

Title of Paper: Rural Incomes, Rural Debt and the Dynamics of Accumulation in Post-war Jaffna

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Abstract:

What becomes of the social structures of a rural, agricultural society after its economy has been destroyed and its people dispersed by a three decade civil war? In May 2009, a three-decade-long civil war ended in Sri Lanka with the decimation of the Tamil Tigers, and the return of state control over the entire national territory, including the Northern Province with a land route to the Jaffna District. The post-war agenda focused on the resettlement of hundreds of thousands of displaced people, the cultivation of fields that had remained fallow, the return of fishers to the sea, the rebuilding of transport infrastructure including the major road network, connectivity to the global market for goods and the expansion of credit through a proliferation of banks and finance companies. The reconstruction of the rural economy raises questions about the assets and incomes of rural people. Scholarship in Sri Lanka is ill prepared to address this question, as by the mid-1980s research on agrarian change and social structures was disrupted in order to address the ethnic conflict.

Jaffna was socially vibrant during the post-independence decades of the 1950s and 1960s, with some of the best schools and hospitals in the country. A cash crop boom in the late 1960s led to accumulation by those belonging to the landowning Vellala upper caste, consolidating a middle class. While this professional and landowning middle class emerged, caste oppression of the landless labouring class continued producing decades of caste agitation, culminating in struggles around temple entry and access to public wells in the 1960s. Consequently the oppressed castes gained greater access to education and other institutions, but landownership rarely crossed caste lines. Socially, the 1970s was a time of promise, however, a turn towards armed insurrection against majoritarian state policies and economic problems aggravated by accelerated liberalisation laid waste to the countryside by the early 1980s.

Thirty years later, my research analyses changes to rural livelihoods, household assets and indebtedness underneath and perhaps invisible to the national economy and the state's agenda of post-war reconstruction focused on infrastructure development and financialisation. Currently, Jaffna's estimated population is 600,000, with 65% of the people consisting of 54,000 households involved in small-holding agriculture, of which 30,000 households are landless labour. With the war, large sections of the landowning Vellala upper caste and some sections of the oppressed castes migrated to the West, and now provide remittances, which shape productive relations by weakening or strengthening ties to agriculture. The central issue in my research is the post-war tension between incomes tied to the state, remittances and agriculture as they impinge on household incomes? And how have the process of financialisation affected indebtedness and household assets? My research considers the form of accumulation after the war, and whether global integration through the market and financialisation further dispossesses rather than reconstructs war-torn societies.

My findings point to the failure of reconstruction and the onslaught of the process of dispossession and new forms of social exclusion. While rural incomes impact social relations,

I found that during the short post-war period, it is indebtedness that has become a defining factor. This is no coincidence as post-war state policies both towards national development and reconstruction of war-torn districts have emphasised the building of road infrastructure, market expansion and financialisation. The post-war North is trapped in consumption through debt; its production facilities are outdated and cannot compete in the market. With consumer goods not seen in decades flooding the North, credit was made available through a variety of financial instruments; including expansion of banking, promotion of pawning with ballooning global gold prices, lease-hire purchasing of vehicles and loans to augment donor provided housing schemes. Severe indebtedness is linked to the recent spate of suicides and suicide attempts in Jaffna.

Next, even as agricultural production has increased, the net incomes are low due to the increasing costs of production and the market fluctuations of the prices of produce during the harvest season. Rural provisioning is under stress after the war with increasing monetisation of the rural economy; where for example firewood for cooking and transport of produce exact larger costs on household incomes. As credit eventually was squeezed with increasing defaults on loans, it is only those with access to remittances that can maintain their material base to continue small holding agriculture. The lower-caste landless farm wage labour households are the most indebted. However, the oppressed caste toddy tapping households are the least indebted; partly due to the support and organising efforts of the Palm Development Co-operatives. With the Northern economy mainly growing from the initial spurt of state and donor aided post-war construction, many from the agricultural classes shifted part-time or full-time to mason work. However, with housing and road construction slowing, young men are increasingly seeking migrant work in the Middle East.

In this way my paper will address how a war-torn society after the guns are silent and connected to the global market for goods and shaped by global finance capital can be ravaged by dispossession. The process of reconstruction has become a process of dispossession squeezed by the market and finance, where the meagre assets and incomes of rural people are siphoned off by global finance capital and national financiers through new dynamics of accumulation.

Bio:

AhilanKadirgamar is a PhD candidate at the Graduate Center, City University of New York (CUNY). He holds an MPhil in Anthropology from CUNY, an MA in Economics from the New School for Social Research and BS in Electrical Engineering from the Georgia Institute of Technology. He is a co-founder of the Sri Lanka Democracy Forum, a multi-ethnic network of activists founded in 2002, and a contributing editor for *HimalSouthasian* since 2008. He is currently based in Jaffna, and regularly writes on the political economy of Sri Lanka in forums such as the *Sunday Island* national newspaper, *Samakalam* magazine in Tamil and the *Economic and Political Weekly* in India.