

# ECONOMIC CRISES

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I have a political memory of nearly 80 years and those fortunate enough to live that long would remember that the first economic crisis the country experienced was one that was caused by World War II around the mid-1940s. It was so acute that a bushel of paddy shot up to Rs. 45 when a measure of rice distributed on the coupon through cooperative stores was only 25 cents.

I vividly remember Sir John Kotelawala, State Councillor for Kurunegala, opening the agriculture exhibition organised by my father at his school, Katupitiya Government Junior School as its head master to showcase the produce of the students and teachers in the school garden under the Grow More Food Campaign. Even in the midst of a food shortage the schoolchildren were given a good mid-day meal.

The measure of couponed rice was continued to be given but the price was subsequently raised to 35 cents with nary a complaint. However, when it was increased double to 70 cents in 1952 all hell broke loose due to the economic crisis caused by it. Unknown to many the first victim was the father of one of the brightest students at University of Ceylon at Peradeniya jumping into a well and dying due to the intemperate act of the vice chancellor telegraphing him that his son's future is over as he had gone to organise the hartal in Ampara.

Twelve more lives were taken on August 12 by the Police shooting

leading to the resignation of Prime Minister Dudley Senanayake and the removal of Finance Minister J.R. Jayewardene, who increased the price of rice, by the newly come Premier Sir John Kotelawala.

## CULTIVABLE LAND

Whatever progress achieved under the State Council had reached saturation point by not long after Independence in 1948. The fact that the economic situation was not so rosy is well documented by Dr. S.A. Wickramasinghe in 'Way Forward: An Economic Policy for Sri Lanka' published in 1955. Quoting a *Daily News* editorial of that year he says, "...If no way is found to overcome this economic stagnation its final result would be an explosion". He also quotes Lands Minister Bulankulame saying in the *Times of Ceylon* newspaper of January 19 the same year: "The problem in Ceylon today is landlessness ... There are only 30 lakhs of cultivable land. While the amount of cultivable land does not increase the population increases very rapidly. If there is no miraculous power no one can solve this problem".

All this was prophetic of the 1956 Revolution whose architect Prime Minister S.W.R.D. Bandaranaike had the solution to the problem in hand in his Ten Year Plan 1956-1965. However, it was not to be as he was harassed by both leftists and rightists with international backing and finally gunned down a little over three years into office as Premier. He was, along with his Food and Agriculture Minister

Philip Gunewardena instrumental in introducing the historic Paddy Lands Act to boost paddy cultivation.

## STUDENT STRIKES

There was no economic hardship as such in the early 1960s; on the contrary university students were provided with a bursary of Rs. 15, a princely sum those days when the boarding and lodging fee was Rs. 75 and a Manhattan shirt Rs. 18. So, students had no economic or social issues to struggle on. The student strikes were on shortcomings in the university administration and demonstrations were on incidents such as the murder of Congolese Premier Patrice Lumumba by Belgian imperialists.

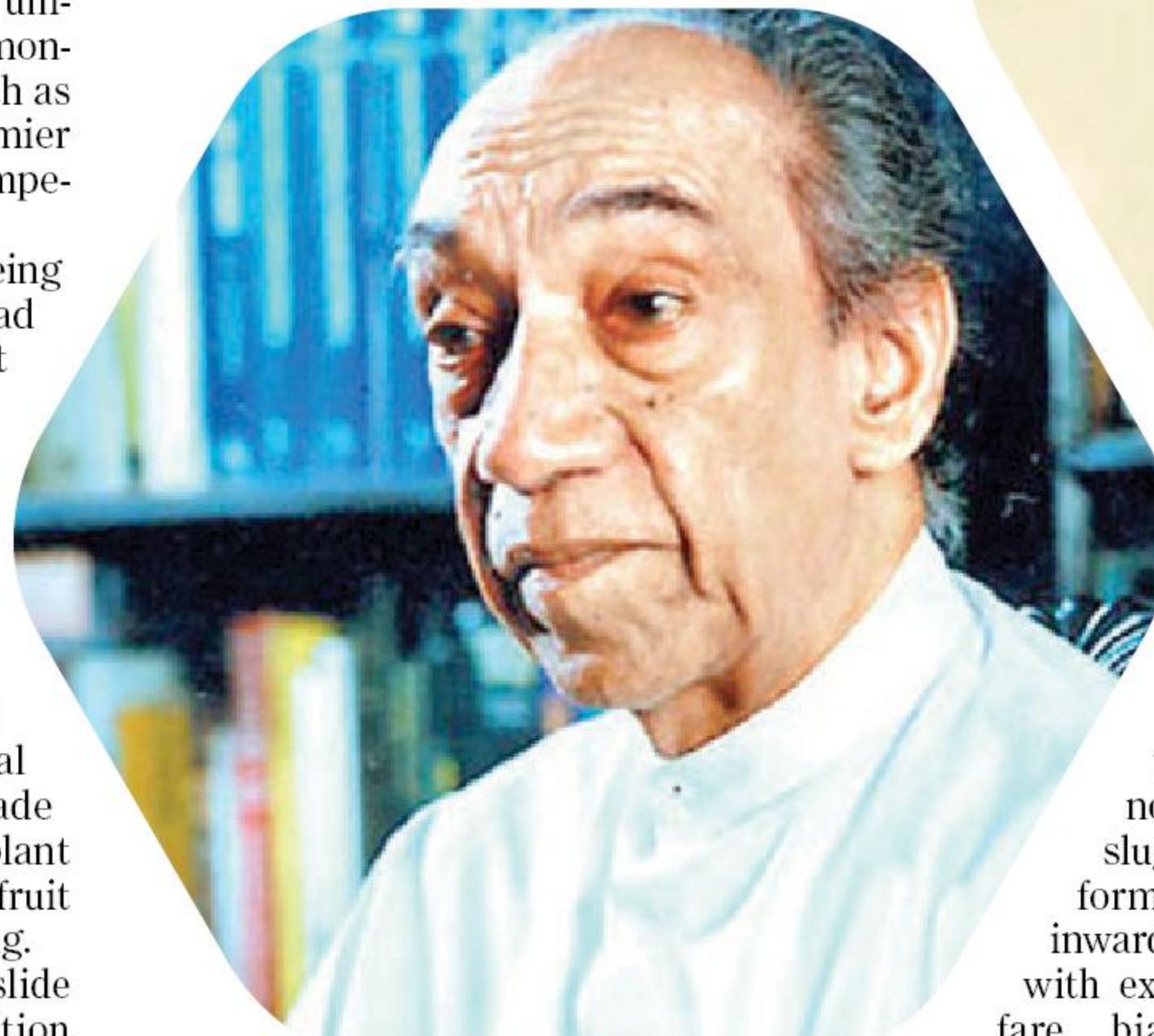
However, student strikes being most of the time banned we had to go underground and I as first President of IUSF of the three universities held meetings outside the campus.

A much talked about economic crisis occurred in the 1970s when scarcities reached high heavens owing to the socialist experiment coupled with the unusual drought situation which made even the hardy pineapple plant wither the stem of the tender fruit bending to the ground shriveling.

The throwback caused a landslide election win for the Opposition which reversed the economic crisis but the honeymoon did not last. As pointed out by Prof. Sumanasiri Liyanage in 2020: "One of the myths



Former Prime Minister Sir **John Kotelawala**



Former President **J R Jayewardene**



Former Prime Minister **Dudley Senanayake**



Former Minister **Philip Gunawardhana**

is the 1978 policy package has contributed to accelerate economic growth after a sluggish growth performance under the inward oriented strategy with excessive social welfare bias. During this 42-year period the rate of growth has exceeded the magical 7 per cent level only in six years. The most important and critical

issue is not achieving a high rate of growth, but its capacity to sustain the continuity of the process. Sri Lanka was able to maintain a growth rate of above five per cent for a continuous five year period in only two clusters of years during this period, namely during 1978-1982 and 2003-2007. The second cluster may be extended until 2912..."

After this the economy has plummeted, exacerbated by the coronavirus pandemic!