional Jaffna Tamil society. Both inside and outside the family, the elders were usually in the forefront and called the tune in the decision-making process. Whenever, a crisis appeared on the horizon, it was they who assessed the situation and pronounced the final verdict. But, there had, now, been a change of role-play. Resolutions at the

public level were declared by the youth and elders could earn respect and admiration only when they accepted them and helped in their implementation. Those, who did not, found that they were, in due course, socially marginalised in some way and become demoralised. Although the conventional position of the older generation within their families was never threatened, the transformation outside inevitably had its ripples inside too. They could command respect only by being conscious of the and demonstrating a sociological change compatible understanding in dealing with the younger members of the family. It extended, no doubt, into other institutions interacting with the youth. Educational centres like schools and universities fell within this category. There had to be, in all these instances a clear relational difference between the young and the old. Nevertheless, it had been a truism that many families had to endure the loss of children, who chose to join the rank and file of any of the militant movements much against the wish of their parents, grandparents and other elders within the family circle. The loss became, for many a family, permanent, if they succumb in the battlefield.

What is more revealing in this entire episode has been that the older generation had been reluctant partners of the social transformation, where the youth were taking things into their own hands. There existed a clear demarcation between what the grown-ups of the society wanted and what the younger ones were determined to achieve. It is, therefore, true to say that the institutional change achieved by the Tamil youth was done single-handedly without the blessings of the older generation, which, until then, had a heavy hand in both the family and social level happenings. There had always been discreet attempts by the elders of the society at private levels to prevent, what they saw as the decay of the youth. Yet, they could not stop the tide and the will of the youth prevailed. It could, thus, be mentioned as a remarkable achievement, which remains unparalleled in the history of any global society.

Once the youth ultimately emerged as clear winners, they were, obviously, above some of the institutional relationships, the Tamilian society had been sustaining for a long time. Caste and gender could easily be picked as two notable areas. With regard to the latter the youth passion is more evident and there are clear-cut changes. The more noteworthy are the women cadres among the LTTE militants, 13 who have not only become readily acceptable, but their contribution in the various spheres of militant activity too has been fully acknowledged. 14 Socioeconomic changes due to other events like the loss of the male breadwinner of the family and the necessity arising out of the gender equality achieved in education and employment have also compelled the women to be more independent, take-up new initiatives and pushed them towards elevated roles. On the caste issue, the signals are, however, more complicated than gender. Obviously, there are external symptoms that caste is no more a predominant factor in the interaction of people at the different levels. But beyond this, it cannot be stated with any confidence that the Jaffna society has reached a point hoisting itself to achieve a caste-free status. Empirical observations disclose that caste considerations play a subtle, yet determining role in every conceivable sphere of Jaffna life

Yet, changes observed in caste and gender cannot be referred to more than attitudinal. They can be described as arising out of compulsive sociopolitical situations rather than growing naturally as part of a socioeconomic transformation process. For these to be stabilised and become more meaningful, there needs to be, therefore, overall socioeconomic development, which is yet to be initiated at policy levels. Pieces of the development jigsaw puzzle are strewn everywhere, but they ought to be assembled using the thread of macroeconomic policy formulation under institutional guidance to reap the gains. Nevertheless, the post-1984 events have kick-started an awareness with some uneven results in both

caste and gender, which could only grow in stature, bringing in concrete results sooner or later.

The second factor had been the overseas migration. Migration abroad has, in development literature, been identified as a phenomenon closely associated with 'brain-drain'. But with the global spread of political persecution, it is, now, also tagged with the growing syndrome of political 'refugees'. Today, it could, therefore, be safely depicted as a facet having its origins in both. But, when it is linked to the SL Tamils, its implications run much deeper.

We have already mentioned how migration has, like in many other developing societies, been influenced by economic as well as political reasons. It was also discussed, furthermore, how those, who did not find the 'escape' route through migration had been the major causative factor for the rise of militancy in politics and. on the same wavelength, youth dominance in society. A perusal of the history of violent and militant politics in many countries would show that, it is one thing to give room for such elements in politics, but it is altogether a different story when it comes to maintaining an even tempo and achieving results. But what is unique about SL Tamil militant politics is that 'overseas migration' had served as a knife cutting both ways. While those who failed to enter the migration brackets made the origins of militant politics feasible, all those who succeeded in their bid to migrate immensely contributed towards its nourishment and ultimate sustenance. It is somewhat an open secret that the LTTE militancy, (leave alone other militant movements either still active or silent), draws part of its strength from overseas support, primarily from generous funding, but other sociocultural traits not excluded. The SL government has, in spite of its global efforts to curb the flow, not had much success. There are several reasons for the government's failure.

At a surface level, it is true that once a diaspora is formed, the presence of some predictable interaction with the home community cannot be avoided. A major driving force in this respect for the SL Tamils had been their tight-knit social makeup. Despite the already discussed competitive element, which crept into Tamilian economic relationships, there was sufficient fodder in the community for a Tamilian social system to stay intact. A sense of belonging nurtured through social institutions like the caste, religion, and village/town, along with the extended family system, always ensured a coherent society and ensured easy identification, solidarity and support for any home-based development.

But it does not often realised that, beyond these, there operates a more fundamental factor, which makes the Tamil migrants to remain almost totally attached to their society at home. It is true that Tamilian migration reached, in terms of entire numbers, considerable proportions. Yet, it could not convert phenomenon into a social dimension. In other words, despite the presence of strong push factors, the SL Tamils could not indulge in any form of collective migration to any particular destination, whereby they could inculcate original values and form a society of their own. Such growth of a secondary level social order was, perhaps, subjected to three constraints connected to one another and prevented it becoming a reality. Firstly, the SL Tamils could not, like the British, for example, repeatedly did under colonial conditions, (in fact, perpetrated by them), choose a vacant spot in the globe, where they could settle in droves freely exploiting the resources and fashion a socioeconomic structure for themselves. Even those SL Tamils, who crossed in large numbers into neighbouring India, had to be mostly content with a life in refugee camps without any kind of leverage for nurturing their social order. They could neither, for obvious reasons, be easily absorbed into the host South Indian Tamil society. The stark reality for SL Tamils had been that no sovereign state in the world was prepared

to give them collective sanctuary allowing them, at least, some elbow-room for free social formation. Secondly, it meant, therefore, that the Tamils had to (legally or illegally) enter not only foreign countries with full-fledged sovereign power, but also walk into alien societies with entirely a different set of values and attitudes. The SL Tamils, notwithstanding their robust presence in certain countries like Canada and Australia, could not, thus, overwhelm the existing sociocultural traits and become a predominant force. The host governments too have always been cautious that it did not happen. Their usual emphasis on multiculturalism effectively blocked the emergence of any kind of singular sociocultural mannerisms. Moreover, the Westernoriented fully developed host-country work norms, coupled with the physical and climatic conditions too, made the propagation of Tamilian sociocultural values in an undiluted form extremely difficult, if not impossible. The maximum they could go has been some accommodation within defined parameters drawn by host governments. The third factor had been the, now, familiar independent nature of Tamilian behaviour mixed with a competitive character, especially when it comes to economic matters. In the SL Tamil migration too, while the influence of other factors is not denied, a sustained element has, as already explained, been the economic drive to reach greater heights. When individualism reigned in Tamilian economic behaviour, it is not very surprising that their efforts towards migration too have entirely been private, confined to an individual member of a particular family or that family alone. The widespread (global) dispersal observed in Tamilian migration is primarily a sequel of this highly independent decision making process.

The bottom-line of the causative factors described above has been that the SL Tamil social order, with which the Tamils could constantly interact making committed claims, could not be carried to the new destinations with their travelling bags. It was inexorably left behind in their home territories. Even the extended

absence of any direct physical contact with the home society for most Tamils during the zenith of the ethnic war could not make a dent on this outcome. The ultimate result of this detachment for the bulk of the Tamil migrants had been that their socioeconomic life had been subjected to a clear demarcation between social and economic, located respectively at home and abroad. The social life was still solidly secure in its original environs, whereas the economic existence had been thrown asunder into all corners of the world.

A closer look at this institutional and relational difference of the post-1984 period would, however, reveal that the experience had by no means anything new. It has been a phenomenon embedded in the economic history of the SL Tamils. Whenever, they were compelled to take up participatory roles outside their homeland, the task had purely been an economic assignment without a concurrent social transfer. Internally, when the Jaffna Tamils accepted jobs in the state bureaucracy or opened retail outlets in the South, the society was sound and secure in the Peninsula. Except the breadwinner, who in the early stages consisted of only men, the rest of the family remained at home to make up this society. The men were always making frequent and sustained interaction with this native social order. The Tamilian tendency brought, in fact, substantial economic gains to ruling governments in SL through profits accumulated by the railways, providing services between Jaffna and other destinations within the island. Social dealings of the Jaffna man with the host population were, on the other hand, restricted to a minimum conditioned mainly by the economic necessity related to the chosen profession. Now, with the addition of an overseas dimension, the trend had been repeated with the inevitable marginal differences.

It is within such a milieu of two opposing traits, the emphatic presence of a social linkage with the home, despite strong challenges emanating from overseas quarters, vis-à-vis the quiet intrusion of youth militancy internally eroding the traditional values of the society, that further institutional and relational changes in the JD socioeconomic system during the conflict era need to be examined. Nevertheless, it is clear from the foregoing account that both these contributory factors, while attempting to influence institutional as well as relational transformation, possess a mutual relationship and had been nourishing each other. Despite their contradictory nature, one would not have survived without the other.

#### The Role of the External Finance

When the overseas interaction with the home society was qualitatively sociocultural, the typical economic dynamism coupled with growth and development found in host countries, could not easily be injected into the indigenous environment. On the contrary, the tendency has been for a continued sustenance of the traditional values, both at home and abroad. The expatriate Tamils spent much of their spare time, surplus energy, and excess resources in preserving these values in their intra-social dealings, giving rise, in the process, to a frozen SL Tamil culture in their host countries. 16 Frozen because, they could only take with them those values and customs in vogue within the home society at the time of their departure without any knowledge of as well as association with subsequent changes occurring due to, perhaps, dynamic sociopolitical and socioeconomic forces. Even when they interacted with their home, one of the major expectations was to see the traditional Jaffna society intact with all its customary values. On the other hand, when the overseas interaction with the home society, depending on improving political conditions, increased, it had also the capacity to impart a measured cushioning impact on internal changes of a dynamic nature and, thereby, delay progress. There is, thus, an obvious negativity and, any positive element witnessed in the institutional and relational structure has to be within this inherent constraint.

Despite the strong presence of the sociocultural facet, the underlying element in the entire spectrum of diaspora-home link has, nevertheless, been the flow of funds from abroad. Overseas money transactions served as the medium through which all linklines were serviced and kept open. The reality could be compared with the so-called 'money-order economy' of the JD during the British colonial and post-colonial eras. It has, now, under the Sinhalese colonialism, been replaced by overseas money coming, not necessarily in money-order form, but in different other modes. The analogy could be further extended to cover the nature of servicing effected by money transfers coming into the JD. During the money-order era, the sums transacted were, relatively small. These funds were mainly utilised towards the subsistence of families within the JD, whose wage earners were working in the South. Even the little savings families managed to generate went into raising welfare levels within the given sociocultural structure. The amount of savings did not have the power to go beyond and influence any drastic changes in existing lifestyles or sociocultural values. But diaspora remittances were, compared to the modest money-order amounts, much larger and could give rise to substantial savings beyond maintaining the subsistence levels of family members remaining within the JD. 17 Moreover, the sources as well as the quality of revenue had, under conditions of an increased tempo of overseas migration, also appreciated. Sources had a global spread adding to a voluminous size of funding, whereas, much of the money coming in was hard currency yielding, in rupee terms, considerable sums. But, on the other hand, the number of families utilising the amounts within the JD had decreased confined, in many instances, to aged parents or few siblings within extended families.

The huge savings accumulated in this manner formed, in economic terms, capital, which could be invested for various purposes. Yet, the Jaffna economy, given the continuing acute crisis in the political climate, has not reached a point, where the

accrued capital could be effectively utilised for development. A macroeconomic policy framework, firstly, for supportive infrastructural investment and, subsequently, for suitable guidelines towards private investment efforts is still altogether absent. There is no likelihood that these could be achieved without some form of political entity, in which the Tamil speaking communities would have a greater say. Consequently, the Jaffna economy is subjected to a further drain in the form of a capital loss to the South. Although concrete statistical evidence is not available, 18 my personal guesstimates suggest that, through the existing commercial banking system alone, roughly half of what is captured in the form of savings within the entire JD is dispatched to the rest of SL. 19 This drain on funding capital is, it should be underlined, in addition to the human capital drain JD has been experiencing since 1833, if not earlier. Mention has already been made as to how this continued loss of human capital has distorted the economic history of the SL Tamils, resulting in what should usually be a short-run exception becoming a stable long run phenomenon. But, now, more alarmingly, a capital loss is ready to be added on to this, making the plight of the SL Tamil progress still worse.

The capital loss to the South did not, however, deter the JD from using the interest earnings accruing from its savings or, when situations demanded, even the principal amounts being fully utilised. But the pattern of expenditure had to be, as already discussed, within the constrained sociocultural norms. The encountered background was a mixture of three separate socioeconomic realities: (i) the diaspora desire to preserve or, at least, see the traditional Jaffna Tamil values in a more or less undiluted form, (ii) the inability or unwillingness of the diaspora to implant positive elements, socioeconomic values in particular, from their developed host communities into the Jaffna society, and (iii) the absence of the necessary groundwork at home in terms of suitable macroeconomic policy initiatives and planning

to commence a development-oriented socioeconomic transformation. When the available overseas finances were, in this rather pessimistic outlook, translated into actual spending in rupee terms, they could not, thus, instill among consumers an affirmative attitude of any sort. On the contrary, it created in the JD society a variety of distortions, which could only contribute towards a more complicated socioeconomic structure.

#### Socioeconomic Distortions

A major feature of the pattern of spending emerging within the JD has been that the recipients of outside funds had, unlike in the money-order era, a sizeable surplus, which could be utilised for purposes other than their basic survival. In fact, the surplus had been large to the extent of influencing market demand for non-essential items bringing in compatible changes in their supplies. Before turning to take a closer look at some of these changes, there is another facet, which needs to be underlined.

It cannot be denied that the build-up of a surplus in expatriate funds had also been a function of the SL government offensive during both war and peace conditions. When the security forces intentionally chose to destroy income-bearing resources belonging to people during the war and, then, after the dawn of a cease-fire, deny access to them under the pretext of security zones, the economic plight of the JD turned for the worse. A large number of families lost their only source of income and were left in a highly impoverished state. It is at this juncture that overseas remittances provided for many of them relief not only for survival, but also to restructure their lives. A survey carried out last year by our own students of the Department of Economics, University of Jaffna, in 79 villages of the JD showed that on average about 15 to 20% of the village population was almost entirely dependent on foreign transmittals.<sup>20</sup> The upper limit in certain extreme instances went up to about 45%.

The Survey clearly reveals that the repressive socioeconomic circumstances emanating from the politico-military dimension had been an additional factor boosting foreign remittances. But, when they were deprived of their own resources, there was not much incentive to utilise them for investment purposes. Consequently, the Survey also shows that, once people received overseas funds, if they were under displaced conditions, much of their expenditure went, besides essentials, towards a conspicuous consumption of non-essential goods and services, leading to a more distorted socioeconomic outlook. Therefore, a major implication of the Survey is that, especially in terms of expatriate funding, those displaced due to (ethnic) war and peace have contributed immensely towards the socioeconomic distortions witnessed during the period of our study.

There was also another reason for the consumption spree and its undesirable consequences. After a long period of war along with consumption starvation due to the economic blockade and other related factors, when peace returned in the form of a cease-fire, there was an initial spurt of freeing the consumption suppression hitherto experienced. The resumption of the supply of electricity and the near-normal distribution of fuel exacerbated the tendency. Besides the external sources of revenue, there had, thus, been some diversion of internal income too towards the sudden increase of consumption levels.

A combination of these developments resulted in a high demand for household electrical items and modes of conveyance, motorcycles in particular. The increased gender-based social mobility referred to earlier too contributed towards the latter. But, what is economically disturbing about this consumption function has been that, it had not been an outcome of any increase in the GDP of the JD. The corresponding economic activities facilitating this consumption had all taken place outside the JD, either in an overseas location or in Southern SL. Consequently, whatever

amount spent on such items with a high income elasticity of demand dissipates first to the South for a considerable degree of retention before the balance is sent abroad. Any positive outcome accruing, on the other hand, to the JD is very marginal. It had mainly been in the form of a few middle-or low-grade employment opportunities, when the firms dealing in such commodities decide to open retail outlets in Jaffna. The only other benefit could, perhaps, be the taxes levied by the LTTE, when goods were transported through their areas of control.

Another important distortion, which is somewhat ironical, has been that while the JD economy was progressively becoming more closed in the area of production of goods and services, it was fast epitomising the character of an open economy. The trend, could, certainly, be described as optimistic had the economic flow been subjected to a two-way mobility, incorporating exports and imports. But, the movement of goods and finances had, instead, only been in one direction representing the import side. Although incoming finances could signify a capital inflow, it failed, for reasons already disclosed, to induce growth and development. On the other hand, the incoming finances leaked, perhaps, with equal velocity, out of the JD, in the form of savings dispatched to the South facilitated by the existing financial system.<sup>21</sup> Much of the balance income too was spent on a variety of goods and services originating in the South.

If there is one investment activity flourishing in the JD, it is found in the property market. But even here, there is, like the goods and services market, a high degree of fake signals. It is not an outcome of a vibrant economy. Instead, the emerging trend was closely linked to the hyper-level estate market activity for reasons other than any positive economic indicator. There were three developments, which could be identified for the sudden surge in the property market. Of these, one is on the supply side, whereas, the other two appear on the side of the demand: (i) increased

supplies from those who migrated abroad to sell their property, (ii) the demand from displaced people to purchase alternate land/house substituting their loss, and (iii) demand from people with expatriate income to purchase original or additional property. None of these reasons could, in fact, be related to a growth syndrome. Yet, they were powerful enough to bring about changes in the property market. The demand side was more potent to the extent that property prices as well as rentals, including the advances, were inflated beyond, perhaps, imagination. Especially, when the last mentioned factor entered the equation, the property market, in fact, became a sellers' market. The sellers could not only enhance supplies, but also quote any price, which purchasers with foreign money were always able to meet. But, on the other side of the coin, it meant that the local population with no expatriate source of income was marginalised and, for them, housing had become a nightmare.<sup>22</sup> Another factor, again with a foreign tinge, had also been adding to their plight, particularly in the rental market of Jaffna. It had been the entry of the INGOs into welfare activity.<sup>23</sup> Notwithstanding their relief operations, they had all set-up offices and living quarters for their foreign employees in relatively modern buildings, whose rentals were fixed, not in local money terms, but based on foreign currency rates. Thus, the rental property market, with a supply of reasonably modern houses, had become exclusive, catering to only a foreign clientele. Local tenants with average middle class incomes had not only been denied housing on a discriminatory basis, but also when they gain access to the market, the rental rates were prohibitive. It could, therefore, be concluded that the property market in the JD had been subjected to a high degree of distortion. It is not, in anyway, a manifestation of the prevailing internal economic conditions, but more a reflection of the expatriate links JD had developed with an inward flow of substantial hard currency.

Besides the internal distortion within the property market, surging demands for housing land had affected land-use patterns within the Peninsula. I have discussed elsewhere that due to the absence of the necessary infrastructural investments involving policy initiatives from ruling governments, there had a total lack of land reclamation programmes, leading to less- as well as un-fertile lands lying fallow.24 When any remaining fertile land had to accommodate every conceivable need of the JD population, it created enormous pressure on the available fertile land-stock. The land situation drastically worsened with the onset of the ethnic conflict, when the security priorities of the government began competing with public needs. The present security zones constitute the culmination point of such pressure-kettle conditions. Now, the newly created demand in the property market on the lines described above had added further pressure on the already restricted supply of fertile lands. Suitable farmlands are converted at a rapid rate to meet housing and other building needs. A typical eyewitness example is the land along the Raia Veethy running from Jaffna to the Atchuvely-Puththur area. where highly fertile tracts have been consumed even to carve out burial grounds belonging to certain religious denominations. Emerging land-use patterns are highly negative in character further distorting an already complicated land situation within the JD. It is, no doubt, an area of grave danger to any potential programme of economic development, and requires urgent attention.

An upshot of the distortions discussed above, had been the steady increase in relative poverty among the population of the JD. An added momentum to this unfortunate trend had been provided by the growing private sector, which is an extension of the economic agenda pursued by the Colombo government. It is a recognised facet of Development Economics that uncontrolled growth of a private sector can always be conducive to relative poverty. But, in the context of the JD, it should be seen in conjunction with

developments described above. It would be observed that private sector expansion in the JD is, by and large, restricted to trading in consumables, especially falling within the category of 'luxuries'. It neatly, therefore, fits into the demands of households with high or additional incomes. The service sector had also seen swift growth, again satisfying consumers with similar needs. Within the transport services, the development of air travel to a limited range of customers offers a good example of the highly specialised nature of a service contributing to relative poverty. The property market, with all its distortions, is a further demonstration underlining income disparities leading to the same conclusion.

When attention is turned towards society and culture, there is more obvious evidence to show that widespread distortions spreading into the institutional and relational framework of the JD. Once again, the expatriate dimension has a contributory role. It is beyond the capacity of a lecture of this nature to capture all such developments in a comprehensive manner. What is feasible is to bring out the fundamental tenet of these changes, which is highly disguised.

Careful scrutiny of the sociocultural behaviour of the society would show that there exists an underlying irony vis-à-vis the surrounding political economy of the SL Tamils. Politically, they are vying for a critical change moving them towards a different plateau with some basic structural transformation. Economically, a wider section of the Tamilian society has already been converted into human capital, which is only compatible with highly developed societies. Moreover, it is in a diaspora state with constant interaction with the ongoing latest developments. In other words, it is waiting in the wings to come in at an appropriate time to make a constructive contribution. But despite these positive realities, the sociocultural characteristic of a majority of the Tamils is subject to a high degree of conservatism. A major reason for this had, as already explained at the beginning of this

lecture, been their continued social interaction with the home society with the running expectation that it should be in its original state without being contaminated by changes of modernism. Even those who support a revolutionary transformation from within, frequently express the desire of retaining an undiluted sociocultural system.

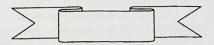
A primary outcome of these ironical tendencies had been the strengthening of some, if not all, of the sociocultural features of the Jaffna society. Hindu religion offers the classic example of this facet. Despite the relative starvation encountered in funding needs for other socioeconomic pursuits, there has been a strong symbolic revival of Saivaism, with the temples forming the central focus.<sup>25</sup> A major source of funding for this activity has been the SL Tamil expatriates. An exposition of the same consciousness can be seen in the construction of Hindu temples with all the attending rituals in the various diaspora centres. Apart from religion, it is not difficult to see the strengthening of other social customs like the dowry system, the caste system etc., if not openly, at least at a substratum. It is also true that the JD Tamils are extremely reluctant to give up on their conventional approach to socioeconomic issues, even when modern development experience has been to the contrary. Their relentless confidence on the English language as the firm path of progress, besides enhancing of knowledge is a case in point.

## Conclusion

From the foregoing account it is clear that the SL Tamils in general and the JD in particular, are subjected to a number of institutional and relational differences during the conflict period. Although the lecture does not claim to be comprehensive, it has, at least, attempted to capture some of it, providing the background in which the changes were taking place.

The nature of the differences does not, however, offer a clear signal that they were all moving in the desired direction ensuring an optimistic future. Instead, there seems to be widespread confusion with an element of pessimism. The confusion has reflected as socioeconomic distortions in several areas, which the lecture has attempted to portray. A key aspect of the distortions is that the emerging institutional and relational differences do not fall in line with the high ideals nurtured by the SL Tamils in their political struggle. Neither do they commensurate with the most developed environment with which they interact in their diaspora destinations. The distortional quality inherent in the differences show that they were not yet prepared to transfer the values to which they are exposed to the home environs.

Despite the, perhaps, gloomy outlook emerging, there is no need to be pessimistic. The Tamilian society is still going through a high degree of transition. The distortions are a clear indication that although the light at the end of the tunnel is bright, there is still some way to traverse before the ultimate goal is reached. The socioeconomic distortions witnessed today cannot, therefore, be considered anything more than transitional stages in the long run growth. They would resolve themselves as Tamilian progress proceeds in the impending direction. In the meantime, it should not, however, lead to any respite, and any negativity needs to be viewed as a challenge to be met with additional vigour.



#### Notes and References

<sup>1</sup> For a glimpse of such literature, see the 'References' in Camilla Orjuela, *Civil Society in Civil War: Peace Work and Identity Politics in Sri Lanka* (Goteborg, Sweden: Department of Peace and Development Research, Goteborg University, 2004), pp. 272-294.

<sup>2</sup> For example, see Central Bank of Sri Lanka, Economic and Social Statistics

of Sri Lanka 2004 (Colombo: Central Bank of Sri Lanka, 2004).

<sup>3</sup> Muttukrishna Sarvananthan, An Introduction to the Conflict Time Economy of the North&East Province of Sri Lanka, Working Paper 1 (Colombo: International Centre for Ethnic Studies, 2003).

For a recent example, see பொ பாலகந்தரம்பிள்ளை, 'யாழ்.மாவட்டப் பிரதேசங்களின் எதிர்கால அபிவிருத்தித் திருமுறைகள் 1', உதயன், செப்ரம்பர் 18, 2005, opening a series of forthcoming articles.

கார்த்திகேக சிவத்தம்பி, *யாழ்ப்பாணம்: சமூகம், பண்பாடு, கருத்துநிலை* 

(கொழும்பு-சென்னை: குமரன் புத்தக இல்லம், 2000).

<sup>6</sup> A Jeyaratnam Wilson, *The Break-up of Sri Lanka: The Sinhalese-Tamil Conflict* (London: C Hurst & Company, 1988), p. vi.
<sup>7</sup> *Ibid.*, p. v.

<sup>8</sup> Anton Balasingham, War and Peace: Armed Struggle and Peace Efforts of Liberation Tigers (Mitcham: Fairmax Publishing Ltd., 2004), p. 42.

<sup>9</sup> For a comprehensive analysis of the external and internal dimensions, see V Nithi Nithiyanandam, 'The Genesis of the so-called "Tamil Terrorism" in Sri Lanka' in S Manivasakan (ed.), *Terrorism* (Chennai: Centre for South and Southeast Asian Studies, University of Madras, 2003), pp. 175-216.

titerature on the political build-up towards the call for a separate sovereign state for SL Tamils is, now, relatively extensive. Nevertheless, a scientific approach to the issue can be found in several works of A Jeyaratnam Wilson. Besides his already mentioned study, *The Break-up of Sri Lanka*, for a poignant account of how the Tamil leadership inevitably moved in this direction is provided in his biographical study on S J V Chelvanayakam. See S J V Chelvanayakam and the Crisis of Sri Lankan Tamil Nationalism 1947-1977: A Political Biography (London: Hurst & Company, 1994); also, see Sri Lankan Tamil Nationalism: Its Origins and Developments in the 19<sup>th</sup> and 20<sup>th</sup> Ceturies (London: C Hurst & Co., 2000).

Sinnappah Arasaratnam, 'Sri Lanka Tamils: Under Colonial Rule' in Chelvadurai Manogaran and Bryan Pfaffenberger (eds.), The Sri Lankan

Tamils: Ethnicity and Identity (Boulder: Westview Press, 1994), p. 35.

<sup>12</sup> B M Korale furnishes a plethora of statistics in his study on Sri Lankan migration and brain drain. Although he has rather deliberately abstained from

ethnically qualifying the figures, it is safe to assume that the bulk of those who migrated were Tamils. See 'Migration and Brain Drain' in Saman Kelegama (ed.), Economic Policy in Sri Lanka: Issues and Debates (New Delhi: Sage Publications, 2004), pp. 300-334.

<sup>13</sup> For a comprehensive history of the contribution of the women cadres of the LTTE, see அ காந்தா, செ புரட்சிகா, மலைமகள், (கிளிநொச்சி: 2ம் லெப் மாலதி படையணி, 2003). விமுகாகி

<sup>14</sup> For a useful analysis on this aspect, see Peter Schalk, 'Women Fighters of the Liberation Tigers of Tamil Ilam. The Martial Feminism of Atel Palacinkam', South Asia Research, Vol. 14, No. 2, 1994, pp. 163-183.

15 For a useful analysis of issues concerning migration, see Teresa Hayter, Open Borders: The Case Against Immigration Controls (London: Pluto Press,

2000).

16 For an examination of this aspect, see V Nithi Nithiyanandam, 'Changing Scenarios of Tamilian Culture: Some Thoughts on the Cultural Dimensions of the Ethnic War in Sri Lanka', Asian Ethnicity, Vol.2, No.1, March 2001, pp. 35-54.

For a discussion of such issues, see V Nithiyanandam, 'Capturing Northeast's Savings for Southern Investment', The Northeastern Monthly, Vol.

2, No. 5, August 2005, pp. 8-10.

18 Banks do possess firm records on deposits, loans given within the Peninsula, and the amounts sent to the South. Yet, they are very tight-lipped and deny access to statistics, except what is available in their annual reports.

19 V Nithiyanandam, 'Northeast Should Freeze Resource Drain to the South',

The Northeastern Monthly, Vol. 2, No. 6, September 2005, pp. 23-26.

<sup>20</sup> The Survey was carried out as part of the Department's effort to determine the socioeconomic transformation, presumably, taking place in the JD under conflict conditions. A study tour of the JD was arranged, in which the Final Year Economics Honours students and the Department staff participated. Students worked under the guidance of staff and submitted the findings for each village in separate dissertations as a component of the Final Year Examination in 2004. The uniformity of their performance can be gauged by the fact that they all scored an average of over 90% for their efforts. The dissertations are all available at the Department of Economics, University of Jaffna for perusal of anyone interested.

<sup>21</sup> See V Nithiyanandam, 'Northeast Should Freeze Resource Drain to the

South'.

<sup>22</sup> I came across, personally, an instance, where a sum of Rs100,000 was demanded as a rental advance from a newly married couple (my own students) looking for rental accommodation of reasonable proportions. It would seem that the quoted amount takes the look of another dowry payment.

<sup>23</sup> For a brief description on the impact of INGO operations in the NE, see V Nithiyanandam, 'NGOs in Northeast Promote Lopsided Socio-economic Development', *The Northeastern Monthly*, Vol. 1, No. 12, February 2005, pp. 6-8.

<sup>24</sup> See V Nithiyanandam, 'State's Manoeuvring, not Nature's Miserliness Cause of NE's Underdevelopment', *The Northeastern Monthly*, Vol. 2, No. 2,

May 2005, pp. 10-14.

25 For an analysis of the Hindu revival and its implications, see வி நித்தியானந்தம், 'ஈழத்தமிழர் மத்தியில் இந்து மதம்: அதன் சமூகப்பொருளாதாரப் பரிமாணம் பற்றிய சில சிந்தனைகள்', Paper presented at the Hindu Conference on *இலங்கையில் இந்து சமயம்*, National College of Education, Jaffna, July 2005.



