

## CHAPTER V

### **SRI LANKA AND THE INTERNATIONAL SYSTEM:**

#### **THE SLFP GOVERNMENTS**

##### **SLFP LED MEP GOVERNMENT (1956-59) : THE S.W.R.D. BANDARANAIKE ERA**

The SLFP LED Mahajana Eksath Peramuna (MEP) – literally meaning People’s United Front – under the leadership of S.W.R.D. Bandaranaike won a landslide victory in April, 1956 General Elections. The MEP comprised of Philip Gunawardene’s Viplakari Lanka Sama Samaj Party (VLSSP), W. Dahanayake’s Sinhala Bhasa Peramuna (Sinhala Language Front), and a group of independent MPs led by R.A. Irrigolle besides Bandaranaike’s SLFP. The MEP won 51 out of the 95 seats and so formed the government. The UNP was decimated to a mere 8 seats. The LSSP which had no contest pacts with the MEP, won 14 seats and the Federal Party increased its strength from 2 to 15 all in the Tamil area of the north and the east.<sup>1</sup>

The 1956 election marked a shift of the political power from the westernized colonial bourgeoisie into hands of Sinhala petty bourgeoisie who lived in small towns and villages.<sup>2</sup> S.W.R.D. Bandaranaike articulated the hopes and aspirations of the Sinhala middle classes. In addition to the diminished role of western culture and English language, Mr. Bandaranaike asserted the political and economic independence of the island much to the satisfaction of his social base. The SLFP led MEP put forward a radical socialist economic programme, which stood in contrast to the UNP’s conservative economic agenda. The MEP advocated the nationalization of all essential industries including foreign owned plantations, transport, banking and insurance. Basic heavy industries like iron, steel, chemicals, cement, fertilizers, textiles and

sugar were reserved for the government. Only light consumer goods manufacturing was left to private enterprise.<sup>3</sup> The successful implementation of this economic programme depended upon the reduction of dependence upon western private capital and diversification of the sources of trade and aid.

The success of this economic programme was conditional upon the removal of the stigma that Sri Lanka was 'pro-West' and 'anti-Communist.' S.W.R.D. Bandaranaike brought about important changes in the island's foreign policy. He pursued a policy of nonalignment and friendship with all countries. He wanted his foreign policy to be neither 'anti-West' or nor 'anti-Communist' but it should be 'pro-Ceylon.'<sup>4</sup> Thus his foreign policy was intrinsically linked to his economic policy. The first and foremost task he took upon himself was to remove those areas in Sri Lanka's external relations which had led to the perception that Sri Lanka was 'pro-West' and 'anti-Communist.'

In accordance with the MEP's election pledge, S.W.R.D. Bandaranaike negotiated the withdrawal of the British military bases from the island. During the course of negotiation, Mr. Bandaranaike withstood pressures from various Western quarters trying to deter his move. In 1957 the negotiations culminated in an agreement between the two governments for the elimination of the British air base at Katunayake and naval base at Trincomalee, but it was also agreed that the dislocation would take about three years and certain services would be provided for five years. The Bandaranaike agreed to pay a sum of Rs. 22 millions as compensation for the unmovable property. However, it is to be noted that despite the removal of the bases, the External and Defence Pacts with Britain as such were not abrogated.<sup>5</sup>

The continuation of the Defence Pact could be ascribed to the inherent constraints of the smallness of the island. It did not have an adequate military to protect and defend its territory in case of an external attack, and if at all such a situation arose the agreement could come handy. Then Sri Lanka could rely upon Britain for help. Furthermore, with all sorts of pressures from

the Western quarters against the withdrawal of the bases, abrogation of the pact would have been an extreme act especially in the height of the cold war. Such an act would have seriously and adversely affected Sri Lanka particularly when her dependence upon western markets for the disposal of her export items was still acute. Hence in the given correlation of political, economic and strategic forces, Mr. Bandaranaike adopted a moderate stand while removing the stigma of Sri Lanka being a 'colony' without outrightly alienating the western powers.

During the negotiation with Britain for removal of the two bases, the Suez crisis broke out. Britain was involved in military action against Egypt, who nationalized the Suez canal much to dislike of Britain and France. Britain's military involvement in the Suez crisis posed a serious test to Mr. Bandaranaike's non-aligned policy. He took a firm stand on the issue, that is, Britain would not use its bases in Sri Lanka for military operations against Egypt.<sup>6</sup>

The indifferent and hostile attitude of the previous UNP governments towards communism and communist countries who had questioned Sri Lanka's independence was done away with. The SLFP's interests were to promote the industrialization of the island through the intervention of the state as well as to assert the political independence of the island, and in this connection, maintenance of cordial relations with the communist countries was imperative. Mr. Bandaranaike negotiated the establishment of diplomatic relations with the Soviet Union, China and East European countries. In 1957 Sri Lanka appointed Mr. G.P. Malalasekara and Mr. W.A. Perera as its ambassadors to the Soviet Union and the People's Republic of China respectively.<sup>7</sup> Moreover, as the SLFP's perception of communism differed from that of the UNP, Mr. Bandaranaike on assumption of office annulled the ban imposed on the import of Marxist literature and other similar materials to the island.<sup>8</sup> With the changed relations with the communist countries, a number of dignitaries from there visited Sri Lanka in appreciation of the foreign and domestic policies of the SLFP led MEP government.

In February 1957 Chau En-Lai, the Prime Minister of People's Republic of China visited Sri Lanka and stressed China's conviction to the five principles of peaceful co-existence (Panchashila) and in the spirit of Bandung.<sup>9</sup> The Soviet Union sent a cultural delegation to island in November, 1957.<sup>10</sup> In early 1958 the Czech Prime Minister, Mr. William Siroky, made a goodwill visit to Sri Lanka.<sup>11</sup>

At the same time, the SLFP led MEP government continued Sri Lanka's friendly relations with the UK, the USA and other Western countries. Despite the fact that Mr. Bandaranaike did away with the British military bases, he did not alienate Britain nor did he incur the wrath of the Western bloc. Maintenance of cordial relations with Britain and other Commonwealth countries was in the interest of Sri Lanka because a large volume of her exports were with these countries.<sup>12</sup> During the Suez crisis, the left parties put pressure on Mr. Bandaranaike to quit the Commonwealth because of British involvement, but he maintained that Sri Lanka's membership of the Commonwealth did not contradict the non-aligned policy of his government.<sup>12</sup> In the Commonwealth Prime Ministers' conference, he exchanged views with other leaders on various problems and wanted the Commonwealth to play an effective role in world politics. Similarly Mr. Bandaranaike maintained very cordial relations with the US. He appreciated the peace-making role of the US in the Suez crisis.<sup>14</sup>

To legitimize and boost his non-aligned policy, Mr. Bandaranaike did not take a partisan stand in the Hungarian crisis because such stand would have only escalated instability and tension. Instead he worked for peace in the area.<sup>15</sup> Furthermore, during China's invasion of Tibet, Mr. Bandaranaike referred the issue as purely an internal matter of China. On both occasions it seems he did not want to offend the Eastern bloc.<sup>16</sup> Similarly when his government agreed to allow the voice of America (VOA) to broadcast its programme from Sri Lanka for its listeners in the South and Southeast Asia, he made it clear that the Soviet Union and other communist countries would be provided with similar facilities if they were interested.<sup>17</sup> However, when it was brought to the notice of his government that the VOA was using the

facilities to vilify China, the Sri Lankan government wanted the scripts to be approved before broadcasting.<sup>18</sup>

Thus the SLFP led MEP government tried to ensure Sri Lanka's independent status by maintaining cordial relations with the two blocs. Through the removal of various measures within the country like removal of military bases, abrogation of the ban on import of communist literature and her non-aligned role in cold war disputes, Sri Lanka made herself acceptable to the communist countries. Likewise, Mr. Bandaranaike did not alienate the West. Consequently both the competing blocs were keen on having friendly relations with Sri Lanka because of their politico-strategic interests in the region.

Moreover, Sri Lanka's membership of the UN made the two competing blocs to cultivate her friendship. Neither bloc wanted Sri Lanka to favour its adversary as the battle was then mainly being fought in the UN. Sri Lanka's vote was a big weapon for either. Thus the competitive interests shown by the two bloc leaders took care of Sri Lanka's security motivation because neither would like to have a change in the island's politico-economic dispensation which would be detrimental to their respective strategic interests.

Simultaneously the SLFP led MEP's desire for economic development received a fillip because both the blocs came forward to help Sri Lanka. The US, revoked the Battle Act and in 1956 the US gave a grant of \$ 500,000 with no strings attached to it.<sup>19</sup> Besides the US government requested the Congress to approve further economic aid to Sri Lanka under various schemes like PL 480. In aggregate Sri Lanka received aid worth Rs.360 million under various schemes of the US government.<sup>20</sup> When John F. Kennedy came to power, aid and assistance to Sri Lanka was even more readily available.

Sri Lanka continued its close economic links with the UK, while at the same time striving to diversify its export and import markets. In this context, Japan and the East European countries were giving tough competition to the UK in supply of consumer goods.<sup>21</sup> Consequently, the quantum of imports from the UK decreased, entailing decline on its dependence on Britain.

A significant trend was the ushering of close economic cooperation with the communist countries. Sri Lanka received from them huge long and short term economic assistance for meeting its immediate and long-term economic needs. In 1958, Sri Lanka entered into a economic aid agreement with the Soviet Union. A credit of 27 million rubbles (Rs.142.8 million) was granted to Sri Lanka at 2.5 percent interest rate which was repayable over a period of 12 years. This credit was to meet the cost of supplies and services from the Soviet Union.

Besides the Soviet Union, Czechoslovakia, Poland and Democratic Republic of Germany (East Germany) were notable aid donars. Bilateral trade agreements were signed with all East European communist countries as well as the Soviet Union. The Soviet Union and the East European countries helped to develop the industrial infrastructure in the island.<sup>22</sup> These agreements not only suited the SLFP led government's desire to diversify its dependence and promote state intervened industrialization but also provided better, more stable market for Sri Lankan exports.

Chinese aid also witnessed an upward swing. Sri Lanka received interest free loans to be repaid through Sri Lankan rupee and industrial loan which was related to the supply of agricultural equipments and development of railway system.<sup>23</sup> Further it received outright grants which was given in the form of Chinese manufactured consumer goods to meet the needs of Sri Lankan people.<sup>24</sup> Further China renewed the Rubber-Rice Barter Agreement in 1957.<sup>25</sup>

Thus S.W.R.D. Bandaranaike gave clear and distinct shape to Sri Lanka's non-aligned foreign policy by steering clear of tension between the West and the East. Through his non-aligned foreign policy he was able to endear Sri Lanka to both the blocs. He enhanced the status of Sri Lanka in international politics. The consequence of such a policy was that he received aid and assistance from both camps to implement his economic programme at home.

### **The SLFP Government : (1960-1965)**

On 25 September, 1959, S.W.R.D. Bandaranaike was assassinated by a disgruntled Buddhist monk. The leader of the rightist element in his cabinet, W. Dahanayake was sworn in as the Prime Minister. Dahanayake could not carry the support of the party. Only after two months and a couple of days his government lost support in Parliament.<sup>26</sup> In March, 1960 general election no party secured a majority. As the UNP emerged as the single strongest party, Dudley Senanayake, as leader of the UNP, took oath of office as the Prime Minister on 21 March 1960. But he was defeated in the house on the address of vote of thanks motion 22 April 1960.<sup>27</sup> Thus his government remained in power for only a month. In another election held the same year on 20 July, 1960, the SLFP under the leadership of Sirimavo Bandaranaike, the widow of the late S.W.R.D. Bandaranaike, was returned power. It obtained an absolute majority. She was sworn in as the Prime Minister of Sri Lanka on 21 July, 1960.<sup>28</sup>

Sirimavo Bandaranaike became one of the most dynamic Prime Ministers of Sri Lanka. She had never been in active politics before assumption of the office of the Prime Minister. She had no experience of politics except as the wife of a politician. The poor performance of the SLFP in the March, 1960 general elections led the SLFP members to thrust the leadership of the

party on her. This move proved to be successful as the party obtained absolute majority in Parliament and Sirimavo became the first women Prime Minister in the world.

In her first policy pronouncement on foreign policy in Parliament, she proclaimed:

“In External Affairs, my Government will maintain its policy of non-alignment with power blocs and of neutralism and co-existence. My Government’s relations with Commonwealth as well as foreign countries will continue to be friendly.”<sup>29</sup>

Although she claimed to be following the policy of friendly relations with all countries, during her tenure Sri Lanka felt more close to the Communist countries like the USSR and China than the USA.

In maintaining friendly relations with other countries, Sri Lanka continued to give priority to the Commonwealth. After participating in the Commonwealth Premiers’ Conference of March, 1961 Sirimavo Bandaranaike expressed the view – “that the Commonwealth remains a stronger and more cohesive unit than ever before and a factor of influence in world affairs.”<sup>30</sup> The LSSP led by N.M. Perera was committed to bring Sri Lanka out of the Commonwealth. When the Trotskyite party joined the SLFP government in 1964, the Sirimavo Bandaranaike’s government continued with the Commonwealth association.<sup>31</sup> Later when Britain approached for membership of the European Common Market, Sri Lanka expressed her anxiety with regard to the adverse effect this would have on the island as it would have to face tough competition for its exports, particularly tea of which Britain was the largest buyer. Mrs. Bandaranaike impressed upon Britain to keep Sri Lanka’s interest in mind and was duly assured.<sup>32</sup> However, relations with the UK suffered a setback following the nationalization of foreign oil companies operating in Sri Lanka; of the three companies one was of Britain namely Shell and other two were American i.e. Caltex and Esso. But the reaction of Britain was not as harsh and tough as that of the US. This is because British-owned tea and rubber plantations were estimated at £ 260 million while the assets of Shell was valued to be around £ 2 million. So Britain was keen to protect its larger interests.<sup>33</sup>

A major crisis flared up in the relation between the US and Sri Lanka over decision of Sri Lankan government to nationalize some of the assets of the oil companies in the island. The nationalization was undertaken with a view to reducing import cost and save foreign exchange. The opening move against the oil companies was the introduction of a bill in Parliament in January, 1961 calling for the creation of the Ceylon Petroleum Corporation with both regulatory and expropriatory powers.<sup>34</sup> This bill was approved by Sri Lankan Parliament. The Act provided that compensation for the expropriated properties of aliens would be prompt, adequate and effective.<sup>35</sup> The Act also provided that in case of disputes between the two parties matter could be referred to a tribunal duly constituted for the said purpose.<sup>36</sup>

The initial Anglo-American diplomatic protests were vague and warned only that private investment in Sri Lanka would be deterred by the prospect of expropriation. In reply Sri Lankan Minister for Trade, T.B. Illagaratne “dismissed fears of frightening away foreign capital... declaring that private foreign capital had shown no interest in Ceylon since she had become independent.”<sup>37</sup> The Sri Lankan government also argued that the new corporation was necessary to enable it to buy the cheapest oil available in the world in order to help save the dwindling reserves of foreign exchange. It also noted that the Soviet Union was offering oil to Sri Lanka at a very attractive price – 25 percent below the world market price, and on six months credit. Furthermore, the Soviet Union was willing to accept payment in Sri Lankan rupees with which it would then purchase Sri Lankan products. Thus not only was the Soviet oil cheaper and Moscow willing to accept a soft currency, but also the USSR would provide a badly needed market for Sri Lankan exports – tea, rubber and coconut.<sup>38</sup>

The Ceylon Petroleum Corporation needed facilities in order to operate. Its first major action was the expropriation of some of the outlets of the Anglo-American oil companies. The initial seizures occurred from April to June 1962, with government corporation assuming control of 20 percent of the island’s gas and oil outlets.<sup>39</sup> Although this figure may seem modest, the expropriated units were among the most desirable and by the estimate of the companies

constituted 50 percent of their respective investments.<sup>40</sup> Each of the companies lost an approximately equal share of its business; that is no one company lost disproportionately in comparison with others. Coincident with these first expropriations the Sri Lankan government announced it had concluded a firm deal with the Soviet Union, Romania and the United Arab Republic for supply of oil needed by the new corporation at very favourable terms, that is substantially lower than those of the foreign oil companies.<sup>41</sup> Accordingly on 27 February, 1963 the Sri Lanka government gazetted maximum c.i.f. prices relating to import of petroleum products. The oil companies protested that it was impossible for them to import oil at the c.i.f. prices fixed by the government. They stopped supply of oil.<sup>42</sup> Then Sri Lankan government amended the Ceylon Petroleum Corporation (Amendment) Act of 1963 to vest in the Corporation with effect from January 1, 1964 (or earlier, if necessary) the sale and exclusive right of importing, exporting, selling, supplying and distributing certain specific petroleum products.<sup>43</sup>

Sri Lanka was receiving economic aid from the US from 1956. It had already received almost Rs.360 million worth aid from the US. But the US Congress brought an amendment in the Foreign Assistance Act in 1962. The amendment was moved in the Senate by Senator Hickenlooper of Iowa. That amendment after being passed by the American legislature became Section 620 of the Foreign Assistance Act which authorized the US President to suspend economic assistance to the government of any country to which assistance was provided under the Act, if the government of that country nationalized or expropriated property owned by an US citizen or by an corporation and failed within reasonable time (not more than 6 months after the date of enactment) to take appropriate steps towards payment of satisfactory compensation.<sup>44</sup> The Hickenlooper Amendment, as it was called, became law on 1 August, 1962 but it was to be enforced with retrospective effect from 1 January, 1962.<sup>45</sup>

In the course of negotiation between the three oil companies and the Sri Lankan Government over compensation, the oil companies demanded Rs.42 million for nationalized property whose valuation according to the estimate of the Sri Lankan Government was worth

Rs.12 million,<sup>46</sup> so the difference was that of Rs.30 million. The difference in evaluation was because the oil companies estimate was based on 'fair market value' of the seized properties rather than on the 'cost basis' as provided by Sri Lankan expropriation laws. The former is always significantly higher because it includes such intangibles as goodwill, brand association and market position.<sup>47</sup> It should be noted that throughout this dispute the oil companies, perhaps out of fear of setting a precedent, were remarkably inflexible in their compensation demands, and were a major stumbling block to the early resolution of the dispute.<sup>48</sup> While negotiation between the oil companies and Sri Lankan government was on, the US government conveyed on 8 February, 1963 to Sri Lankan government its decision to cut off aid to the island.<sup>49</sup> Consequently the Sri Lankan government called off negotiations for the payment of compensation with the oil companies, and for some time there was a stalemate in Sri Lanka-US relations.<sup>50</sup>

The Agency for International Development (AID) said that aid being cut off included development grant totaling \$ 800,000 for the current fiscal year and a development loan of more than \$ 3 million.<sup>51</sup> But it said the US was prepared to continue with a Food for Peace Programme providing milk and flour for school-lunch programme benefiting 18,47,000 children and nutrition programme for 70,000 mothers and children below school age.<sup>52</sup> Further the President of the IBRD declared that the World Bank would grant no loans to Sri Lanka on account of the inadequacy of compensation proposed for nationalized foreign assets.<sup>53</sup> Among political parties in Sri Lanka a wide consensus prevailed on the question of the suspension of US aid to Sri Lanka and the reaction of the World Bank; it was universally condemned.<sup>54</sup> Sri Lanka condemned the action of the US and the World Bank saying that aid was being used as a political weapon to coerce Sri Lanka to accept the dictates of the US, thereby undermining the island's sovereignty and self-respect.<sup>55</sup>

But inspite of heavy strains, the Sri Lanka-US relations never broke down finally. Normal diplomatic relations continued and Sri Lanka though unhappy with the US never thought of joining the other bloc against it. Sri Lanka, with its limited resources could not retaliate by enforcing any economic measures against the US. The agreement for the Peace Corp Programme

was also signed in 1962<sup>56</sup> and facility to VOA was extended for a period of ten years.<sup>57</sup> In 1964 the US and Sri Lanka renewed their agreement which enabled mutual exchange of scholars between them and facilities for research and higher studies for Sri Lankans in the US.<sup>58</sup> Later on negotiation also proceeded as for payment of compensation to the oil companies, and for resumption of aid by the US, but the aid was not revived till Sirimavo Bandaranaike remained in power.<sup>59</sup>

The tilt of Sri Lanka towards the Communist countries, like the Soviet Union, China and East European countries was more pronounced during the tenure of Sirimavo Bandaranaike. Aid from the Soviet Union and her Eastern European allies had been utilized for the purchase of equipment and machinery for a shoe factory, a textile mill, the Kantali Sugar Factory, tile factories, an iron and steel work shop and a hydro power station. The loans were repayable in Sri Lankan rupee. The donors then used the amount to purchase Sri Lankan goods such as tea, rubber, etc. Thus these loans were favourable to Sri Lanka and helped her to reduce her dependence on western markets for her exports.<sup>60</sup>

The biggest donor of foreign aid to Sri Lanka among the communist countries, however was, the People's Republic of China.<sup>61</sup> In addition to the Rubber-Rice Agreement which was renewed in 1957 and 1962, China granted large quantum of aid the terms of which was favourable to Sri Lanka. The Chinese aid during the tenure of the two Bandaranaikes' amounted to more than Rs.200 million. The importance of economic interactions with the Communist countries is indicated by the fact that in July, 1963 Mrs. Bandaranaike concluded Maritime Agreements with China and the Soviet Union which provided that ships of these two countries would sail to and fro from the ports of these two countries to Sri Lanka to undertake cargo and passenger services. The two agreements were favourable to both Sri Lanka and the Soviet Union and China because it facilitated unencumbered, easy transport of commodities.

Thus favourable terms of aid from and trade with the Communist countries helped Sri Lanka tide over the stringent measures taken by the US and the World Bank following her nationalization of the oil companies.

### **The SLFP Led United Front Government 1970-1977**

A significant development in Sri Lanka during 1968 was the decision of the two Marxist parties, the LSSP and the CP (Moscow) to form a United Front with the SLFP under the leadership of Sirimavo Bandaranaike. They agreed to a twenty five point common programme of action for a future United Front Government. The main objective of the agreement was a socialist state to be brought through democratic process. The United Front led by Sirimavo Bandaranaike secured a massive victory at the general election held on 27 May, 1970. In the House of 151 seats, the SLFP itself won an absolute majority of 90 seats while its two allies, the LSSP and the CP won 19 and 6 seats respectively. Unitedly the three parties garnered 115 seats. The UNP suffered a crushing defeat obtaining only 17 seats. The Joint Election Manifesto of the United Front sought and obtained an electoral mandate to permit the Members of Parliament to function simultaneously as a Constituent Assembly to draft, adopt and operate a new constitution which would declare Ceylon a free, sovereign and independent republic. Consequently the Parliament was convened as the Constituent Assembly on 22 May, 1972, the Constituent Assembly declared Ceylon to be a Republic and its name changed from Ceylon to Sri Lanka.

The change of government was of a momentous importance for Sri Lanka's nonaligned policy. As before, the SLFP led United Front's foreign policy was one of avowed nonalignment, opposed to imperialism and neo-colonialism of the West, seeking friendship with developing countries and all other countries assisting these countries in their struggle for political and economic freedom. This directly indicated that the coalition would seek friendship of the communist blocs in marked contrast to the policy of the outgoing UNP government which had veered towards the West.

In May, 1970 the United Front Government led by the SLFP gave diplomatic recognition to North Vietnam, North Korea, the South Vietnamese Revolutionary Government, and the Sinhanouk government-in-exile.<sup>63</sup> The first state guest of the UF Government was, in fact, Madame Nyuyen The Binh, Foreign Minister of the Revolutionary Government of Vietnam.<sup>64</sup> In July, 1970 diplomatic relations with Israel was suspended in pursuance of the United Front government's pledge that such a step would be taken unless Israel withdrew its forces from occupied territory or found a solution to the West Asian crisis acceptable to the Arab States.<sup>65</sup> The SLFP led United Front Government took stringent measures against various foreign organizations such as Asia Foundation and the Peace Corps (both sponsored by the US) operating in the country which were perceived as working against the national interest of the island. It was widely believed in Sri Lanka that the Asia Foundation and the Peace Corps were front organizations of the CIA.<sup>66</sup>

In economic interaction the bias towards Communist states was pronounced and reflected the radical programme that the SLFP led government had embarked upon in the island. The sectors where foreign private capital played a major role such as plantations, insurance and banking were nationalized.<sup>67</sup> However, close cooperation with China had a very temporary setback after the insurgency of 1971 because of suspicion that there was Chinese complicity in the 1971 insurrection.<sup>68</sup> But these suspicion were quickly dispelled both by the Sri Lankan Prime Minister's broadcast to the nation that foreign powers were not involved in the insurrection and Chou En-Lai's own categorical commitment of support for Mrs. Bandaranaike. Following the insurrection, however, the government requested the closure of the North Korean embassy, some of the activities of which the Prime Minister alleged, had given strength and support to the insurrectionists.<sup>69</sup>

The Janatha Vimukti Peramuna (JVP)<sup>70</sup> – People's Liberation Front – led insurrection of April, 1971 exposed the weakness of the Sri Lankan state to meet various societal demands and brought to light the growing contradictions in the economy which threatened the dominance of

the SLFP led United Front, and thereby prevailed upon it to divert its attention to the maintenance of stability and security of the island. The JVP was on the verge of capturing power, but for the timely help from countries like the US, the Soviet Union, Britain, China, India, Pakistan and others.<sup>71</sup> Besides, the JVP, Sri Lanka was also facing threats from its Tamil minority who were clamouring for greater autonomy for the Tamil dominated region and the more radical Tamil elements for secession.<sup>72</sup> The strengthening of the island's military force to meet such challenges as well as economic growth and development were important for the appeasement of the alienated social forces including rehabilitation of the insurgents who were mainly youth. Since implementation of such schemes required 'capital' whose internal generation was very difficult, the SLFP led government tried to maximize the quantum of aid and loans from abroad to enable it to reconsolidate its position.

In this regard, the SLFP led Government found a very responsive external environment. Members of the international community interested in the region not only helped in suppressing the insurrection but also readily came forward to the aid of the government to tackle socio-economic challenges thrown up by the event. Foreign powers were concerned about the maintenance of the status quo in the island's political order, because a non-conformist revolutionary party in power could have created an unpredictable political situation and affected the existing power relations in the subcontinent.

China, just after the insurrection, offered a loan of \$ 25 million in convertible currency for economic development and provided two cargo ships to facilitate the island's trading activities besides renewing the traditional Rubber-Rice Pact.<sup>73</sup> It also gave another interest free loan of Rs.48 million to finance an integrated textile mill. In May, 1973 Chinese technicians and workers completed, at a cost of Rs.35 million, the Bandaranaike Memorial International Conference Hall, the agreement for which had been signed during the first term of office of Sirimavo Bandaranaike.<sup>74</sup> This hall which is a glittering show piece of Chinese diplomacy became the venue of the fifth Non-aligned Summit Conference.

Although the Soviet Union was not very comfortable with the growing cordiality between Sri Lanka and China, it did not lag behind in giving aid to the island. In addition to its normal economic interaction with Sri Lanka, it gifted to the government and people of Sri Lanka an impressive statute of S.W.R.D. Bandaranaike which was erected on a prominent site overlooking Galle Face Green near the old Parliament building in Colombo.<sup>75</sup>

Simultaneously aid followed from other countries and international institutions such as the US,<sup>76</sup> the UK, World Bank, Asian Development Bank and many other sources. The World Bank channeled about \$ 50 millions as aid, while the Asian Development Bank granted a loan of \$ 860,000 for modernization of tea industry and other agricultural production processes.<sup>77</sup> Bulgaria, Poland and East Germany concluded bilateral agreements on economic and technical cooperation entitling the Sri Lankan government huge amounts of credit for its industrialization programme.<sup>78</sup> The Middle East countries bought large quantities of tea from Sri Lanka, and in turn provided it crude petroleum and sugar.<sup>79</sup> Thus the Sirimavo Bandaranaike led government looked forward and received aid and assistance from diverse quarters for stabilization of the economy and arresting the alienation of social forces in Sri Lankan society.

Mrs. Banadaranaike played a leading role in the NAM, the North-South dialogue and the UN. In the NAM Conferences she got the proposal of Indian Ocean being declared as a Zone of Peace approved. In the Colombo NAM Conference of 1976 she steered the approval of the Six Point Action Programme for economic cooperation among the Third World countries. The main contention of the Colombo NAM Summit was the demand for the restructuring of the existing international economic order, so as to benefit the economic aspirations of the Third World countries. The Action Programme of Colombo NAM Conference was accepted as the framework for a new International Economic Order and became guide for the leaders of the Third World countries in the UNCTAD talks and other fora of North-South dialogue. Recognizing the role of Sri Lanka, Gamini Correa, a Sri Lankan economist, was appointed as the Secretary General of the UNCTAD.<sup>80</sup>

However, the inherent smallness of the island raised obstacles of sorts and led the SLFP governments, to occasionally compromise its basic policy pronouncements. The nature and degree of compromises were influenced, if not determined by the contextual factors. For example, following the insurgency Mrs. Bandaranaike suspended diplomatic relations with North Korea but did not take similar action against China, though there were allegation of Chinese support to the JVP reported in the Sri Lanka media. Similarly the government of Mrs. Bandaranaike did not take any notice of the big power naval activities in the Indian Ocean region. She preferred to be silent on such activities, and at times provided hospitality to the nuclear ships of the two superpowers – the US Pacific Fleet and the Soviet Pacific Fleet – despite her emphatic stand on the Indian Ocean region being declared as a Zone of Peace. Perhaps, the post-insurrection dependence upon the big powers resulted in dilution of her independent posture.

Despite the constraints upon Sri Lanka's autonomy due to its dependence on the external environment, the SLFP governments impelled to manifest Sri Lanka's distinctive identity in the global plane; evinced interest in playing important roles in world affairs. Consequently, during her tenures in power, foreign policy interactions were more outward and dynamic. As has been previously mentioned, the SLFP government perceived the potentialities that lay in the non-aligned policy to play such roles.

Mr. Bandaranaike's foreign policy interaction based on the principles of non-alignment and friendship with all nations enabled Sri Lanka to take up forthright position against colonialism and imperialism. In this context, one finds that Sri Lanka categorically supported Egypt in Suez Canal issue and the peoples of Algeria, Tunisia, Cyprus, Palestine and Vietnam in their national struggles.<sup>81</sup> Similarly, Mrs. Bandaranaike in 1970 unhesitatingly suspended diplomatic relations with Israel for her violation of the UN resolutions and for occupying Arab territory. The SLFP governments under the two Bandaranaikes also condemned racist regimes and apartheid in Southern Africa.

However, on cold war issues the SLFP governments were severely handicapped and less forthright, but no less conspicuous. Disinterested in going into the merit of the conflicts, they worked towards the resolutions of such conflicts through negotiation and dialogue, Sri Lanka in such context, joined hands with other newly independent states to put pressure on the rival blocs to end hostility. At the same time, they differentiated the human dimension from that of the cold war and supported the former, instances being that of Hungary and Congo crises.

In the Hungarian crisis of 1956, Mr. Bandaranaike helped the refugees in whatever meager way permitted by the resources available to Sri Lanka and asserted that the Hungarian people had the right to select their government. But in the cold war dimension of the problem, particularly those pertaining to the UN where the West was bent upon castigating the Soviet Union for military intervention to stabilize the unpopular regime, Sri Lanka kept aloof, the deviation being only once when its UN representative voted in favour of a West-sponsored resolution which called for the institution of an UN inquiry committee on the Hungarian issue. As the repercussion of such an act was unwelcoming, the Sri Lankan government reverted back to its earlier non-committal policy and made Ambassador R.S.S. Gunawardena a scapegoat for the deviation. He was replaced by Claude Corea as Sri Lanka's ambassador to the UN.<sup>82</sup>

During Mrs. Bandaranaike's tenure in 1960s Sri Lanka used her Security Council membership very effectively to put pressure on the two Super Powers to negotiate and resolve their differences in the Congo as well as Cyprus crises. But in neither of the events Sri Lanka got involved in the cold war rivalry.<sup>83</sup>

When responses to events in the external setting had the potentiality to aggravate Sri Lanka's vulnerability, the SLFP governments preferred to adopt a low posture. For example, on the Tibetan issue Mr. Bandaranaike refused to be drawn into the crisis and took the stand that Tibet was an internal problem of China. He did not respond to the violation of human rights of

people of Tibet. Perhaps his stand was due to the economic dependence of Sri Lanka upon China.

Notwithstanding the divergences in the external behavior of the UNP and the SLFP governments, one also discerns convergence areas in their behavior patterns, some of which has been discussed in the previous chapter. For the remaining part of this chapter we will cull up the convergence areas more systematically.

### **Patterns of Bipartisan Interactions**

In spite of two distinct trends in the foreign policy of the UNP and the SLFP governments, one discerns some commonalities and convergences especially in their pursuit of the status motivation. These areas were adherence to the policy of non-alignment, commitment to the Commonwealth, opposition to colonialism and imperialism, support to national liberation movements, pledge to protect national sovereignty and independence of small and weak nations, concern for world peace and stability and demand for restructuring and democratization of the international economic order.

Even in the course of the pursuit of these common goals, the two parties were occasionally forced to make compromises in the form of deviations or observance of neutrality because of immense constraints on the island's autonomy emerging partly from its excessive dependence on the external environment and partly due to the weakness of its own political and economic order.

### **Non-Alignment**

Both the UNP and the SLFP government pledged their commitment to the non-aligned policy in their external interactions, yet within this broad canvas their emphases have been different. In spite of the defence and external agreement with Britain and anti-communist stance the UNP governments in their first phase in power characterized their foreign policy to be that of 'middle path.' But in the subsequent term in office, the UNP government claimed to be following the policy of non-alignment which had being given definite shape by S.W.R.D. Bandaranaike during his tenure as the Prime Minister i.e. (1956-1959) and his successor, his wife Sirimavo Bandaranaike pursued it with greater vigour and dynamism.<sup>84</sup>

In the initial days the posture of middle path or non-alignment was essentially of politico-military nature; that is opposition to cold war politics and supporting national liberation movements in Asia and Africa. But in 1970s the emphasis of foci shifted to problems of underdevelopment, economic growth, and unfair and exploitative trade and aid interactions. This resulted in the demand for a New International Economic Order. To achieve their goals both the UNP and the SLFP governments joined hands with other post-colonial states to mobilize international public opinion and bargain with the developed states. Such joint action was mainly enacted in the NAM summits, the Commonwealth meetings and the UN and its fora such as the UNCTAD.<sup>85</sup>

### **The Commonwealth and the UN**

Both the sets of governments gave prominence to Sri Lanka's membership of the Commonwealth and the UN. Through these international fora Sri Lankan governments made efforts to preserve international peace, eradicate colonialism, apartheid and big power hegemony, and create a New International Economic Order.

### **National Liberation Struggles and Opposition to Colonialism and Racism**

The UNP and the SLFP governments displayed more or less similar responses to anti-colonial and anti-imperialist struggles. Such support by them was expressed in multilateral fora such as the NAM, the UN and the Commonwealth as well as in bilateral interactions.<sup>86</sup>

### **World Peace and Stability**

Peace and stability in the international system was the prime concern of the two parties because instability of any kind was likely to have adverse repercussion on the island affecting its peace and tranquility. Both the parties offered their roles as conciliators and mediators in the cold war disputes instances being the Vietnam and the Tibet issue. D.S. Senanayake as a member of the Commonwealth gave serious consideration to such issues and used the Commonwealth conferences for this purpose. Kotelawala's role is well known in this regard. S.W.R.D. Bandaranaike used the United Nations for the same. Though his tenure as the Prime Minister was too short, he nevertheless set certain trends in this regard which were pursued by his successors. His wife, Sirimavo Bandaranaike was more dynamic in her role implementation functioning through the United Nations, the Commonwealth and the NAM.<sup>87</sup> J.R. Jayawardene followed similar roles.

### **Disarmament**

On the issue of Indian Ocean on a Zone of Peace there was unanimity of opinion. Mrs. Bandaranaike raised the issue in the Cairo Conferences of NAM in 1964. Her successors Dudley Senanayake, and after her second term, J.R. Jayawardene pursued the idea. Both the parties appealed for total disarmament. While Sirimavo Bandaranaike advocated for Indian Ocean as a Zone of Peace, J.R. Jayawardene proposed the establishment of World Disarmament Authority under auspices of the UN.<sup>88</sup>

From our analysis of Sri Lanka's foreign policy at the level of the international system, two major trends are discernible reflecting the divergent ideologies and social interests represented by the two dominant parties – the UNP and the SLFP. The UNP governments interacted more with the West, while the SLFP governments displayed a more dynamic foreign policy if not also pro-left. However, their shared historical experiences and preoccupation with the problems of peace and stability at the international, regional and domestic levels led them to evolve certain common national roles in international politics, but because of the island's domestic and external constraints both the parties when in power occasionally had to make compromises in this regard.

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66. Ibid., pp. 137-138.
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