

# **BRITISH CAPITAL, CEYLONESE LAND, INDIAN LABOUR: THE IMPERIALISM AND COLONIALISM OF EVOLUTION OF TEA PLANTATIONS IN SRI LANKA**

D.W. Ananda Wickramasinghe<sup>1</sup> and D.C. Cameron<sup>2</sup>

This paper attempts to provide understanding about the cultural and socio-economic character of the Sri Lankan tea plantations system and its historical evolution to assess the impact of colonial hegemony within its broader socio-cultural and political context in Sri Lanka. The paper also explores historical roots and their interrelationships which shape the present day strategically important issues in the Sri Lankan tea plantations. The main focus of the paper is on how the specific socio-economic changes emerged and their consequences of these with an emphasis specifically labour relations. It emphasises that the Sri Lankan tea plantation developed historically within feudalistic and peasantry modes of production systems. The paper also deals with (1) the specific patterns of strategy-control relationships within capital in terms of agency relationships and (2) how different social strata emerged within Ceylonese social formation during the period of colonisation.

This discussion explores a series of interrelated issues: how land was acquired for plantations; the problem of an indigenous labour supply; how Indian Tamils became attached to the British Ceylonese plantations through what is known as an 'internal contract system'; how British mercantile capital dominated the productive capital in the British Ceylonese plantations and the articulation of non-plantation agricultural modes of production in plantation capitalism. Therefore, the paper provides an overview of how historical factors helped to shape present day socio-cultural and politico-economic structure of the Sri Lankan tea industry especially tea plantations.

---

<sup>1</sup> For correspondence: Department of Business Administration, University of Sri Jayewardenepura, Sri Lanka. E-mail:anawicky@hotmail.com, Tel: 94112846330.

<sup>2</sup> The University of Queensland, Australia.

## Background

One of the most significant periods in the history of Sri Lanka was as a colony of the Western world. The Portuguese first occupied coastal regions in Sri Lanka, then known as Ceylon between 1505-1656. Their expectation was limited territorially to the maritime provinces leaving the Kandyan highlands by the Sinhalese king. Economically they focused on the trade of indigenous commodities such as cinnamon, the arecanut, pepper, cardamoms, pearls, and ivory. Therefore, their activities did not have a massive impact on native modes of production other than exposing them to foreign trade. However, politically the native administrative system rested to a mechanism of domination and misgovernment for commercial profit and private gain (De Silva 1953). Their military supremacy and the effective use of the indigenous aristocratic administrative system provided them the base with blending economic and political power to create a royal monopoly on trade for as a main source of revenue, along with land tax and death duties. Socio-culturally, they introduced Catholicism which took root in the coastal areas of the island. Their free education of a converting character was set up through monasteries and parish schools. This was the basis for a different set of native class of white-collar workers including educated Sinhalese, Sri Lankan Tamils and Burghers<sup>3</sup>.

The Dutch East India Company (1656 - 1796) succeeded the Portuguese in the maritime provinces of Ceylon both politically and economically. The Dutch retained the indigenous administrative system which the Portuguese had inherited from the Sinhalese kings. They extended the same trading orientation by introducing the Roman-Dutch law and further extended the proselytising Catholic education in the coastal regions. They went further than the Portuguese to maximise trading surpluses by extending their economic activities: paddy and coconut cultivation was extended under state support, cotton and indigo were experimented with; cinnamon was widely cultivated and coffee was effectively introduced in the low country (De Silva 1953; (Jayawardena 2000).

Nevertheless, the British had more significant impact on Sri Lanka than the Portuguese or the Dutch. As a first step, the British colonised the coastal regions of Ceylon taking it from the Dutch in 1796 and it continued to capture the whole island by 1815. The British colonial state and associated coffee and later tea plantation system was the origin of capitalism in the Sri Lankan social formation. At the beginning, expansion of the plantation economy helped to shift the country from a pre capitalist feudal setup to a capitalistic economy with different types of modes of production. However, the plantation system did not bring about a complete capitalist transformation, but rather introduced

---

<sup>3</sup> Before colonisation, the Sri Lankan population comprised of mainly Sinhalese whose language and religion were Sinhalese and Buddhism. They were the majority of the population accounting for more than 85%. Sri Lankan Tamils which are the descendants of the 11<sup>th</sup> century Indian invaders known as Ceylon Tamils, are Hindus by religion and speak Tamil. Besides, there was small amount of Moors who immigrated to Ceylon for trade. Burgers were descendants of Portuguese and Dutch colonists. Presently there is another group of Tamils known as Indian Tamils who were imported from South India during the British colonial period to Ceylon for work on coffee and later tea plantations. They were mainly settled within the plantations. Despite differences in their life styles and occupational heritage, both Tamils speak the same language and have the same religion.

some structural changes within the pre capitalist modes of production (Jayawardena 1972; De Silva 1982; Jayawardena 2000).

Within this context the chapter attempts to understand the socio-economic character of the Sri Lankan tea plantations system and its historical evolution. The main focus of this chapter is on how the specific socio-economic changes emerged and their consequences with an emphasis on specific labour relations. It emphasises the Sri Lankan tea plantation developed historically within feudalistic and peasantry modes of production systems - capitalistic underdevelopment. The chapter also deals with (1) the specific patterns of strategy-control relationships within capital in terms of agency relationships and (2) how different social strata emerged within Ceylonese social formation during the period of colonisation.

This series of discussions explore a series of interrelated issues: how land was acquired for plantations; the problem of an indigenous labour supply; how Indian Tamils became attached to British Ceylon plantations through what is known as an 'internal contract system'; how British mercantile capital dominated the productive capital in the Ceylonese plantations and; the articulation of non-plantation agricultural modes of production in plantation capitalism.

## **Hunting for Land: How land was acquired for plantations**

The history of British colonial period can be divided into two major phases: the mercantile phase and plantation phase. The period between 1800 to the mid 1830s was characterised by its primary economic orientation towards the trading surplus from cinnamon and other commodity exchanges as the Portuguese and the Dutch left. Its politico administrative bias was to assure the monopoly of the British East India Trading Company in such trade and to facilitate a state intervention in the reinforcement of mercantilism.

Dutch and early British administration encouraged trade policies that favoured the merchant companies and enforced tariffs and taxes (Jayawardena 2000). Hence, the East India Trading Company dictated the external and internal trade that dominated the economic and political life of the colonial region.

European colonialism evolved with two distinct purposes: colonies of settlement and 'colonies of exploitation' (non-settler colonies). Settler colonies resulted in the reproduction of the same social structures of the colonial masters in Europe. On the other hand, in non-settler colonies, investment was not accompanied by permanent emigrations of investors, and were complementary and subordinate to that of the metropolitan country. Investments by and large concentrated on the exploitation of raw materials and cheap labour (De Silva 1982).

The emergence of non-settler colonialism in Ceylon prevailed in the first few decades of British Ceylon. The nature of state intervention in trade and settlement patterns was monopolistic mercantilism, which restricted the emergence of independent laissez-faire investment. This is the first three and half decades of British rule, the Ceylonese economy was limited to the exchange of goods already provided by the indigenous systems of production.

However, in the mid 1830s the plantation phase started with certain changes in the economic and policy ideologies in the West (Bandarage 1983; Jayawardena 2000). This involved far-reaching demand for raw materials such as natural fabrics, vegetable oils, dyestuffs, and rubber to supplement industries in Europe with the rise of industrial capitalism. An increasing population and per capita income created a parallel increase in the tropical foodstuffs and beverages produced on a plantation basis such as coffee, tea, cocoa, sugar and bananas (De Silva 1982). These trends provided opportunities for capitalist growth beyond primitive accumulation in the European metropolis and enabled investment in the colonies. By the 1830s, the industrial revolution and the growth of capitalism were well under way in Britain. It was strengthened with new economic and political ideologies, and campaigns towards more laissez-faire politics under the influence of evangelicals and writers such as Adam Smith, James Mill, Alfred Marshall etc. The emerging laissez-faireism was well reflected within the politico-economic state of British Ceylon with the implementation of the recommendation of the Colebrook-Cameron Commission Report. This Commission of inquiry was appointed in 1829, to look into all aspects of colonial rule in Ceylon (Mendis Garnett, Colebrooke William Macbean et al. 1956; Jayawardena 2000).

Besides the reformation of the administrative and judiciary system, the Colebrook-Cameron commission initiated a major shift in the economic sphere of British Ceylon. It abolished compulsory labour (Known as *rajakariya*) inherited from the pre-colonial kingship and introduced taxes on commodities such as cinnamon, capititation, fish, and many licensing system, provided the required political background for the development of free enterprise.

The initial establishment and growth of the plantations after the mid 1830s was heavily dependent on state intervention. Plantations were means of bringing together enterprise, capital and labour from various parts of the world into a new location where land was available for the production of a particular staple (Beckford 1972). This required initial state intervention for making land freely available for new enterprise. It was recorded that during the initial years of plantation development the planters had almost a free hand in the choice of location and extent of their plantations, or 'estates'<sup>4</sup>, as they were popularly known in Ceylon. A planter could choose a plot of land and have it surveyed at his own expense. The government would then publish an advertisement in the local news paper for three months and the land would be put up for auction on the appointed day. There was an established custom that others would not outbid the land away from the planter who originally selected and surveyed it. Land was sold at prevailing minimum upset price, which was five shilling an acre until 1844 and twenty shillings thereafter. In this way, early British planters (almost all of them government officials) were able to accumulate vast tracts of land in the Kandyan Highlands (De Silva and Royal Commonwealth 1965). Many officials brought up land not purely for immediate cultivation, but for its real estate value as well. A large proportion of land bought from the Crown was later resold to other parties at huge profit margins (Bandarage 1983).

---

<sup>4</sup> 'Estate' is the common term used in Sri Lanka for plantation. An estate mainly consists of a large tract of land under tea; a factory where green tea leaves are converted into product of tea; superintendents' bungalows; an estate office (closer to the superintendent's bungalow) where clerical work is done; factory and clerical staff quarters; and workers *lines rooms* (resident's barracks) spread over the estate.

Pre-colonial king-state was the 'lord of the soil'. This rule has partly used by the colonial state to redistribute the land ownership of the Kandyan Highlands (most suited to plantations); the rest was accumulated by the colonial state legislature (the Crown Lands Encroachment Ordinance No.12 of 1840) and military supremacy over the natives. Category of lands subjected to this legislation was those lands for which the locals did not have any documentary evidences as they had customarily been considered as communal village lands. According to the customary law in the pre-colonial Kandyan kingdom, all uncultivated/ unoccupied lands theoretically belonged to the king. However, as land was plentiful and not a commodity, the king did not prohibited cultivation of his lands except in sequestered royal forests. Hence, villagers had beneficial ownership (not an absolute right) to the highlands forests surrounding their villages regardless of feudal overlordship (Bandarage 1983; Vanden Driesen 1982).

Such land distribution had its economic implications enabling the release of land to market forces, though partial and imperfect, from their feudal ties and therefore initiated the birth of capitalism. However, the next issue is whether such land legislatures (political economic policies) were capable of dissolving the feudal peasantry so as to create a labour force for the capitalist form of plantations in British Ceylon.

Official support for planters took many forms. The colonial state helped to cut the costs of estates, channelling land, labour and capital to planters on preferential terms (Booth et al. 1990). In contrast, the British West African authorities were precocious in the colonial world of their day in refusing to supply planters with land and labour on special terms, but it should be noted that their views did not extend to their colleagues in Ceylon (Phillips 1989).

## **Land without Labour: The problem of labour supply to the colonial plantations**

T W Baynes, a Judge in British Ceylon, wrote a letter, dated 10<sup>th</sup> February 1841, on behalf of his brother who was a planter in Ceylon, to Charles Dickens who was a trader in South India;

"Labour here is somewhat scare and (at) high price and (is) not to be depended on. My brother is very anxious to have coolies from the coast. They will be hutted and get a small piece of ground for a garden. The Sinhalese coolies are very idle and owing to the scarcity of their numbers, they give themselves great airs." (Quoted in Tinker 1974, p.70).

J. Steuart, an English Writer, made a comparison between England and British Ceylon as follows;

"In England the study of statesmen is to find employment for the poor; while in Ceylon the difficulty is to find poor to employ. England has not sufficient land to produce food for its manufacturing people; while Ceylon has not sufficient labouring population to cultivate the soil for English capitalists and has none to spare for manufacturing purposes" (quoted in Pieris 1952).

Sir Henry Word, Governor of Ceylon (1855-1860), wrote in a despatch to the Colonial Office in June 1855;

"The attempt to induce the native population to take part in those improvements that have converted the jungle into thriving coffee plantations upon which an enormous amount of British capital and Enterprise has been expended, has so failed so entirely that the whole of the work of plantations is carried on by immigrants coolie labour (from South India). No amount of wages, no hopes of prospective advantages, no desire to improve their conditions by imitating habits of their European neighbours, have acted as yet upon the Singhalese mind, or roused the people from their apathy. With wants easily satisfied, and a fertile soil subdivided into small holdings, they can always command the absolute necessities of life and seem to look no further." (Sri Lanka National Archives)

Governor Robinson at the opening session of the Ceylon Legislative Council in 1866;

"The wants of the native population of the island are few and easily supplied by an occasional day's work in their own gardens or paddy fields. Their philosophy, their love of ease and indolence or their limited ideas, whichever may be the cause, render them perfectly content with what they already possess." (Quoted in Bandarage 1983, p.175).

These quotations provide the British perception of 'why Sri Lankan natives did not become plantation labourers', in other words 'why the emerging plantation system was unable to attract indigenous labour'.

Pre-colonial Kandian social formation was simple in its styles but complex in social relations. The lifestyle of villagers was composed of daily routines related to their simple agricultural activities and engagement in some specific work related to caste which was the main form of social stratification in the Singhalese society. Definition of caste is indeed a difficult task and its implications for the society have been so vast. However, in its narrow economic sense, a caste was a specific social stratification to which people belonged by heredity and to which some socio-economic activities were delegated and specialised. It was a form of 'social charter' assigned to a specific familial stratification in the society. It ensured that one's child would be in the same craft or service as their parents.

However, another prominent feature of the Singhalese social organisation in the Kandyan kingdom was that, irrespective of their caste, everyone (except the royal family and the high caste aristocratic caste (radala) who were in the feudal government bureaucracy, and Buddhist priests) engaged in their own subsistence agriculture. "Unlike South India, there were no landless agricultural labour castes in Kandy" (Bandarage, 1983, p.174). Not the land but labour was scarce. Every family unit had their own home garden, a plot of land for vegetables, a tract of wet-land for paddy cultivation on feudal tenancy, and free access to forest lands for seasonal *chena*<sup>5</sup> cultivation for dry grains. Coupled with their simple psychological character, this organisation of production made them quite contented with what they had (Pieris, 1956; Seneviratne, 1978).

In the low country Singhalese and Sri Lankan Tamils (who were more exposed to colonial influence over two centuries) were heavily engaged in various economic activities in addition to paddy farming and fishing. These were related to the Portuguese,

---

<sup>5</sup> *Chena* referred to a specific land area where dry grains and vegetables were cultivated by villagers on a shifting slash and burn method. Villages in a season slashed and burned a forest area in preparation for cultivation of main dry grains. After harvesting, the land was abandoned for long periods (generally more than seven years) until it re-grew into jungle and was ready for slash and burn again.

Dutch and early British colonial activities, such as cultivation of cinnamon, coconut and other petty commodities as well as various services such as transport (bull carters) and these activities were quite profitable. Ferguson (undated) estimated that, in 1864, there were 13000 Singhalese carters engaged in the transport of coffee and thousands of Singhalese men and women were engaged in activities related to coffee plantations such as making of casks in which coffee was exported.

Paddy cultivation was the primary economic activity of the indigenous peasantry who used muddy lands unsuitable for coffee or tea plantations. Hence colonial land legislatures were unable to dissolve the paddy peasantry for release as plantation labourers. They did, however, take over land used for chena cultivation. Plantations as a mode of work experience and income did not provide better rewards than the traditional mode of work due to low wages, irregularities of pay, as well as highly authoritarian and exploitative labour relations (Moldrich, 1989; De Silva, 1982; Bandarage, 1983). The plantation economy and its associated legislative support from the colonial state was unable to attract labour from the pre-colonial feudalistic system.

## **In search of labour for Land: How Indian Tamils were tied to Ceylonese Plantations**

Due to insufficient institutional prerequisites for the release of indigenous labour for plantation work, British planters turned to India as a source of cheap labour supply. India was already such a source not only for planters but for the emerging industries in the metropolis (e.g. cotton and coal mining in UK).

Conditions in the South Indian economy encouraged labour migration, and the transfer of labour was an organised business with capital outlay by shippers, recruiting agents and planters. "Sailing vessels (were) employed by the Government of Ceylon." (Nadasan 1993, p.51). The government initially incurred the expenses of labourer transportation (up to the northern coast of Ceylon from where the workers had to walk over a 150 miles) which was subsequently recovered from the planters (Wesamperuma 1986). "In India 'labour-hunting' was a term used in government reports....A recruiting agent and several sub-agents scoured the villages, drumming up hopes of a bright future and using every possible stratagem to increase their catch" (De Silva 1982, pp.237, 239). Recruited "coolies" were organised into gangs under the headship of 'kanganies' (Kangany is an Indian Tamil but his position was higher than the other coolies in terms of caste). Later these kanganies became the recruiting agents for planters who did not travel to south India. Ceylon planters established a system of labour recruitment and control which is known as the 'Kangany system'.

The term 'kangany' refers to an overseer, but in the plantation system, the kangany's power was far greater than a mere overseer. He was the sole source of supply of labour to plantations in the early period of plantation development; he was the link and the wall between management and labourers; he was the patron to the gang of labourer he brought from South India; he was a sole means of credit supply to the labourers and he was a social authority in terms of his caste and kingship relations with those coolies. As a recruiter, the kangany was given a sum of money for every worker he brought to Ceylon (head money) and he was also paid a daily bonus for each worker who turned up

for work (pence money). In the early years, the kangany's duties included the issuing of rice to the workers, settling family and running a shop. The most important role of the kangany was his powerful position as intermediary between the plantation management and the workers. The role of the kangany has been most incisively described by A R King, when he as the District judge at a plantation area in Sri Lanka:

He is the leader and representative of the coolies composing his gang and artfully binds them to him in every conceivable way. He is their banker and spokesman; and the principal relationship between him and the coolies are of the most complicated nature- a skilfully devised network by which he manages always to exercise a hold upon each coolly, either by virtue of his responsibility to the coolly, or the responsibility of the coolly to him. He disposes these relations much in the way that a practised gambler arranges his betting book, safe to be the winner in any event (Administration Report 1870, Quoted in Moldrich 1990, p.61).

A Kangany was typically an influential person in the South Indian social fabric in terms of caste and kinship relations to those so-called 'coolies' who immigrated to Ceylon. This social position enabled him to be engaged in 'human business' in the sense that he collected a gang of depressed, landless low caste people for a return of 'head money' and 'pence money'. The Kangany became a very critical element in the plantation system. "There will be little or no cause of complaint if the coolly does a good day's work for his pay but this he will not do- nor can he made to – unless his Cangany assists the master in compelling him to it. ... 'Like masters, like man', should read ' like Cangany, like coolie', on the estates. We cannot insist too strongly on this point." (Woodhouse, proceedings of the planters Association, 1865-66, p.91, quoted in Moldrich 1990, p.61). When the kangany wished to leave "he (sic) took his labour gang with him, moving within the same restricted employment system (i.e. from one estate to another)" (De Silva 1982, p.330). The so called thundu<sup>6</sup> system later came into existence as mean of addressing this inter- plantation labour movement.

"There is absolutely not a single coolly on any one estate without debts. The only question is about the difference of amount. The debt of each coolly varies from Rs.50 to Rs.200 and more. Seldom does a coolly owe less than Rs.50. The average debt of the coolly is roughly Rs.100. These debts are said to be accumulated in different ways. First, the amount advanced by the kangany before recruiting and the travelling expenses. Secondly, value of things brought from the kangany from time to time. Thirdly, cash lent by kangny during the illness and on the other occasions" (Thaigaraja, 1917, Indian Coolies in Ceylon Estates, The Indian Review, March; quoted in Bandarge 1983, p.209)

The Indebtness of labourers and the system of wage administration, was simple and cost effective to the planter in the sense that it bonded labourers socio-economically to the kangany. During the colonial period, planters did not pay wages directly to the labourer but paid the kanganies who in return paid their labourers at their own discretion. Millie (1877) stated that

---

<sup>6</sup> Thundu's were chits of papers on which the debt of each labourer owed to the estate were written down by the planter.

“Kanganyi charged one rupee per month for a loan of Rs.10 which worked out to 120% per annum. The workers wages or a good part of them went to paying the interest...on pay days the wage went from the pay table into the well bulged out waistcoat of the kangany...Why was this permitted? ...He (kangany) had advanced money on the coast (in South India); if the cash went into the hands of the coolly, he would never get it out of him; his wages must be arrested at the pay table before he could possibly touch it. He, the kangany was responsible to ‘Master’ for the whole of the advances and such steps must be taken to secure them. The master would say no more. Visions of refunded ‘cost advances’ which would no doubt take place tomorrow” (Mills, P.D., 1878, Thirty years Ago or Reminiscences of the Early Days of Coffee planting in Ceylon, quoted in Moldrich 1990, p.83)

There was a general agreement among the planters that unless the worker paid back the debt marked on the thundu to the planter or his intermediary, no planter would recruit him for his plantation (De Silva 1982).

The historical reasons for forming such a kangany system of strategy and control are dialectical in push and pull factors. On the pull side, the Sri Lankan plantation system experienced a severe shortage of labour due to the non-willingness of Sinhalese to work on plantations. On the push side, the South Indian social formation of caste based feudalism created a huge landlessness and indebtedness among low cast Tamils which they wanted to escape from. The scenario from the labourers side was simply a movement from debt bondage in a South Indian village to debt bondage on Sri Lankan plantations in the ‘hope of a better life’.

## **Labourer Tied up to the Tea Bush: How Labour Managed**

Such immigrant labour did not create a free labour force in the Sri Lankan plantation economy. They were, even now to a large extent captive or un-free absolutely lacking in personal mobility. Debt bondage, the system of wage administration, the enclave nature of the plantation system, and colonial state intervention in the regulation of labour mobility were the significant factors in the emergence of a captive labour force.

### **3.6.1 Coolies in an Iron Cage: Labour management on plantations**

According to Bandarage (1983) and Wesamperuma (1986) planters preferred to pay cash advances rather than wages and this system came to dominate labour relations in colonial plantations. It was large cash advances, instead of outright payment of higher wages, which effectively tied the labourer to his plantation and ensured a steady supply of labour. All these cash advances passed to the labourer through kanganies.

“a miserably paid and exploited labourer who invariably incurred a large debt to the kangany and his employer was unable to seek new employment unless he discharged his debts to his former employer” (Thaigaraja 1917)

In the plantation there was an integration of three generally separate roles of life: work, living and leisure which the plantations made into a ‘total institution’ (Goffman 1969; Best 1968). It was the recruitment of immigrant labour in family units that created the total institution which encompassed the entire existence of the resident workforce. It was customary that the plantation labourers were provided rent free housing, free medicine estate schools, nurseries (crèches) for children, some food rations, Hindu temples and churches, kitchen gardens, barbers, as well as a maternity ward and a midwife in the case of larger estates. Similarly, on pay days, tradesmen from the nearby bazaars,

mainly Muslims, visited the estate with cloth and other necessities. Hence, plantations labourers not only produced crops but grew up, married, saved, consumed, quarrelled, co-operated, and died in the plantation to which they were tied. AS De Silva (1983p.331);

“The plantation workers were very much of an ‘out group’, a mere aggregate, without an organic unity, like Marx’s sack of potatoes. The non wage concessions, including small allotments for stock grassing and fuel gathering (fire wood), essentially for ‘stabilizing and holding’ the workforce, minimised interaction with the surrounding community”.

Work in the village setting (Singhalese village) was divided not among stand alone individuals but by specific hereditary family groups according to the cast belongs to them. Thus, there was no social space for plantation Tamils to fit in with the work organisation of Singhalese villages other than becoming a domestic servant in an elite family, which is also restricted to a limited number.

Constitutionally, the colonial state was organised to safeguard British mercantile interests. The Colebrook-Cameron Constitution, which was implemented in 1933, covered most of the colonial plantation phase in Ceylon history. To mark Ceylon as the only colony with councils of governance at that time the colonial state composed two councils: the Legislative and Executive councils. According to De Silva (1962) these councils were positioned by 'principle officers of the government' and 'responsible inhabitants, European or native'. Unofficial members were appointed to represent the Sri Lankan Tamils (Jaffna Tamils) not the immigrated plantation Tamils. (Jayawardena 2000) outlines bureaucracy of this colonial state that the government bureaucracy was also almost filled by British officers except for the '*Mudliyors*'. The position of *Mudliyar* was inherited from the pre-colonial agrarian bureaucracy. In the early days of British rule, those *Mudliyors* who had proven their loyalty, especially during the 1817-18 armed rebellion against the British, were duly rewarded, by confirming their positions in the British government. According to Peebles (1995) the functions of *Mudliyors*, included recruitment of Singhalese labour for government contracts and services, the collection of revenue, and the maintenance of law and order at local level. Prior to 1833 they provided labour to the colonial government through '*rajakariya*' (*rajakariya* was a duty-compulsory labour exacted from the peasantry to the pre-colonial king/state). After the abolition of *rajakariya*, the *Mudliyors* continued to act as interpreters, translators, clerks, tax collectors and advisors to local officials, as well as unofficial police and the magistrate in the village landscape (Peebles 1995).

The colonial state had a natural bias towards the mercantile interests of the plantations as many European officials had stakes in them. Even the Singhalese *Mudliyors* directly or indirectly had a stake as providers of various contract services to the plantations. These *Mudliyors* had informal police network that made it impossible for the plantation Tamils to desert the plantations, especially when it was combined with the illegality of doing so ((Jayawardena 2000).

## How Sub-Contracting worked in the Plantations

"Capitalism in its early stages expands, and to some extent operates, not so much directly subordinating large bodies of workers to employers, but by sub-contracting exploitation and management" (Hobsbawm 1964, p.297).

"Thus the immediate employer of many workers was not the large capitalist, but an intermediate, internal contractor who had a contractual relationship with the over-arching employer, and in turn was an employer of the labour himself" (Litter 1982, p.64-65).

It was something similar, but more than this 'internal contract system' that prevailed pertaining to the labour relations around the kangany-the contractor. The kangany was a different contractor than the western contractor that Littler describes. It was true that he was a contractor of exploitation and earned more money than some managers; and , it was certainly true that he had delegated all the dirty work...(under the tea bush) to assistants (sub-*kanganies*) and were "out-managing' the managers" (Littler 1980). However, the *Kangany* in some respects has a different type of contractor than the western contractor Littler describes.

The nature of agricultural work pertaining to plantations which is fundamentally different from the context of work in western scenarios. In the plantation agricultural setting, there was no clear contractible output on which a specific price tag could be placed. Hence, the *Kangany* was the manager of a whole set of social relations, within and beyond production. The western contractor was often responsible for his own financial control and much of his purchasing (Littler 1980) but, the *kangany*, he bore no losses but only gains.

Indeed, British planters did not actively participate in shaping the social relations of the immigrant labourers but rather left much of the internal organisation to the head *kanganies* as long as such social relations were beneficial to them (Hollup 1994: De Silva 1982). Hence, once the immigrants arrived at the estates, they were grouped into sub-gangs under the family heads, called the sub-kangany. The labourers in such a sub-kangany gang usually belonged to the same caste and kinship group. Then even different land plots for their residential 'lines' (barracks) were allocated by the *kanganies* so that same caste groups were territorially kept together and different caste groups were segregated (cf.Kurian 1999).

## Agents over Capital: How British mercantile capital operated in Ceylonese plantations

According to De Silva (1983) the British capital was of two types: 'productive capital and mercantile capital'. Productive capital refers to the direct investment in plantations provided by the scattered mass of absentee stockholders of British plantation companies, commonly known as starling companies. Fixed productive capital was mainly for land preparation and factory building, and other infrastructure. Labour was the largest portion of the variable capital and, generally, it represented around sixty percent of the total operating capital of the estate. In terms of factory activities, cost absorption was less than ten percent of the total operating capital and the rest went to various supplies and services. It is significant to note that present cost structure also remains as almost same proportion.

In 1972 the Sri Lankan government conducted an inquiry into tea plantations. The following report outlined the agency house system which was, and continued to be, the operational mode of mercantile capital in the plantation economy. The ownership of the agency house system was wholly British during the colonial period although some Sri Lankans entered into agency business late in the 1930s. However, even after independence (1948), as late as the 1960s the operations of agency houses was still largely in the hands of British investors and executives (government of Sri Lanka 1974, pp.16-17)

The operational framework of agency control consisted of an agency house in London, another agency house in the capital city of the colony, and plantation managers. The control responsibilities were that the managers were responsible for managing the labour process; the Colombo agency managed the plantation; and the London agency managed the company. As the management agent of the estate, Colombo agency houses were entrusted with a series of managerial, secretarial and other related functions (government of Sri Lanka 1974, pp.16-17).

Mercantile capital consumed a larger portion of the plantation surplus than did productive capital. According to De Silva (1982) and Stahl (1951) the explicit means of such appropriation by mercantile capital included the various fees and commission on sales proceeds, and margins on various services such as insurance and freight that they provided for the plantation companies. In addition, large amounts of surplus were appropriated through implicit means such as hidden agency commissions and overpricing.

## **Two Faces of the Coin: Dualism in colonial Ceylon**

The plantation economy's influence on general life styles and income distribution, was great but it was not strong enough to dissolve the existing feudal agricultural base. Instead, feudalism was reproduced by the plantation system and continued to survive as a parallel mode of production. Politically, the colonial state did not attempt to dissolve the prevailing hierarchical nature of Sinhalese society but rather integrated it into the British system of rule by placing the Sinhalese elite caste members such as the *Mudliyors* in provincial ruling positions (Roberts 1997; Jayawardena 2000).

In the non-plantation system, in addition to trading, services and industrial activities, that emerged in the main town centres like Colombo, there were three distinct agricultural activities in the Kandyan highlands: paddy farming, chena cultivation and petty commodity production for the export market such as cinnamon, spices as well as graphite mining. Chena cultivation was affected by the plantation expansion in terms of availability of land and started to disappear. On the other hand, petty commodity production started to expand rapidly using all infrastructural facilities such as transportation developed for the plantations. This petty commodity production was fuelled by the cash demands of the peasantry now involved in the emerging monetary economy. Thus, while Tamils worked in the plantations, some Sinhalese peasants involved themselves in petty commodity production and small-scale agriculture.

Bandarage (1983, p.291) stated that;

"...rather than becoming wage labourers on European plantations, the Kandyan peasantry adopted themselves to the new colonial political economy by taking up small holding cash crop production. This enabled them to maintain a certain distance and independence from the surplus appropriators present in the other modes of production."

## Conclusions

The colonial period in Sri Lanka can be divided into two distinct historical phases. The first phase was up until 1830 and was basically mercantilist through the exchange of whatever was produced in the pre-colonial economy. The second phase was after the Colebrook-Cameron political reformation when capitalism in British Ceylon started to expand through the plantation system. However, the emerging plantation mode of production was not yet attractive enough for Sinhalese workers and associated colonial state policies were not effective enough to release feudal labour from their traditional ties. To respond to the new colonial political economy, the Kandyan peasantry adapted to cash crop production. Thus, planters had to import labour from South India.

The labour recruitment and patterns of exploitation that planters adopted resulted to in the emergence of a unique system of bonded labour relations-the kangany system. Labourers were bonded to the plantation system due to their debt bondage with the *kangany* and the plantation. This labour process held the workers on the plantation which was a total institution.

This system also meant the dominance of mercantile capital over productive capital. Moreover, pre-colonial modes of production co-existed with the plantation economy while a distinct class of indigenous bourgeoisie emerged in venturing into business lines opened up by the expansion of plantations.

## References

- Anderson, P. 1978, *Passages from Antiquity to Feudalism* Verso, London.
- Bandarage, A. 1983, *Colonialism in Sri Lanka: The Political Economy of the Kandyan Highlands, 1833-1886* Lake House Investments Limited, Colombo.
- Beckford, G. L. 1972, *Persistent poverty underdevelopment in plantation economies of the Third World* Oxford University Press, New York.
- Best, L. 1968, "Outlines of a Model of Pure Plantation Economy", *Social and Economic Studies*, vol. 17, no. 3, pp. 283-326.
- Buttrick, J. 1952, "The Inside Contract System", *Journal of Economic History*, vol. 12, no. 3, pp. 205-221.
- Court, W. H. B. 1965, *British Economic History 1870-1914 Commentary and Document* Cambridge University Press, Cambridge.
- De Silva, C. R. 1953, *Ceylon Under the British Occupation 1795-1833: Its Political and Administrative Development - Volume One The Colombo Apothecaries Co. Ltd.*, Colombo.

- De Silva, C. R. 1962, *Ceylon under the British Occupation 1795-1833: Its Political and Administrative Development - Volume Two The Colombo Apothecaries Co. Ltd.*, Colombo.
- De Silva, K. M. D. 1965, *Social Policy and Missionary Organisations in Ceylon, 1840-1855* Longmans, London.
- De Silva, S. B. D. 1982, *The Political Economy of Underdevelopment* Routledge & Kegan Paul, London.
- Dobb, M. H. 1963, *Studies in the development of capitalism*, 2 edn, Routledge & Kegan Paul, London.
- Goffman, E. 1969, *The Presentation of Self in Everyday Life* Allen Lane The Penguin Press, London.
- Government of Ceylon 1923, *A Revised Edition of the Legislative Enactments of Ceylon*, Government Printer, Colombo.
- Government of Sri Lanka 1974, *Sessional Paper No. XII 1974: Report on the Commission of Inquiry on Agency Houses and Brokering Firms*, Government of Sri Lanka, Colombo.
- Hollup, O. 1994, *Bonded Labour: Caste and Cultural Identity Among Tamil Plantation Workers in Sri Lanka* Charles Subasinghe & Sons, Colombo.
- Jayawardena, K. 1972, *The Rise of Labour Movement in Ceylon* Duke University Press, Durham.
- Jayawardena, K. 2000, *No Bodies to Somebodies: The Rise of the Colonial Bourgeoisie in Sri Lanka* Social Scientists' Association - Sri Lanka, Colombo.
- Kosminskii, E. A. 1956, *Studies in the Agrarian History of England in the Thirteenth Century*, Edited by R H Hilton and Translated by from the Russian by R.Kisch Oxford University Press, Oxford.
- Kurian, R. 1999, "Caste Hierarchy and Female Labour: Sri Lankan Plantations", *Pravada - The Journal of Social Scientists' Association*, Sri Lanka, vol. 6, no. 5, pp. 23-26.
- Kuruppu, N. S. G. 1951, "A History of the Working Class Movement in Ceylon", *The Ceylon, Historical Journal*, vol. 1, no. 2.
- Littler, C. R. 1980, "Internal Contract and the Transition to Modern Work Systems: Britain and Japan," in *The International Yearbook of Organization Studies*, 1979, D. Dunkerly & G. Salaman, eds., Routledge & Kegan Paul, London, pp. 157-185.
- Littler, C. R. 1982, *The Development of the labour Process in Capitalist Societies* Heinemann, Educational Books, London.
- Mendis, G. C. 1956, *The Colebrooke-Cameron Papers: Documents on British Colonial Policy in Ceylon 1796-1833, Volume I & II* Oxford University Press, London.
- Moldrich, D. 1990, *Bitter Berry Bondage: The Nineteenth Century Coffee Workers of Sri Lanka*, Author's Publication, Kandy, Sri Lanka.
- Nadesan, S. 1993, *A History of the Upcountry Tamil People* Nandapala Publications, Colombo.
- Pares, R. 1954, "The Economic Factors in the History of the Empire," in *Essays in Economic History*, E. M. Carus-Wilson, ed., Economic History Society, London.
- Peebles, P. 1995, *Social Change in the Nineteenth Century of Ceylon* Narwang, New Delhi.
- Pieris, R. 1952, "Society and Ideology in Ceylon During a 'Times of Troubles', 1796-1850", *University of Ceylon Review*, vol. 10.
- Pieris, R. 1956, *Sinhalese Social Organization: The Kandyan Period* The Ceylon University Press, Colombo.
- Roberts, M. 1966, "Indian Estate Labour in Ceylon during the Coffee Period 1830-1880", *Indian Economic and Social History Review* no. March-June.

Roberts, M. 1997, "Elite Formation and Elites, 1832-1931," in Sri Lanka: Collective Identities Revisited, Volume I, M. Roberts, ed., Marga Institute, Colombo, pp. 191-265.

Seneviratne, H. L. 1978, *Rituals of the Kandyan State* Cambridge University Press, Cambridge.

Sri Lanka national Archives. Despatches 5/42 No 15 of 8 June 1855.

Stahl, K. M. 1951, *The Metropolitan Organisation of British Colonial Trade* London.

Tinker, H. 1974, *A New System of Slavery: The Export of Indian Labour Overseas, 1830-1920* Oxford University Press, London.

United Planters Association 1904, *Annual Report 1904* Colombo.

Vanden, D. I. H. 1953, "The History of Coffee Culture in Ceylon", *Ceylon Historical Journal*, vol. 3, no. 1-2.

Wesamperuma, D. 1986, *Indian Immigrant Plantation Workers in Ceylon: A Historical Perspective 1880 - 1910* Vidyalandara University, Kelaniya, Colombo.