

Recent poverty increases in Sri Lanka and alternative poverty alleviation strategies

Some indicators of poverty

About 2 million families, about ½ the population, have been identified as those eligible for the poverty alleviation grants under the Samurdhi Movement (the official poverty alleviation programme of the government). Those are the families receiving less than Rs. 750/ month (less than U. S. \$ 10 / month). Samurdhi Movement intends to give these facilities about Rs. 500 / month. Not all of them receive this grant. It is given in stages.

The official figure of those below poverty line is about 25%

A clearer indicator about the degree of poverty in the country is figures about malnutrition and anaemia. On 20th March 2000, at the beginning of the Nutrition week, the Minister of Plan Implementation and the resident representative of UNICEF in Sri Lanka issued statements on the situation of anaemia among children and mothers, which stated that about ½ the total population of mothers (Pregnant as well as non-pregnant) and ½ the population of children (including those in the age groups below 5 years, between 5 – 11 years and 11 –19 years were anaemic.

An island wide survey done by UNICEF in 1993 showed that 60% of children below 5 years were malnourished. Official figure on the rate of anaemia among pregnant mothers in late 1990s was 65%. Official figure about the rate of low birth weight babies, including those given in World Bank reports (“World Development Report 1993) was 30%, which was about the 3rd worst among countries listed in this report of the World Bank.

A study done by IFAD, UN about “State of world Rural Poverty” in 1992 which covered the period of 23 years from 1965 to 1988 in 114 selected countries said that Sri Lanka had the sharpest increase in rural poverty over that period among those countries.

In 1997 following the world Food Summit the FAO classified 80 countries in the world as “low income food deficit countries” and Sri Lanka become eligible to receive the assistance given for the “Special Programme on food security” designed to implement the commitment made at the World Food Summit in 1996 to reduce world hunger by half by year 2015.

Sri Lanka is now said to be one of the countries with the highest rates of suicide in the world and the main cause of which is poverty and indebtedness. Present plight of paddy farmers is a more recent illustration of the reasons leading to such sharp increase in poverty, hunger and suicides.

A big majority of the Sri Lanka population still live in rural areas and for many of them the main livelihood is agriculture. There are about 1.8 million such families, which is about half the population of the country. (9 million people at the rate of 5 persons per family). Almost all these families are very small farmers.

Paddy farmers cultivating around one acre each number around 1.3 million families. In the last paddy season harvesting was done in March / April 2000. The highest price they could get for 1 kg of paddy, anywhere in the country was about Rs. 8.

The total cost of production including the labour cost was about Rs 11/ kg.

Thus, such a large number of people received a net loss of about Rs 3 / kg of paddy in their main source of income and their main livelihood. If we assume an average rate of one acre of paddy / family and if these farmers are assumed to have received about 60 bushels or 1320 kg / acre yield, their net loss (return from sale as against cost of production) would have been 1320 kg x Rs 3 = Rs. 3920 /family.

This has been the pattern regarding the costs of production and market prices not only in this season, but at least during the last 10 years or so, ever since the government adopted a policy of reducing supportive interventions in marketing of agricultural produce. This and similar policies of non support to domestic food production in favour of promoting export crop production and promoting export oriented agro-based industries have been applied for the last 23 years, since 1977.

A similar tragic situation has emerged during the last few years in relation to almost all other domestic food producers who are also small farmers in rural Sri Lanka.

Particularly during the last few years the potato farmers in the hill country and Uva province suffered tremendous losses due to liberalisation of imports with reduced tariff rates. Chilli and onion farmers have been affected equally badly. Thus, those farmers have begun to give up these food crops. They hardly have any better economic activity. They only become destitute. In the rural agricultural areas there is a very large number of small holders who get some income from their coconut. Due to the recent trend of large liberalised import of Palm oil, in the form of vegetable oils of various types, the coconut growers have suffered a severe blow. It has damaged the coconut industry as a whole. Although there still remain a fair number of large coconut estates, the largest number of coconut growers is of small holders.

Policy Changes caused increasing poverty and social disparities.

Increase in poverty and social economic disparities has led to very serious social, political and other consequences in Sri Lanka as in many other countries. It is important to look at these consequences since this situation of increasing poverty and disparities has been a result of a conscious policy adopted in Sri Lanka during the last 23 years.

Since 1977 Sri Lanka has attempted a conscious policy towards achieving faster economic growth, which has been seen as a necessary condition for poverty alleviation, both by the Governments as well as by the World Bank and IMF that assumed the role of guiding economic policies in Sri Lanka in the recent decades.

WB and IMF admit that Sri Lanka has had relatively satisfactory social development in the early decades since independence. We have had a PQLI that compared fairly well with that of developed countries with fairly high literacy, life expectancy and low infant mortality rates. Income disparities in Sri Lanka have been low and decreasing until the decade of 1970s, as a result of policies that kept income disparities low. Social welfare was given more emphases than economic growth.

This earlier policy direction was in fact a result of the democratic political system that prevailed with universal adult franchise since 1931, a strong and militant trade union movement and the presence of Left political parties that were fighting for democracy, rights and protection of the poorer sections of society and for labour rights. Cost of living was kept low by adopting suitable policies.

The strategies adopted since 1977 were a drastic change away from these policies that aimed at faster economic growth by changing over to a private sector led economy, emphasis on Export led growth, attracting foreign investment.

It was known that these policies would hurt the poor and increase disparities, since it involved diverting resources away from poverty alleviation and social welfare towards strengthening the foreign and domestic private investments. Almost all the major development projects in the country since 1977 done with foreign borrowings have been towards infrastructure development seen as necessary to attract foreign private sector investments.

Those included Greater Colombo Development (city development), Accelerated Mahaweli Diversion (irrigation and power generation as necessary to attract foreign investments for agriculture, industry and tourism) Free Trade Zones for export processing, roads, airport, harbour, electricity, telecommunications etc.

The adjustments made in the political system such as introducing an Executive Presidency, suppression of trade unions, and many other changes in the political practices such as postponement of elections, use of violence and abuse of power, political patronage and victimisation were results of actions taken to achieve the type of “political stability” seen as necessary to attract foreign investments.

These changes in Sri Lanka clearly led to extremely serious social political consequences since they meant serious reversals in a number of positive policies adopted earlier for social stability, welfare and security of the poor sections of society. Among them were a number of effective safety nets among them were major policies such as,

Government interventions in protecting and sustaining small scale rural agriculture, which were in fact policies for domestic food security. These policies were developed over the years as a result of people’s pressure through the democratic, electoral system of representation. The policies can be summarised as follows;

1. Development of irrigated agricultural settlements to provide land to the landless
2. Agricultural subsidies and services provided by the government
 - Liberal (subsidised) rural agricultural credit systems.
 - Agricultural extension services provided at government expenditure
 - Fertiliser subsidies, drought relief and interventions in marketing of paddy and other agricultural produce.
 - Price controls on essential foods and food subsidies.
 - Import controls and restrictions in support of domestic food production.
3. Free of subsidised health and education
4. Government participation in other services and in trade, seen as a means of providing such services at rates affordable
 - Banking, (through Bank of Ceylon and People’s Bank) providing such services to the rural farmers and small producers too.
 - Electricity, postal services insurance, transport, health etc though government services
 - Keeping prices of medicine under control by the government undertaking the importation and distribution of medicines.

- A high standard of labour rights and rights of workers to form trade unions led to a certain degree of job security and provided some possibility of keeping wages that were not too low in relation to the cost of living

Political and social consequences of policy reversals.

The consequences of the reversal of above policies have been very serious, not only in economic terms but also in social and political terms.

Although it was expected that the policies of market led growth and export orientation would lead to large inflow of foreign investments and quick alleviation of poverty and unemployment, these have not been achieved to an effective degree.

In fact the loss of employment and livelihoods, if assessed correctly, would be much higher compared to new employment generated. In most of the privatised state enterprises number of employees were reduced. The loss of livelihoods that resulted from the break down of small-scale industries and small-scale agriculture resulting from liberalisation of imports was very large. Cottage industries such as handloom textile weaving were completely destroyed.

In fact the loss of livelihood opportunities that resulted from the serious break down in rural agriculture and other related activities is not accurately counted in the surveys made regarding employment, since most rural poor are counted as “farmers” though much of it can no longer be counted as effective livelihoods.

This development contributed tremendously to the increase in numbers of young people looking for employment and for higher education opportunities, as their only means of entry into employment outside the rural sector.

The process of privatisation and withdrawal of the government from all sectors of the economy and many of the services also led to a sharp increase in social disparities. A very visible consequence of these developments was the social and political unrest that expressed itself in the form of escalation of youth unrest and armed resistance both in the Northern and Eastern Provinces as well as in the Southern regions.

The new policy directions in fact worsened the factors that led to the first armed insurrection of the youth in Southern areas that took place as early as in 1971.

Poverty, disparities and lack of effective livelihoods resulted in the repetition of youth insurrection in the South (all parts of the country, except the North and East, Tamil majority areas) between 1988 to 1990 that led to over 60,000 disappearances (as reported by the European Parliamentary Delegation that visited Sri Lanka in 1991)

This figure was said to be the highest in record of the history of the UN Committee for Involuntary Disappearances that visited Sri Lanka in 1991.

A very rich and very powerful group of elite developed, benefiting from these policies and the changes in the political structure and the systems.

They also benefited from the very conscious and well engineered strategy adopted by the World Bank and IMF not only to introduce Structural Adjustments Programmes in relation to the economy, but also to ensure that the major political structures and financial structures such as the Central Bank, the Treasury and the key Ministries support the present economic policies and strategies. These have resulted in a total inability of the ordinary people in the country to use the democratic political systems to protect their interests.

These are the major causes of the political systems becoming extremely undemocratic ever since 1977. When these policies were introduced, both major political parties have alternatively resorted to severe suppression of media freedom, abuse of power violation of democratic methods of elections and have adopted completed undemocratic ways in taking major decisions regarding economic policies. It is important to realise that the overall impact of these changes on the poor was the weakening of their effective participation in the economy. This process of destroying the active and effective participation of the poor in the economy not only led to the weakening of their economic position but also contributed to a major weakening of the economy of the country as a whole.

Since the measurement of economic activity is done only in terms of the GNP, much of the contribution made by the poor, mainly those in activities that do not enter into the market is not counted in the official measurements of economic activities. However, these are of extreme importance in alleviating, poverty, hunger and malnutrition. They have a tremendous potential in providing livelihoods although some of it is not counted as employment. The policies that did not provide a helpful environment resulted in weakening such activities too. Here again the conscious policy of creating “cheap labour” as an attraction to investors leads to displacement of the poor from their rural environment, which makes it more and more difficult for the rural population to engage themselves creatively in such livelihoods.

Present situation of economic policies and prospects for poverty alleviation

In August 1998 the major private sector organisations (the Business Community) in Sri Lanka issued a Joint Statement on Peace and Economic Development. The objectives of this statement were to get an all-party consensus and a commitment from all political parties, particularly the two major parties the PA and the UNP on the proposals made by the entire business community (private sector).

In this Statement they admitted that during the last 22 years (1977 to 1999) the private sector was considered the “engine of economic growth” and both governments adopted the open market policies, which gave the private sector total control over the economy. However, they admitted that poverty, unemployment, and other social problems such as health, education, housing etc. have not been solved.

Therefore they demanded that the political parties must agree that they would continue the same policies of private sector led economy for at least another 15 years without interruption. They demanded that industrial, Agricultural, trade and commerce policies should be decided in consultation with the private sector (only) as it was done so far.

In addition to the proposals they made to end the war through a political settlement and the proposals for good governance such as setting up independent Commissions for elections for public services, police etc. they also had priorities regarding economic development. These were “flexibility in the labour market”, “wages systems based on production rates”, “reduction of holidays” etc.

This proposal for creating a “flexible or a free labour market” has also been made by the WB in a joint policy report titled “Sri Lanka in the year 2000 - An Agenda for Action” produced by WB together with a group of experts from Sri Lanka in March 1996.

Freeing Land Market

A policy recommendations report presented to government also in March 1996 titled “Non Plantation Sector Policy Alternatives” regarding the agricultural sector producing domestic food, says that if this sector is to grow, the government should intervene and encourage the small farmers, who are now engaged in agriculture producing paddy, vegetable and other domestic food crops, to sell their land and leave agriculture. This is to promote land transfers away from the present type of small farmers, to those who could use them for high value export crop production.

This refers to 1.8 million small farmer families and to the entire domestic food production. It is said that these farmers should be discouraged from producing paddy, which is said to have no comparative advantage and are of “low value” in the present conditions of world market. In order to facilitate this process, it is suggested that govt. should take immediate measures towards creating a “free land market” in the rural sector granting of land titles to all such farmers and regularise land ownership. This is being done rapidly. 1.2 million small holders have been given such titles within a very short time, after these recommendations. This was done under the scheme called “Jayaboomi”.

Water marketing by the Private Sector

Further it is said that the policy of providing irrigation, free of charge, should be stopped since this is said to be one of the major reasons that encourages farmers to remain on their land and cultivate paddy. The W.B.’s recommendation in March 1996 was that water should be treated a commodity and therefore, it should be marketed by the private sector. To do this the government is asked to establish “Water Property Rights”.

Following these recommendations the government invited WB experts to Sri Lanka to advise it on creating a “free land market” and to develop arrangements to create water marketing. The WB expert Mateen Thobani, who had worked on water marketing in some Latin American countries worked in Sri Lanka in 1998 and 1999 and proposed the systems that were adopted in countries such as Chile to create “Tradable Water Rights”.

More recently the Government has introduced a new “Water Policy” which is aimed at taking all water resources under a new Authority, headed by the President, set up for the purpose, and to allocate water according to the requests made by all stake holders. Under the newly formulated “Water Policy” private sector companies who want water for either large plantations, for urban water supply projects, for hydro power generation or any other enterprise that requires water, are to be considered stake holders and would be eligible to apply for water allocations. Small farmers, who are in large numbers, cannot apply for water as individuals. They have to join some other agency that would apply for water on their behalf. The idea is to bring all small farmers under Farmer Companies (or Farmer Organisations).

The formation of these farmer companies to being all small farmers under them is clearly a move towards making them contract farmers under big companies that will finally decide on the type of crops to be produced and the methods of production to be adopted.

This would be very similar to the system adopted today by the Ceylon Tobacco Company (a branch of British American Tobacco) and the Pelwatte Sugar Company.

Some companies to produce gherkin, melon, baby corn and a variety of vegetables called Okra also adopt this. These efforts have not been very successful except in the case of tobacco.

There is a serious danger in this trend since the whole thrust, supported heavily by government policy is to move away from domestic food production. It also is a process of taking away land, water and other natural resources from the people who have used them for a very long period in history, for producing high value crops for countries that already have excess food production.

Another agenda very clearly visible in this process is to create a much larger population of a “cheap labour force” which would lead to the process of creating a free and cheaper labour market.

The attempt made by the business community to get a political consensus to their proposals to continue their control over the economy for at least another 15 years is very alarming since such a consensus among the two major political parties (which already exists) is a measure towards creating the necessary repressive regime that would be needed if these policy proposals are to be implemented.

Taxing the poorest people to subsidise the rich investors of the world.

In adopting the policies of reducing social welfare and protective interventions of the government in support of the poor, the small farmers, workers and other deprived sections of society the argument put forward was that a poor, developing country such as Sri Lanka could not afford to subsidise the poor.

However, looking at the processes adopted during the last 23 years, it is very clear that what has been done is not elimination of government subsidies, but a process of cutting down on subsidies and services to the poor in order to provide very heavy subsidies and tax benefits to the richest people in the country and to foreign investors, as incentives to attract them.

In addition to the long periods of complete tax holidays, (which began at 5 years to those investors in the Free Trade Zones and have now been extended up to 20 years in some cases) the investors have been given very large subsidies in the form of massive government expenditure in developing infra-structure facilities.

The 1977 – 1994 government devoted almost all its development projects to provide infra – structure to attract foreign investments. However the success achieved in attracting foreign investments into productive sectors of the economy was very low compared to the financial, human, social and political costs.

The present government since 1994 has continued the same policies during the last 6 years. It has gone further in privatising some of the important sectors of the economy, having spent heavily to upgrade some of the services such as the telecommunications and the harbour. They are still attempting to hand over other sectors such as electricity, state owned Banks, postal services etc. in all these cases the government has already spent heavily in improving infra-structure which are also likely to be subsidies given to the rich investors. Since most enterprises are sold very cheap.

The proposals made for the near future will be far more expensive projects carried out with borrowed expenditure, which will therefore be added on to the already very heavy burdens on the poor.

The budget proposals made for year 2000 included building 4 super highways from Matara to Colombo (130 km), Katunayake to Colombo (26 km), Kandy to Colombo (150 km) and another linking these three highways. The total length would be around 300 km and the estimated costs vary between US\$ 2.2 million to US\$ 8 million per km. At US\$ 2.2 million the total cost would be about Rs. 59,136 million.

There is also a proposal to build a mega-city (named Ruhunupura) in Hambantota under the Southern Province Development Plan which is said to be to compete with Singapore and Hong Kong, to make Sri Lanka the highest financial and trading centre in Asia. The estimated cost is Rs. 200,000 million. The total cost of these two projects above would be around Rs 259,000 million

These are done with the continued hope that Sri Lanka could effectively follow the path that was adopted by the NICS. This is a hope and a plan that has now been attempted in Sri Lanka for the last 23 years without success.

In fact the only visible achievement was the attraction of some investors in export oriented garments industry. Even in this there was a flow of foreign investments for these industries at the beginning of this strategy from 1978 to the first few years of 1980s. This was due to the left over quota of export garments. Since the first 2 years of 1980s when the quota was filled the flow of foreign investments slowed down. Further expansion of export garments was attempted by President Premadasa in early 1990s. By providing very large concessionary loans mostly to local industrialists. Under the “200 garment factories scheme”. This led to a severe problem in exports, since the quota was insufficient to cover all the production.

The export garments industry is likely to face severe crises in the next few years when the quotas available through the Multi Fibre Agreement will not be continued under the GATT agreements. The potential for further expansion and even the survival of the present export garments industries is severely threatened.

Results of poverty alleviation Programmes since 1977

Being fully aware of the fact that these new market liberalisation and structural Adjustments programmes lead to increased poverty the WB and IMF wanted to believe that it would only be in the short term. Therefore, when the worsening of poverty become clearly visible they introduced special programmes called Safety Nets for poverty alleviation.

In Sri Lanka we have had these programmes for more than a decade named “Janasaviya” and “Janasaviya Trust Fund” under the UNP government, The names adopted by the present government were National Development Trust Found (NDF) and “Samurdhi Movement” Although the names were changed the programmes themselves remained largely the same. The previous programmes were discontinued since they were seen largely as unsuccessful. Samurdhi Movement too has already proved that it is far away from becoming a meaningful solution to the question of poverty. The major reasons for failure are not difficult to see.

In an overall system of economy that pushes out a very large section of the population from meaningful participation in the mainstream economy, this mainstream economic strategy itself becomes the major obstacle in any efforts made by these excluded people in effective participation and improvement of their economic conditions.

The earlier efforts in Janasaviya and Janasaviya Trust Fund were to give a certain limited grant to the people who are identified as poor, by their communities, based on their level of income and they were expected to develop certain income generation activities, using these grants, while a part of this grant was used to supplement their essential food and other needs. The present programme adopts the same approach while a compulsory savings scheme and some other insurance schemes to meet certain emergencies, such as funerals have been included.

In whatever income generating activities these people start, they face the same situation faced by all poor people and small producers, where the working of the present system of open / liberalised market do not allow them to enter the market effectively. Thus, only a few special cases of some success are seen.

The compulsory savings system under the Samurdhi Movement, towards building a large fund is based on immediate collection of Rs 100 from each Rs 500 given to a family per month. Another Rs 25 is deducted immediately for the insurance scheme.

Thus the total amount collected is considerably large. At the moment this fund is kept in a major bank as centralised capital and therefore is available as capital for big businesses. The Samurdhi beneficiaries can borrow small amounts depending on the extent of their group savings (they are formed into small groups of 5 beneficiaries). However in most cases the interest these beneficiaries have to pay is as high as 3% per month, which is 36% annual interest. This in fact is much higher than the interest rate payable by the bigger borrowers, who are not owners of this capital. This arrangement and the recovery rates make it difficult for the Samurdhi beneficiaries to effectively use their own savings for economic activity.

The demand made by the Samurdhi group to allow them to have control over their own savings has not yet been accepted, saying that the present Samurdhi Banks are not yet strong and equipped enough to handle such capital.

A major constraint in these approaches in poverty alleviation is that it is designed and controlled by the WB. Therefore these poverty alleviation programmes are effectively prevented from identifying the real causes of poverty and from working out effective strategies of poverty alleviation independently.

This therefore is an indirect strategy of keeping the poor out of independently working out approaches and strategies to fight poverty. It is also a strategy of keeping the poor restricted within an over all policy frame work that keeps the poor suppressed to benefit the rich. It leads to keeping them within an overall policy framework that creates more and more poverty.

Poverty alleviation programmes used for political suppression of the poor.

Ever since the first poverty alleviation programme named Janasaviya was introduced, it has been used effectively to use the extreme poverty and dependence of the people and the poor themselves as a political weapon in support of the anti- people and anti - poor political parties and governments.

As people are impoverished more and more, they also become more and more dependent on the rich elite in their own local communities and at other levels. These small grants given to them easily become means of controlling them politically.

The entire political system and the organisational strategies adopted by the two major political parties PA and UNP have increasingly made use of the situation of poverty and increased dependence of the poor on the local rich elite to strengthen their political domination and control over the poor. While in power they support and strengthen the elite in the respective regions, granting them diverse favours and also various form of political patronage, so that these elite play a major role in getting the poorer people to support them to come to power at elections, but also to keep them passive and supporting during entire period of their rule.

In addition to the financial strength and control, it has now become a pattern to use other more repressive methods such as violence and abuse at elections. In the recent times the tendencies of these political power elite to work together with the “Under World” has become stronger.

Samurdhi Movement with over 30,000 paid workers who have very close control and links with the poor Samurdhi beneficiaries have been openly used in the recent times for such political control.

It is for this purpose that a clear selection of those who supported the party in power was made in recruiting these full time paid Samurdhi workers.

In the above analysis, we have used the actual experiences in Sri Lanka to show how the present economic model and the principle assumptions made in this model, about its ability to reduce poverty have failed. We have also shown how this model contributes to increased poverty and also makes the poor politically weaker. Any “Safety Net” approach, apart from being unable to meet needs of the large majority of people made poor by the main stream economic approach, is also likely to become a tool of political suppression of the poor from participating in decision making.

Therefore, the main requirement in any genuine effort in poverty alleviation is to re- think the major economic development model to be adopted. We have had 23 years of experience, which is more than enough to make an assessment of the validity of this model. The global experiences also support this position very strongly.

Basic principles to be adopted in a successful poverty alleviation approach

Any successful and honest approach to poverty alleviation should necessarily be based on the faith that poor have the capacity to overcome their situation if they are not obstructed. The poor themselves must own the strategies and processes.

They must be the planners, the decision makers and the implementers. The first requirement is to re-build the confidence of the poor about their potential that has been destroyed over a long period of domination and exclusion.

The responsibility of any government that is genuinely concerned about poverty alleviation is to ensure that the poor are provided the opportunity to undertake this task. The policies at national level should not obstruct this; instead they must provide a policy environment to facilitate the expression of the full potential of the poor to overcome their situation.

Do the poor people rally have the potential to overcome poverty by themselves? Can this ever happen?

New approach needed

Experiences in Sri Lanka during the last 23 years and the experiences of globalisation and trade expansion imposed upon most countries of the world provide more than adequate reasons to begin a process of rethinking on the approaches to be adopted in poverty alleviation.

As Susan George once said the present system of liberalised market cannot include 2/3 rds of the world population. They are “not needed” in the market economy. Therefore, the system expects them to disappear.

She said, “The hope for the future of the world lies in the fact that 2/3 rds of the worlds population will not simply disappear. They will be compelled to create a new world that would allow them to survive”.

Speaking about the recent Asian crisis the President of the World Bank Mr. James Wolfensohn told his Board of Governors, in October 1998, that “the crises in Asia was not only a financial crises, it was more a social and a human crises” the lesson to be learnt, he said, was that “it was not possible for the world economic powers to plain for the whole world. Each country should be allowed to decide with the participation of governments and the civil societies to decide on and plan their own development, to meet the needs and to suit their specific situation and histories”.

The study done by IFAD in 1992 in 114 countries on state of Rural Poverty and the changes over a period of 23 years, came to the conclusion that “the simple assumption that growth would trickle down and lead to poverty alleviation has not worked in most countries”. It suggested “a new approach” based on “ understanding the tremendous potential the poor and the small producers have to overcome their poverty and to contribute effectively to overall national development” and on strengthening the small producers the poor, the small farmers in rural areas and other small producers, who are already making a very large contribution”. Recognising the tremendous contribution they make, not only in poverty reduction and food security but also in the overall growth of national economies.

Sri Lanka provides a very clear example of all these observations made in relation to global poverty alleviation and sustainability.

Since it is now admitted both by the private sector in relation to Sri Lanka, as well as by the World Bank, globally, that their strategies of poverty alleviation have not succeeded, we in Sri Lanka have all the factors that demand rethinking about viable alternatives to achieve poverty alleviation, reduce unemployment and create sustainable livelihoods.

Strengthening the “Economy of Nature” and a “People’s Economy”

We would like to begin this discussion about options available using a number practical examples that have already been tried out. They are based on using the potentials that the poor themselves have to overcome their situation of poverty.

We have about 1.7 million acres of paddy cultivated by over a million small farmers. The main reason for their extreme poverty and indebtedness as described, is the high cost of production due to heavy dependence on external inputs that have now become very expensive and the market conditions that compel them to sell their produce at prices that are below cost of production. Although it is argued that the land plots they cultivate are too small to be economically viable and therefore the process of land getting accumulated into a lesser number of bigger operators is necessary. This argument is not aimed at reducing the poverty of those who are already poor.

There are many examples in Sri Lanka and in other countries to show that the small plots and the small scale have their own advantages that can make, low cost, sustainable agriculture more viable and more efficient. There is also the experience in Sri Lanka, that is admitted even by the world Bank that the small farmers have refused to give up their paddy farming even under the very disadvantageous conditions.

Integrated Pest Management (IPM) applied by a considerable number of farmers in Sri Lanka has proved to be capable of reducing the cost of production by around Rs 3000 / acre with some increase in yields. CARE international has already trained about 30,000 farmers who are applying this and the plant protection service under the Agriculture Department has Rice IPM Programme that has trained extension workers in over 15 Districts who have converted several thousand farmers. There are many other NGOs working with small farmers in promoting IPM. In all cases the above results have been obtained.

FAO has introduced this in many countries in Asia with considerable success. In Indonesia it is said that application of IPM has reduced the cost of production in paddy by half. It is also said that there are about a million farmers who practice this effectively with such results. Reducing the use of chemical pesticides in Indonesia by removing the pesticides subsidy saved the rice crop. Use of IPM and reducing the use of chemical fertiliser and introducing organic fertilisers, including straw, has proved to lead to increase in yields, reducing the quantities of water used and also reduce labour.

The potential for value addition by the rural communities in Sri Lanka by converting paddy into rice and rice-based products is very high. This approach above, if applied in the case of rice farmers island wide (say on 1 million acres) would give a net saving of Rs 3000 X 1 million = Rs 3000 million per season.

Organic Home Gardens for rural household food security

As shown earlier food insecurity, anaemia and malnutrition is one of the most severe problems. In a considerable number of villages NGOs working with rural households and communities have introduced conservation farming approaches starting with small scale

home gardens and agro-forestry which has proved to be capable of meeting a considerable share of their food and nutritional needs, practically at no cost. In many cases it has been proved that such approaches can improve their savings and incomes far more than what has been achieved by the self-employment and micro-credit schemes adopted by the official poverty alleviation programmes.

It is in fact surprising that the World Bank designed approaches in poverty alleviation completely over looked the potential in these approaches. Far more attention or even “imposition from top” have been used to get the beneficiaries of WB designed poverty alleviation programmes to build and improve infra structure such as cutting roads etc.

A question that needs to be asked is whether those official programmes are designed more for “Market Expansion” rather than “direct poverty alleviation”.

In Sri Lanka and in most other poor countries, people have a long history of sustaining and depending on the “economy of nature” and on economic activities that do not enter into market. (This is sometimes described as “subsistence economy” or “people’s economy”) the poor have tremendous comparative advantages in using these aspects of the economy. Since the present form of market expansion pushes out the poor and small producers from market they are compelled in any case to use their potential in “non-market” aspects of their economy.

Sri Lanka has sacrificed the poor, for far too long, to enrich the richer, hoping that their riches would some day trickle down and allow the poor the basic needs for survival. This is not likely to happen even in the foreseeable future. Therefore it is absolutely necessary now to decide that the poor should not be allowed to be the victims of this process. They must at least be allowed the freedom to look after themselves.

Education and enhancing the contribution of youth in poverty alleviation

About 4 million children attend school in Sri Lanka. Only about 10,000 to 12,000 students enter university annually. All others drop out in between, with no plan or vision about how they would be meaningfully taken into society. Therefore, we have a situation where once in several years many thousands of young people get killed through rebellion. Many others commit suicide. If we really want to reorient the country towards a sustainable process of development, by using the actual comparative advantages we have in utilising the potential of the “economy of nature” and the economic activities that can still be utilised by the poor, even within an unfriendly “market environment” what we could do is to prepare these young people to be the agents of changing the present approaches in agriculture. Making young people the change agents in creating an alternative approach towards a sustainable, just world for the future

With a very simple process of training and education they can be formed into useful advisers and community workers working with their own rural communities to increase their food security, enhancing the nature’s contribution.

This can be done with simple things such as organic home gardens, small-scale agro- forest gardens, low cost paddy production using IPM and other methods. In such a process it is quite possible to provide these young people worthwhile livelihoods with out the government having to make any expenditure.

To illustrate this let us take the case of savings made by applying IPM in paddy. An instructor in a Farmers Field School works once a week with a group of about 25 farmers.

Working four days a week a person can work with 100 farmers. If one farmer saves Rs. 3,000 on an acre and agrees to give Rs. 500 for a season to the instructor, for the life time training he gets, the young instructor can earn Rs. 50,000 for a season of 4 months. This is higher than the starting salary of a university graduate. The Samurdhi Niyamaka (guide) gets about Rs. 4,000/ month at present. There are 30,000 such Samurdhi workers. If the poverty alleviation programme adopts the right approach of orienting the entire rural economy towards sustainability, with a direct approach to poverty alleviation, an approach that can improve rural productivity in a sustainable manner, the potentials are tremendous.

Changes needed in the plantations

There is lot of applicability of this thinking and approaches in the plantation areas too. There is no logical reason to keep the plantation workers in the present situation of slave labour. In this system it is impossible to think of the plantation labour being taken into society as dignified citizens of Sri Lanka, having the same rights as others to health, education, housing, ownership of land, right to decide freely on the economic activities that they wish to undertake. The present state of rapid deterioration of the plantation economy in the export market too demands a radical change. The long years of soil erosion and environmental degradation in the plantations, particularly in the hill country demands a change into a process of conservation and rebuilding the fertility of the land. The potential in the plantations for a more environmentally sound approach in agro-forestry and food security oriented agriculture, giving the right to plantation people and the hill country villages to own land is tremendous. These changes are urgent for other social reasons too. It is totally unjust to continue to keep the plantation labour in the same conditions of slave labour after more than 50 years of independence. This certainly will not be tolerated for very long.

What we have tried to do is to give a few indications of some of the directions towards poverty alleviation that are immediately viable. However, these require a political will, which can only be achieved through a massive process of political awareness and organised action.

Finally, it is necessary to integrate the approaches made in Sri Lanka with the Global processes now developing to fight against the domination of the world powers pushing for further development of a totally unsustainable process of market expansion, through mechanisms of Globalisation, WTO, GATT and structural adjustments of the WB and IMF.

In this process of integration there is also much to be learnt in the attempts made by people throughout the world in developing sustainable livelihoods, with economic viability and social justice. Sri Lanka also has a tremendous wealth of knowledge and historical background that can contribute to the world's efforts to sustainability and survival.

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