THE DEVELOPMENT OF SRI LANKA'S POLICY OF NONALIGNMENT,

1947-1977

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# INTRODUCTION

The term "non-alignment" was first used in the context of the Cold War, referring to a legal concept in which a country refrains from taking sides in a war between the two main belligerents. It was largely due to the absence of neutrality, which was formed chiefly by treaties of the seventeenth and eighteenth centuries backed up by judicial rules in international law. In recent years, specific rights and responsibilities have been assigned for both belligerents and neutrals. Neutrality was considered to be more than non-aggression, but nevertheless was more often a negative than a positive posture. The decision...

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CHAPTER I

Introduction

The terms "neutralism" and "nonalignment" are used in
recent years to denote a general tendency of a number of
Afro-Asian nations to avoid military alliances with either
side in the cold war. They are associated with two most
important international development of the post-World War II
era: first, the emergence of independent nations in Asia
and Africa; and second, the emergence of a bipolar conflict
to emerge a multipolar alliance between the United States and the Soviet Union.

The term "nonalignment" lack the precision of the older
notion of "neutrality" which referred to a legal condition
in which a country refrained from taking sides in a war
takes place. Laws of neutrality, which were formed
chiefly by treaties of the seventeenth
century, delineated specific rights and responsibilities
for both belligerents and neutrals. Neutrality was
considered to be more than nonbelligerency, but nevertheless
was more of a negative than a positive posture. The neutral

1. William C. Johnstone - Burma's Foreign Policy - (Harvard
state in time of war restrained, if it followed international custom, from a wide range of activities which might be construed as participation on one side and thus give rise to a declaration of war or other acts by the opposing side which would end such a neutral status. Through a century before World War II, the status of a neutral state and a policy of neutrality implied as strict impartiality as possible. This did not mean complete stoppage of relations with the belligerents in a war, or a wholly negative policy. On the contrary, it was regarded as proper for a neutral to engage in nonmilitary relations with belligerents so long as such activities were conducted without favouritism - with impartiality.

With the passing of adherence to the old customs and rules of international law when even after the World War I undeclared wars became more frequent, it was obvious that in proportion to the extent and scope of a war between great powers, each side would make the most strenuous efforts to prevent nations from following a neutral policy and attempt to enlist them on their side against their opponent. It similarly pained that the Non-Aligned have collectively one


3. Ibid. p. 102.
None of the new nations of Asia and Africa, with exception of Laos, declared themselves neutralized. Indeed, the leaders of the new nations rejected the negative association of the term "neutral" and its implication of indifference, isolationism, and a position in world affairs which denied the full exercise of their sovereign powers. Jawaharlal Nehru, one of the first spokesmen for the emerging nations, preferred to speak of "nonalignment" rather than "neutralism", and Gamal Abdul Nassar used the phrase positive "neutrality". At a meeting in Belgrade in September 1961 sponsored by Nehru, Nassar, Kwame Nkrumah and Tito, the term "nonalignment", rather than "neutralism", was generally used, and the Conference was called the Conference of Unaligned States. A proposal by the Nehru that the traditional neutrals, Ireland and Sweden, be invited, was rejected by the other sponsors, who thereby made clear the distinction in their minds between neutralism or nonalignment as a state of non-commitment in the cold war and neutrality as a legal concept.

Despite the enormous amount of documentation, it is relatively rarely that the Non-Aligned have collectively and


explicitly given a concise definition of non-alignment. Moreover to label a country "non-aligned" says little about either its motivations or the particular manner in which its non-alignment is implemented. Countries which retain close links to the French Community or the British Commonwealth, as well as countries closely associated with the Soviet Union or the People's Republic of China, may label themselves "non-aligned". The term also embrace those which are moved by fear of either Western or communist expansion. To speak of non-alignment, therefore, is to speak more generally of the foreign policies of the newly emergent nations. The term "non-alignment" was first popularized by Nehru. He made it clear that while a newly independent India would be active in the United Nation, retain her membership in the Commonwealth, and seek to play a positive role in international affairs, she would not become entangled in any alliances, military or other that might drag us into any possible conflict. Nehru viewed the struggle between the United States and the Soviet Union as rivalry for world power, not as an expression of ideological differences. (7)

Therefore the nonalign nations oppose all alliances and hold that competition for allies is a cause of tension and war. Alliances are concluded in anticipation of a test of strength and alliances are built on shared antagonism rather than amity, they tend to fall apart.\(^8\) Also the formation of the antagonistic military blocs, the strengthening of international tension and continual accumulation of armaments have given rise to a succession of further events wherein the interest of the great powers overwhelmed the interest of others. In this way the practice of international life in the strictly bloc-bipolarized world especially emphasized differences in position, interests and, what was the most important, in physical power. On the other hand, if only one issue or conflict is dominant and new nations do not wish to be identified with the policy of either power center in a bipolar structure, it may elect to rely on almost automatic protection, assuming that one power group balances the other. In such a case the danger of provoking one side by aligning with the other may well appear greater than the need for protection.\(^9\) Likewise, as the number of particular

\(^8\) Nehru: Indias Foreign Policy. Indian Govt. Publication. p. 279.

\(^9\) August Schon and Arne O. Bundt and - Small States in international relations (Almquist & Wiksell, Stockholm) 1971, p. 104.
conflicts increases, so do the fear of new states that alignment may involve them with new antagonists. The political cost of alliance becomes extravagant when it entails not only an initial compromise with the ally but the liability of adding his enemies to one's own as well. While following anti-alliance pattern of thought and action, the non-aligned states have been stressing new factors in contemporary international relations to justify opposition to alliances. The first has to do with the character of modern weapons of mass destruction. According to non-aligned school of thought, no individual or collective effort by a small country can significantly increase that country's security if security means capacity for defence against a nuclear power. Therefore the safest course for a small country is to do nothing to attract the contending giants of the world either as allies or as enemies. By deciding in favour of the non-bloc course of their foreign policy action, numerous countries have clearly expressed that they have been informed about the achievements of both blocs, but also that they have come to consider that neither exclusively the Western nor the Eastern ones are acceptable in their position. Within a few years after India became independent, the non-aligned countries have been generally small, unimportant and relatively weak. The


the term "nonalignment" became more widely adopted: by countries in Asia and Africa which had newly achieved independence, by Egypt after a revolution overthrew the traditional monarchy, and by Yugoslavia when it declared its independence from the Soviet Union. The term was soon used interchangeably, not as an analytical concept but as a popular term which actually covered a wide range of policies. Still, the terminology is itself of political importance, for a line was thereby drawn in international conferences between countries which subscribed to it and countries which did not. Further, nonalignment can be viewed as (1) a strategy for maximizing one's security in a bipolar world; (2) a foreign policy expression of domestic political, cultural, and psychological needs; and (3) a policy of newly independent countries for securing their regional interests. Non-alignment has been widely explained as a strategy which can best serve the security interests of the new nations in the cold war. The nations which achieved independence in Asia and Africa after World War II have for the most part been militarily, economically, and politically weak. The armies left by colonial rulers were generally small, under-equipped and more concerned with internal than external

security. Also, the new nations were economically underdeveloped and in need of foreign capital and technical assistance to speed their economic growth. Moreover, internal political differences have often been so great that many new nations have tottered between internal wars and authoritarian oligarchies. The internal weaknesses of the new states provide a standing invitation for stronger powers to intervene. Many new nations, in an effort to deter foreign intervention or to increase their independence from the dominant powers, have turned to nonaligned policies. Non-alignment can be viewed in certain circumstances as a strategy of deterrence without commitment to a military alliance. An assertion of nonalignment may be directed at one bloc with the implied warning that active intervention will result in closer relation with/other bloc. Nasser's positive neutrality for the Arab Republic, for example, was directed at reducing Western influence in the Middle East by delicately flirting with, but not inviting Soviet intervention. On the other hand, neutralism for Yugoslavia was directed at deterring Soviet interference and dictation by seeking American assistance without a military alignment with the West, which might precipitate Soviet intervention.

Since virtually all of the new nations are in need of financial and technical assistance from abroad, nonalignment has also been viewed as a strategy for maximizing the
flow of foreign aid while minimizing the restrictions or strings attached. (12) Though obtaining aid on the most favourable terms has generally not been the chief objective of a nonalignment policy, this has been an important by-product. Both the Soviet Union and the United States— and increasingly, countries throughout Europe—have used economic aid programs as instruments of foreign policy. There has been competition not only over the amount of aid but also, more importantly, over the sectors to which aid was given. Soviet aid to the Indonesian air force, for example, was balanced by American aid to the Indonesian Army. Moreover nonalignment has often made it possible for the recipient country to turn elsewhere if one donor attempts to attach strings to its aid. Thus, when the United States declared it would not assist in the construction of the Aswan Dam presumably because Egypt had accepted Soviet Military equipment, Egypt turned to the Soviet Union and received economic aid. Similarly, when American congressmen expressed reluctance to aid a proposed public sector steel plant in India, the Indian government turned to the Soviet Union for assistance. (13) Further, there are other foreign policy


advantages for the new nations which have adopted nonalignment policies. Nonalignment has served to enhance the role played by militarily weak powers in disputes among the great powers. In both Korea and Congo the nonaligned have exercised influence which committed powers could not exert.

Nonalignment can also be viewed as a foreign policy instrument for satisfying domestic political needs. Almost all the new nations have been faced with the problems of (a) establishing a sense of national identity and integration in culturally pluralistic societies, (b) establishing strong central authority in societies in which regional and tribal authorities have been great, (c) establishing a sense of legitimacy over the forms and purposes of newly created political institutions, and (d) satisfying elite and sometimes popular sentiment for demonstrating cultural as well as economic and political independence from the influences of formal colonial rulers.

From domestic viewpoint, nonalignment can be viewed as a vehicle for achieving these nation-building objectives, especially by minimizing internal schisms over foreign policy issues and by strengthening national pride and loyalty against parochial and primordial attachments. Non-alignment may, for example, be a useful central position for nationalist leaders against domestic opponents who seek closer ties with the former colonial ruler and against other domestic critics.
who seek a more revolutionary anticolonial, procommunist position. Those interpretations of nonalignment stress the calculated and rational component of the foreign policies of new nations. An alternative, but not necessarily conflicting, interpretation lays greater emphasis on the psychological needs and cultural traditions of political elites in the new nations. This interpretation stresses nonalignment as not simply a strategy for the achievement of a country's national interest but an end in itself. The leaders of new nations often emphasize the necessity of maintaining a position of nonalignment in spite of changing circumstances. Thus Nehru stressed the need for maintaining India's policy of nonalignment after the Chinese attack in 1962, not simply as an appropriate strategy for securing Soviet and American support but as a cardinal principle of policy. In this context nonalignment has come to mean an independent policy, while alignment suggests a subordinate position. Non-alignment is thus the foreign policy expression of domestic nationalism. It is a policy which facilitates closer ties with other Afro-Asian states. It strengthens respect for and attachment to one's own cultural traditions and one's homeland. Also, it affords a vehicle for satisfying the aspirations of new, weak states to exert their influence as a third force in the

world affairs.(15) While there has been increasing attention
given to general problem of nonalignment and action of
nonalign countries on specific international issues, there
have been few attempts to subject the foreign policy of a
nonalign nation to an analysis in depth, to examine the
evolution of nonalignment in one country and its application
over a period of years to changing international issues and
events. Since independence the Sri Lankan governments have
confronted many of the same kind of problems which now
concern the newer nonaligned nations. Armed insurrection,
economic growing pains, internal political upheaval, these
and other difficulties have been dealt with by the Sri
Lankan government. As a member of United Nations, too,
the Sri Lanka governments have been bound to take foreign
policy decision on a wide variety of international issues.
Also the Sri Lanka governments have had to determine the
kind of foreign economic assistance needed and decide how
much to take from nations in both power blocs in accordance
with its nonalignment policy. While it is true that each
of the nonalign nations occupies a particular geographic
location, possesses a distinct cultural and historical
heritage and that in each nation its leaders view their
country's role in the world from their own particular ideologi-

15. Bandaranaike, S.W.R.D. - The Foreign Policy of Ceylon
(Government Press, Colombo 1965) p. 98.
cal and personal preconceptions, there is much that is comparable. This study is focused on the development of Sri Lankan foreign policy across different issue-areas and over two periods spanning the years 1948-77. In substantive terms Sri Lanka foreign policy has shifted from a pro-Western, anti-Communist posture with its concomitant strategies and actions in the first period (1948-1956), to a nonaligned position by the second period (1956-77). Bandaranayake as principal architects of nonaligned policy for the Sri Lanka set out his concept of non-alignment in line with the aspirations of the Afro-Asian nations. As evident in the writing and speeches Bandaranayake's foreign policy objective were as follows (a) Maintain friendship with all countries while reserving the freedom to criticise them when occasion arises. (b) Bridge the gap between the power bloc with a view to preserving peace in the world. (c) Freedom to develop Sri Lanka's external relations with a view to national interests. (d) Opposition to any form of colonialism - opposition to the coercion or domination of small countries by big powers. (e) Afro-Asian solidarity - extending from the political to the economic field. (f) Non-alignment with military blocs. With this policy statement, an attempt will be made to review the evolution and application of nonaligned policy as the leaders of Sri Lanka government saw it and how has it been changed or modified over the period since 1956. Has the application of a nonaligned policy in practice been easy or
difficult? Answers to these and other relevant question can provide a basis for rational evaluation of this policy in action.

The Setting

Sri Lanka is a compact island 64,500 square km in area lying off the southern tip of Peninsular India between latitudes 5°55'-9°51'N and longitude 79°41'-89°53'E. It is separated from the Indian sub-continent by a strip of sea which is about 25 nautical miles wide. The island is centrally located in the Indian Ocean.

Sri Lanka belongs to the cultural region of Southern Asia which possesses features that lend it a distinct identity. Common origin and common cross-cultural influences could be discerned among the complex of institutions, languages, literature, technology, arts, crafts, customs and beliefs found within this region. Throughout history the island has had close links with the neighbouring sub-continent with which it shares many of its basic cultural traits. However, for over 2,500 years, the island was the home of a civilization of its own, the distinctiveness of which is exemplified in many facets of its culture. (16) The strip of sea separating

Sri Lanka from India has been one of the most permanent and prominent lines of demarcation within the cultural region of Southern Asia.

The final part of the seventeenth century brought a change.

On account of the island’s centrality in the Indian Ocean, it has been for many centuries a focal point of sea routes. It had links with the ancient civilization of the Mediterranean, and in medieval times, some of its ports were major commercial centres of the Indian Ocean that were frequented by trading fleets from Arabia and China. (17)

Following the discovery of the Cape sea route to the Orient by Vasco da Gama in 1498, Sri Lanka came into direct contact with Western Europe and soon became a centre of European activity in the East. The opening of the Suez Canal in 1869 heightened the strategic importance of Sri Lanka. In the 16th century influence from Western countries became felt. Sri Lanka experienced Western rule longer than any other country, under the three successive European colonial powers - the Portuguese (1505-1656), the Dutch (1656-1796), and British (1796-1948) - each of whom ruled the island in succession for about a century and a half. (18)

For Portugal, the island was of key strategic importance to their enterprises throughout the Indian Ocean as well as a rich source of cinnamon and other spices. However, during the first part of the seventeenth century Portuguese power in the Indian Ocean was sharply challenged by the growing strength of the Dutch. The Sinhalese monarch in the interior, desiring to be rid of the Portuguese, sought the aid of the growing power of Holland and, together, Sri Lankan and Dutch forces ousted the Portuguese in 1855. The Dutch were particularly concerned with trade at the outset and did not seriously attempt to dominate the island's territory, but gradually they were tempted to consolidate their position in the coastal areas, and by 1766 had completely ringed the shores of the island, isolating from contact with the outside world the mountainous central core, where a local king still ruled. However, like the Portuguese they never conquered the Kandyan kingdom. In the late eighteenth century, Dutch power waned in vigour and effectiveness. Thus, the British displaced the Dutch in 1796. But the British succeeded where the other two had not. With the assistance of Kandyan notables the British occupied the Kandyan Kingdom in 1815. For the first time in several centuries, the whole island came under one government. British rule persisted for over a century and a half until 1948, when Sri Lanka became a fully independent member of the Commonwealth.
The three centuries of Portuguese and Dutch involvement on the island, from 1505 to 1798, produced relatively modest dislocation of the social relationships and pattern of life of most Sri Lankans. In contrast, the nineteenth century saw the beginning of major changes which eventually were to touch the life of virtually every person on the island.

In the course of the century a transformation from a static, traditional society to a more flexible, modernizing society commenced. The tremendous impact colonial rule and Western influence were to have in the nineteenth and twentieth centuries reflected not simply a change in colonial masters from Dutch to British but the great industrial, social and ideological changes occurring in Europe.

Thus, the complex of social, economic and ideological changes which occurred during the 19th century have facilitated the integration of the island's population. The introduction of plantation agriculture, initially coffee cultivation, which was replaced by tea, produced fundamental changes in the economy of the island. Roads, railroads, telecommunications, and newspapers spread out across the island and tended to break down regional isolation. New non-agricultural occupations and social classes cut across the existing social divisions stemming from a feudal, agrarian, traditional society. A middle class of public servants, doctors and lawyers, planters and businessmen developed. The erosion of the feudal bans
of society as a result of planned and unplanned government activity, the availability of education and the opening of avenues of social mobility by the economic activity all contributed to the weakening of the rigid and hierarchical features of the traditional social order. Despite the integrative forces of modern times, deep divisions have continued to separate the Sri Lankans. Today the population of Sri Lanka is 24 million and is composed of a number of communal and religious groups. The Sinhalese are the majority community, constituting about 70% of the total population. A strong sense of group identity and distinctiveness from neighbouring people has characterised the Sinhalese for many centuries. North Indian in origin, the possession of a separate language belonging to the Ariyan family, and a close attachment to Buddhism have clearly established the separate identity of the Sinhalese from the nearby Dravidian-speaking South Indian Hindus. The Sinhalese people and the Buddhist religion are linked by a close and venerable association. Despite some conversion to Christianity in the colonial period, the Sinhalese remained overwhelmingly Buddhist.

The principal minority with a claim to long residence on the island is the Tamil community, commonly referred to as the Sri Lanka Tamils to distinguish them from the much more recently arrived Tamil-speaking people called Indian
Tamils. The Sri Lanka Tamils, about 11 per cent of the island's population, came to Sri Lanka from South India in innumerable separate migrations spanning many centuries. They speak the Tamil language and are predominantly Hindus.

The Tamils live in the northern province, with their heaviest concentration of population on the Jaffna Peninsula and along the east coast. The economic circumstances obtaining in the area of migration since, basically, are similar to those of centuries of previous days.

The Indian Tamils are a sizeable element in the population of the island (12%). They are migrants or the descendants of migrants from South India who came to Sri Lanka over the past century in search of employment, primarily as estate labourers, and they remain concentrated in the estate areas of the hill country.

The other communities of Sri Lanka are considerably smaller. The island's Muslims are divided into three separate communities. The Sri Lanka Moors form less than 6 per cent of the population. They claim an Arabic origin, but have adopted Tamil as the language of the home. The Indian Moors are recent Muslim immigrants from India. They include many urban labourers and small traders and a few prosperous businessmen. The third Muslim community is the small group of East Indies troops brought to Sri Lanka by the Dutch. The very small Burgher community, of mixed Sri Lankan Indian stock, also includes a few prosperous businessmen.
and European ancestry. The Burghers are almost entirely urban and Christian.

The Economic Setting

The main features of Sri Lanka's economy since independence were largely conditioned by her economic history and the economic circumstances obtaining on the eve of independence, basically the products of centuries of foreign domination. The main feature of this domination was the subservient position of Sri Lanka as the supplier of raw materials to the advanced industrial nations of the West. Therefore, statesmen concerned with foreign policy must take economic factors into serious account.

The three major plantation crops, tea, rubber and coconuts, account for more than 90 per cent of the island's gross foreign exchange earnings. Nearly 40 per cent of Sri Lanka's gross national product is accounted for by producing, processing, and handling export commodities. Imports are roughly equivalent to 35 per cent of GNP. Also, Sri Lanka is heavily dependent upon other countries for the import of basic necessities, such as foodstuffs and clothing. Outside the modern plantation sector is a traditional agrarian economy at a low level of technology, where peasant farming in smallholdings is the predominant feature. Although paddy was the largest single crop raised indigenously the produce could
meet only part of the domestic requirement of rice, which is the staple food of Sri Lanka. For the rest Sri Lanka has to depend upon other countries. So it was obvious that countries which supply these commodities at favourable prices and also which buy Sri Lankan products at favourable prices were bound to be favourably regarded by Sri Lanka. For example, it was economic compulsion which forced even the anti-communist UNP governments to enter into trade relations with Communist China, Czechoslovakia, Yugoslavia, Poland and Roumania. It exposed to Sri Lanka the advantage of keeping its doors open for trade with all countries and it also revealed the disadvantages of depending too much on the traditional market of the West. Moreover, Sri Lanka's special relationship with the UK is the biggest importer of Sri Lankan goods and when the UK decided to join the European Common Market in 1962 there was considerable anxiety in Sri Lanka. Bandaranayake's advocacy for regional economic grouping of Asian and African states underlined the significance of economic factors in the moulding of Sri Lanka's foreign policy.


Political and Constitutional Setting

Sri Lanka had already enjoyed a substantial measure of self-government as a dominion in the British empire during the seventeen years preceding independence. The transfer of power which had taken place in stages had been accomplished with an unusual degree of continuity and without any of the intensity of political struggle and mass action which characterised the movements for independence in many other colonial countries. At the time of independence, the United National Party offered the country a leadership drawn from the property-tied classes who comprised the local plantation, commercial and mining interests and conservative middle classes who manned the administration and services. The peaceful transfer of power had also preserved a close and cordial relationship between the U.N.P. and the imperial rulers and gave a distinctly pro-Western bias and an anti-Soviet stance to its foreign policy which in general looked to the West for military and economic aid. (21)

Moreover, in the constitutional sphere, it had often been argued that it was not sovereign people, but an alien country, Britain, that devised a constitution for Sri Lanka. To some extent it could be said that the Ceylon (Constitution) orders in council, 1946 and 1947, which formed the basis of the

constitution until May 1972, and which were the outcome of the recommendations of the Report of the Commission on Constitutional Reform, published in September 1945, was a foreign product. Thus till 1972 Sri Lanka had a Westminster-style Constitution. Parliament was composed of the Queen and two Chambers, the Senate and the House of Representatives. There was a widespread conviction that the constitution was not designed to suit the genius of the people. Opposition critics focussed attention on the British Origins of the New Constitution, and the contrast with India's autochthonous Constitution. This idea was first put forward by the left wing, composed of the Trotskyist Lanka Sama Samaja Party (LSSP) and the Communist Party, who contended that an independent country or rather a country achieving independence after foreign subjection required to mark its independence by the framing of a constitution for itself - and that the proper instrument for so framing a constitution was classically the Constituent Assembly.

When Bandaranayake came into power in 1956, his main concern was about limitation and curbs on Sri Lanka's sovereignty, which he was anxious to eliminate. Thus, during the years

1956-72 the SLFP took the view that the Soulbury constitution should be amended, and its election manifesto of 1960 spelled out the amendments desired:

... a reconsideration of the position of the Senate, the definition of democratic and economic rights, and the establishment of a democratic republic...

Further, its manifesto of 1965 reiterated the theme of a republic and the need to revise the constitution 'to suit the needs of the country'.

In a broadcast on 10 September 1970 Colvin R. de Silva, the then Minister of Constitutional Affairs and Plantations, set out what the government considered the shortcomings of the Soulbury constitution: the existence of an entrenched clause (Clause 29) which safeguarded minorities against discriminatory legislation; the right of judicial review by the courts over the constitutionality of legislation passed by Parliament; restrictions on the powers of Parliament; colonial-oriented administrative machinery; a bi-cameral legislature; and the inequality of the adult vote under the existing system of delimiting constituencies in the legislature with its bias in favour of the rural areas and remoter parts of the country.

Therefore from 1956 onwards serious efforts were made to alter its provisions, and its change was finally effected after the United Front

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government came to power in 1970. The U.F. government of Mrs. Bandaranayake promulgated a new republican constitution in May 1972. Thus, on 22 May 1972 Ceylon became Sri Lanka and a Republic within the Commonwealth. The 1972 Republican constitution provides for a uni-cameral legislature and all powers are concentrated in a National State Assembly. With the landslide victory of UNP in 1977 Sri Lanka adopted a new constitution and became the Democratic Socialist Republic of Sri Lanka. The Presidential system inaugurated in February, 1978 represents a mixture of the governmental system of the US, France and the United Kingdom. Executive power under the new constitution lies with an elected President who is the Head of the State, the Head of the Executive and Government and the Commander-in-Chief of the Armed Forces. Legislative power is with the uni-cameral parliament, whose members under the new constitution are chosen for the first time through proportional representation.

The Foreign Policy Setting

The geographical characteristics of a country set intractable limits to what its statesmen can do, and Sri Lanka's situation is no exception. The Indian Ocean, which is landlocked sea and is navigable in its main part all the year round, has been a centre of inter-oceanic activity since the dawn of history. (28) Sri Lanka, holding a key

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position in the Indian Ocean, attracted the attention of powers which aspired to have control over the area, and was subjected to invasions from many quarters. Before the advent of Europeans, it was the object of invasions from India, China, Malaya and the Arab countries. (29)

From the beginning of the 16th century Sri Lanka came under the influence of the West. While the European advent to Asia engendered in some respects the political and cultural isolation of India and Sri Lanka, it also emphasised for the first time their essential strategic unity. The European empires were based essentially on naval supremacy. But sea-power was dependent upon possession of strategic bases. Such strategic positions as Gibraltar, Minorca, Cyprus, Suez, Aden, Cape Town, Sri Lanka, Singapore, Hong Kong and Jamaica enabled them to establish their power in different points of the world. Sri Lanka's value as a colony was considerably heightened by her strategic location in relation to India and the Indian Ocean area, and because she possessed two valuable naval bases in Colombo and Trincomalee. More than any other power, the British were aware of the vital importance of Sri Lanka especially of the harbour at Trincomalee, for the defence of British possessions in India. Referring to this the Younger Pitt told Parliament in 1802 that its acquisition was

To us the most valuable colonial possession on the globe as giving to our Indian empire a security which it had not enjoyed from its first establishment. (30)

For the British not only was Sri Lanka integral to the defence of India but it also was a vital link in Britain's sea communications with the Far East and Australia. Even after Sri Lanka's independence, Britain retained control of the naval base at Trincomalee and air base at Katunayake until 1957. Therefore, the island's position in the Indian Ocean area gives it a focal importance for seaborne trade routes and strategic naval calculations. For a distance of nine thousand miles south of Sri Lanka, there is no patch of land until one hits the Antarctic. The sea distances between lands are very great. From Cape Town to Singapore it is 5,631 nautical miles, from Cape Town to Calcutta 5,480 nautical miles, and from Suez to Jakarta 5,510 nautical miles. Thus Sri Lanka served a vital link in the sea routes between East and West. From the naval point of view, Sri Lanka has the additional gift of the most spacious natural harbour in the central Indian Ocean area. On the east coast, Trincomalee harbour runs inland some eight miles and the anchorage is large enough to shelter the full fleet of any of the world's great powers. (31) For all these reasons the island is of


great significance to rival powers in search of air and naval facilities, and if viewed in the context of Soviet and Chinese interests and designs in the Indian Ocean area, Sri Lanka acquires immense strategic importance. Since 1968 there has been a Soviet naval presence in the Indian Ocean operating as a potential challenge to the United States Navy in this area. Peking's efforts to build friendly relations with Sri Lanka also relate intimately to Sino-Soviet differences and the growth of Soviet naval power in the Indian Ocean. Peking perceives that it is Moscow's strategy to further upset the balance of power in South Asia and together with India dominate South Asia militarily and economically. (32)

At the onset of the December 1971 war, Huang Hua, China's Ambassador to the UN, said:

"The aim of the Soviet leaders is to gain control over the sub-continent, encircle China and strengthen its position in contending... for world hegemony." (33)

Thus a pro-Soviet or Chinese government in Sri Lanka would therefore be a tremendous accession of strength to either of these powers.

Further, the principal airports of Katunayake and Hatmalana function as a stopover for many airlines operating

routes between East and West. Flights from Manila in the Far East, or from Australia and Indonesia to the Middle East and Europe use Sri Lanka airports. And because there are relatively few islands in the Indian Ocean as points d'appui, Sri Lanka has an enhanced importance in an age of air traffic.

The other fundamental fact which confronts her statesmen is that Sri Lanka is a small island country separated by only a few miles from a massive continental power - India. And Sri Lanka can easily be invaded by India. Sri Lanka's statesmen do not ignore the fact that India has a large industrial potential and that, despite centrifugal political tendencies, the Indian government appears capable of consolidating India until it becomes one of the world's great powers. Even if India should fly apart, a South India independent of Delhi could be a threat to Sri Lanka, for she has been an area of South Indian expansion in centuries past. Therefore in recent times its search for security against India seems to have been an important aspect of its foreign policy. (34)

The UK-Sri Lanka defence agreement of 1947 and the presence of the British military and naval bases in Sri Lanka during the UNP rule were measured, to

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a great extent, to counterbalance any probable threat of aggression from India. (35) Also some have argued that Sri Lanka's inclination towards China during Mrs. Bandaranayake's Premiership has been partly a move in the direction of the island's continual search for re-insurance against India. (36) On the other hand, there is always among Sri Lankans the constant fear and anxiety of existence with the threat from India has not only been of a military nature but it has also been cultural and demographic. The problem of illicit immigration from India to Sri Lanka has been a constant source of anxiety to it. The future of the recent Indian migrants to Sri Lanka, referred to generally as 'the Indo-Sri Lanka problem', has been a major question between the Indian and Sri Lankan governments and has been the most important issue which the Sri Lanka government has been trying to settle with India.

Further some Indian writers and strategists have in the past emphasised the strategic unity of India and Sri Lanka even to the extent of advocating their political integration, (37) and although such views have generally emanated from an insufficient appreciation of the changing

35. ibid., p. 39
emphasis in Indian defences, it still remains true even today that there are important sections of opinion in India, not officially connected with the government, which regard India's political integration with countries like Sri Lanka, Nepal, Bhutan as demanded by the necessities of India's security. On the other hand, there is always among Sri Lankans the ever-present fear and anxiety of existence within close proximity to a continental power. Therefore, it may be argued a friendly India would add to Sri Lanka's strength and security. To the contrary, Sri Lanka in the hands of a hostile power can gravely endanger India's security. So it is in the interests of both Sri Lanka and India to remain friendly.

On February 4, 1948 Sri Lanka regained her freedom. Unlike other colonial countries in Asia which won independence after World War II after decades of struggle against colonial power, the manner in which Sri Lanka attained her independence was the most striking symbol of the goodwill which marked the relations between the British government and the Government of Sri Lanka in the pre-independence period. Among the Asian dependencies Sri Lanka had enjoyed the most benevolent aspects of colonial rule. The transfer of power which had taken place in stages had been accomplished with an unusual degree of continuity and without any of the intensity of political struggle and mass action. Therefore unlike other colonies Sri Lanka never had any emotional antagonism towards her former colonial power. Also the peaceful transfer of power preserved a close and cordial relationship between the UNP and the imperial rulers. In his message to the people of Sri Lanka on the first independence day, D.S. Senanayake, the Prime Minister, expressed this sentiment thus:

Whatever disagreement we may have had with the British in the past, we are grateful for their goodwill and cooperation which have culminated in our freedom. The seed of
voluntary renunciation which they have sown
will grow into a stately tree of mutual and
perpetual friendships. (4)

Modern political awareness originated with appearance
of sentiment for the reform of the colonial regime in the
direction of Sri Lankan self-government. These political
stirrings closely followed the emergence of an educated
affluent, and largely urban middle class among the Sinhalese
and Tamils late in the nineteenth century. Earlier
agitation for reform had been limited to island's few
Europeans and Burghers.

The appearance of a Sri Lankan middle class characterized
by Western education and urban occupation related to the
growth of modern bureaucratic, professional, and commercial
activity was one of the most significant social consequences
of the nineteenth century change. The reforms of 1933
were intended to break down restraining feudal relationships and
facilitate geographical and occupational mobility. The
spread of planting in the second half of the 19 century was
accompanied by the rapid construction of roads and railroads
and an acceleration of economic activity. By the
beginning of the present century, trade, transportation,
contracting, mining, and planting had contributed to the

emergence of group of wealthy Sri Lankans. The newly affluent families commonly used their resources to provide their sons with Western education in preparation for careers in the public service or professions and to buy land, thus perpetuating their economic and social advance.

The middle class which was thus developing was characterized by mobility upward on the social ladder, from the village to the city, and from a traditional towards a Western culture and value system. The English-educated middle class remained small and exclusive in relation to the total population, and for many decades political consciousness and political activity hardly extended beyond this middle class.

In the background was the indistinguishable mass of the people of the country. The increase of money in the island, improved communication and the growth of small towns aided those with energy enough to leave the village and a livelihood elsewhere. But the wast majority were still peasants, tilling their own or working on other lands. The conditions of the mass of people in the villages - both Sinhalese and Tamils - was doubly depressed. Economically


they were outside changes made by capital invested in lands, except deleteriously through the encroachment of both tea and rubber, on the village. The preference of the planter for an easily mobilized labour force with no roots in the country, and therefore manageable, prevented a bigger assimilation of the landless villager in the plantation economy. Socially they were depressed too, cut off from the possibilities of education in English which ensured the transformation of the fortunate into minor employees of the public service. The language the village spoke, whether it was Sinhalese or Tamil, was for all practical purposes of inferior status; the religion he professed was a disadvantage, it was not that of the ruler; and the institutions he knew was being thrown into the discard of the unenlightened and the scorned. The well-to-do and the great ones who derived their income from the village had graduated into the ranks of the English educated. Between them and the village there were links, but the difference were much more strongly marked. Thus, the Western education and the economic changes had driven a wedge between the educated sections and the masses.

6. Ibid., p. 226.
The British made the decision to grant substantial degree of political authority to the natives in 1924, 1931, and finally complete political independence in 1948, they tranted that power to those Sri Lankan who were most Westernized, to those who most closely approximated themselves. Handing over power to these leaders was expected to gain for them popularity and enabling them to continue in power for a longer period.\(^7\) British interests were bound to remain safe in their hands.\(^8\) More important for the operation of the political process in Sri Lanka in terms of those individuals at the most westernized end of the spectrum possessed a strong sense of identification with British values, attitudes and perspectives.\(^9\) They were said to have all the components of "colonialists" in their attitude.\(^10\) As they were either large land-owners or big businessmen or professional administrators they had no much affinity with the aspiration of the common man.

\(^10\) Harindra Corea - Freedom what then (Colombo 1960) p. 9.
Before the general elections in 1947 they were all combined together by the efforts of D.S. Senanayake under the banner of the United National Party. As in the case of the Indian national congress, U.N.P. was not a politically homogeneous party. At its inception it consisted of a number of groups and personalities. The primary organizations were, the Ceylon National Congress, the Sinhala Maha Sabha,(11) All Ceylon Muslim League and Moor association.(12) The Tamil community was represented by a few of its national leaders. Thus the founding associations of the U.N.P. were dissolved upon its formation, and they persisted as organised blocs of power and interests alongside the party. Because of this the union obtained in the U.N.P. was largely personal, and to a significant degree the U.A.P. was held together by personalities rather than organisation.(13) Each group had special problems related to its own interests, that in some respects brought it into conflict with other groups. For instance, in July 1951, S.W.R.D. Bandaranayake crossed the floor with a few colleagues under the assumption that D.S. Senanayake was grooming his nephew, Major John Kotalawala, to succeed him.(14) Also another event occurred in March 1952


on the sudden death of D.S. Senanayake, when Dudley Senanayake was induced to inherit the post of Premiership against the claim of the then leader of the House of Representatives, Sir John Kotalawala. He was deprived of the post on the grounds that he was unacceptable to several groups among the ruling party's members of parliament. (15) Further, the defection of R.G. Senanayake from Kotalawala's cabinet, and the withdrawal of ex-Premier Dudley Senanayake from active politics and participation in the general election of 1956 added to the unpopularity of the UNP leadership in general and Sri John Kotalawala in particular. These rifts persisted till the end of the Kotalawala government in 1956.

Besides these intra-party manoeuvres at the top of the UNP the party lacked organisational roots in the countryside and among the lower classes in the urban areas, (16) but it was manned by Western educated upper middle class and upper class leaders. (17) In the countryside locally influential notables were the source of much of the political support for the UNP. It is true to say that intermediaries between the UNP and the mass of the voters were the wealthy and upper middle class. (18) Thus at this time political leadership at


the higher levels came from the relatively small category of landowners and professional men as well as retired public servants and some industrialists and businessmen. The lower strata of the rural population hardly provided a recruiting base.

On the other hand, though the 67 per cent of Sri Lanka's population who are Buddhist have economic, social and cultural problems which were attributed to the neglect and oppression of centuries of foreign rule and the disregard of their problems by the westernised intelligentsia, the UNP gave low priority to their demands and as a result the Buddhist movement tended to be alienated from the national political leadership. (19) The attitude of the UNP governments of 1947-1956 to religious and cultural questions was one of avoiding controversy. UNP ministers patronised Buddhist occasions, but took the line that Buddhism required no special constitutional guarantee. Furthermore, their indifference was no better in regard to the demand that the national languages be given their due place in the administration of the country. It had changed the medium of instruction (English) in the schools to Sinhalese and Tamil, but evidence of its lack of care was seen in that, even as late as 1955, English was the primary language of

administration and all other governmental activities. Thus, it failed to assess the economic forces behind the language movement and the cultural revival. It involved itself in incidents which hurt the religious and cultural susceptibilities of the majority of the people. It antagonised the Ayurvedic doctors by reason of its white paper on Ayurveda. It antagonised the vernacular teachers by failing to remove the discriminating scales of pay fixed purely on the basis of language. In short it antagonised the vernacular-educated middle class who were in the forefront of the cultural and religious revival.

Therefore, during this phase, the UNP alienation from the rural masses and under-privileged urban classes was becoming increasingly apparent. The party had the confidence of business interests, large sections of the middle classes, and the administrative grades in the public services, but had little support from the minority groups, but it failed to penetrate the lower layers of society.

Moreover, economically the UNP believed that prosperity lay in trade ties with the West, and improvement and diversification of agriculture. There were few attempts at economic planning and no serious steps were taken to set up any local base industries. Also during their period, the British did not inherit a tradition of foreign policy.


country's valuable sterling balance of some Rs. 1260 million was frittered away in unplanned spending, mostly on imported consumer goods. (22) The situation was saved when rubber prices boomed with the outbreak of the Korean war, but this was merely a repetition of the earlier record of wasteful expenditure. Later the release of rubber stockpiles of the USA caused a depression in prices. Disaster was prevented when Dudley Senanayake's government (May 1952-53) entered into a rubber-rice agreement with China in 1952; but adverse terms of trade continued and in July 1953 the government took the drastic step of raising the prices of foodstuffs. Thus, the economic burdens, which in 1953 the UNP placed on the people, were a major cause of its defeat. It did not place additional equally heavy burdens on the well-to-do section of the people and so its actions appeared as the soulless decisions of a privileged circle protecting the interests of the privileged at the expense of the common man. (23)

The United National Party which took over power from the British did not inherit a tradition of foreign policy. They represented a thin layer of conservative and highly westernised elite who had had intimate knowledge of the West and its traditions through education in the imperial

capitals or in institutions established in Western traditions elsewhere. (24) Moreover, the administrative experience which these Western educated had during the colonial administration made them fairly integrated in the British system of administration. With this historical association with the colonial power, it was natural that the UNP leaders desired to have close ties with the West. In this chapter an attempt will be made to examine the foreign policy orientation of UNP regimes which were in power from 1948-56. In this context an attempt is made to assess the implications of the Defence and External Affairs Agreements, the Commonwealth relations and pattern of constitutional relationships that Sri Lanka maintained. Also major international issues will be dealt with, particularly in relation to foreign policy making.

The Defence and External Affairs Agreement

When D.S. Senanayake became Prime Minister he found himself the leader of a nation that had neither defence forces of its own nor the means to provide them. He was aware of the fact that the security of the country was primarily conditioned by her geographical situation. The strategical importance of Sri Lanka in the Indian Ocean was emphasised by Senanayake in his statement on defence.

in the House of Representatives:

We are in a specially dangerous position because we are in one of the strategic highways of the world. The country which captures Sri Lanka could dominate the Indian Ocean. (25)

Also he was frank enough to admit that considering the size of the country, her strategically vulnerable position and her limited resources, Sri Lanka could not afford to protect herself on her own. This was perhaps the reason why he declared on one occasion in the House of Representatives:

I cannot accept the responsibility of being the Minister of Defence unless I am provided with the means of defence. (26)

In Senanayake's opinion there was only one country with sufficient interest in its defence at her own expense and that country was the United Kingdom. (27) He was also aware of the fact that in Sri Lanka's security was the United Kingdom's security because the United Kingdom had to keep the Indian Ocean open to her ships and aircraft in order to carry out East-West trade. (28) It was in this context that he entered into an agreement with Britain.


27. ibid., Col. 445.

Thus, it was a mutual pact, whereby Sri Lanka would allow Britain to use naval and air bases in Sri Lanka, and Britain in return guaranteed Sri Lanka’s defence against foreign aggression. Clause I of the agreement provided for mutual military assistance but only to the extent of their mutual interests; and forces to be stationed would be such as might be mutually agreed. For this purpose it was provided under Clause II, that the UK would be granted such base facilities as might be agreed upon. Under Clause III the government of the UK would furnish the government of Sri Lanka military assistance necessary for the training and development of Sri Lankan armed forces.

Justifying the Defence Agreement in a press conference, Sir Oliver Gunatilaka, the then Home Minister, declared:

that the Agreement was in the mutual interest of the two countries. He further clarified that there were no secret agreements nor was there time limit to the Defence Agreement. If either party decided at any time that it was not in its interests, the agreement could then be terminated.

Because of the Defence Agreement Sri Lanka felt more secure as the continued stationing of naval and air bases assured constant British interest in the island’s security.

The Defence Agreement differentiated Sri Lanka from other Dominions by providing specifically for mutual military assistance, the use of bases, and the training of Sri Lanka's armed forces. (31) Also in Sri Lanka's case the position was that the UK would maintain bases at her own expense whereas the older Dominions provided the bases at their own expense as in the case of Halifax and Esquimalt in Canada and Simontown in South Africa. (32)

These defence arrangements provoked vigorous criticism from the Opposition parties. In the process the Left Parties and the democratic opposition elaborated their differing underlying perspectives on the world of states and Sri Lanka's role therein. From the outset, the Left Opposition parties doubted the genuineness of Sri Lanka's independence, opposed the Defence Agreement and bitterly denounced the government for allowing Britain to maintain bases on the island.

Dr. A.M. Perera, Leader of the Lanka Sama Samaja Party (Trotskyist), viewed Sri Lanka's independence and the Agreement as a shady transaction which was nothing less than bartering away of the country. (33) Both Trotskyist and

Communist parties agreed that association with the Western camp inevitably meant being drawn at the chariot wheels of imperialism, which itself was inexorably being led to international war by its inner conflicts. Hence allowing the British to retain bases dragged Sri Lanka into the vortex of imperialism's disastrous course. The Democratic Opposition led by S.W.R.D. Bandaranayake too, opposed the continuation of British bases. He accused the United National Party of depending upon Britain for its foreign policy views, of not developing its own position. He urged Sri Lanka to follow the Indian example by repudiating the Crown and carrying forward an independent policy. He saw the Indian Ocean area as a natural basin for concerted defence and strategic purposes and argued that more attention should be given to closer relations with Sri Lanka's Asian neighbours. But justifying the necessity for such an agreement with Britain, Senanayake told the House:

I like to keep my connections with Britain...
As far as I am concerned I cannot think of a better and safer friend for Sri Lanka than Britain. I would ask my friends to look around the world and see for themselves whether there is anyone else who can be of better use to us and of greater help to us than Britain.

34. Sri Lanka, House of Representatives Debates, Vol. 6, Col. 86 and Vol. 6 Col. 43-46.
35. ibid., Vol. 12 Col. 76-81.
Thus, the Defence Agreement was continued by the next two UNP Prime Ministers. The Agreement was always called in question as long as UNP government was in power.

According to External Affairs Agreement Sri Lanka was placed in the position of other members of the British Commonwealth making it obligatory to adopt and follow the resolutions of past imperial conferences. It also provided that both Sri Lanka and U.K. were to be mutually represented by High Commissioners in both the countries and Britain undertook to extend support to Sri Lanka's membership of U.N. and its other specialised agencies. By clause II of the Agreement, Sri Lanka undertook to observe by the Members of the Commonwealth in regard to external affairs in general and to the communication in particular. This brought Sri Lanka into the system of inter-Commonwealth consultation. The Commonwealth practice of consultation on all important world problems leaving each government to make its own decision was stressed when in 1950 the Commonwealth Foreign Ministers at their Conference considered the question of the recognition of Communist China as well as the future relations of the Commonwealth countries with her.

The intra Commonwealth Relations Office, by transmitting


varied information on every subject of mutual interest such as foreign affairs, economic development, military co-operation etc., not only acted as disseminator of information but also facilitated exchange of views between members of the Commonwealth. (39) In addition to these permanent institutions there were the periodic Commonwealth Ministers Conferences. These conferences and exchange of information not only enabled Sri Lankan Statesmen to obtain a clear idea of varied but inter-related problems and policies of the Commonwealth countries. Also intended, in view of the recognition of Communist China, for example, Sri Lanka was merely following the British lead. (40)

Moreover, Sri Lanka's representation in foreign countries was also defined by Clause IV of the Agreement by which the U.K. government would represent Sri Lanka's in the various capitals of the world through her representatives if so requested by the government of Sri Lanka. (41) Unlike India which had diplomatic representatives in nearly fifty countries immediately after her independence, Sri Lanka was


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represented only in eight countries. (42) This limited representation was not only due to financial consideration, but also because of the diplomatic arrangements she had with the U.K. under the Clause IV of the Agreement. However, this provision was made use of by Sri Lanka on a number of occasions. In 1948, a Payment Agreement between Sri Lanka and Japan was affected as a result of negotiating by the U.K. representative in Tokyo with the Supreme Commander of the Allied Powers in Japan. (43) Also in 1949, soon after her decision to recognize Communist China, the Government of Sri Lanka asked the British Government, who had a Counsel General in Peking, to forward a letter according her recognition to Peking. (44) In 1949, at a meeting between the sterling area and Japan for the conclusion of a Trade pact, negotiations on behalf of Sri Lanka was conducted by the U.K. delegations with the assistance of J. H. Jinadasa, the Deputy Commissioner of Co-operative Development of Sri Lanka. (45)

The Agreement not only gave Sri Lanka the full status of a Dominion but also altered her inferior position in international affairs. Her equal status with the other

44. The Times (London) 7 January, 1950
Dominions was accepted when she signed, as an independent and separate signatory, the final act of the Conference on Trade and Employment at Havana on 24th March 1948. (46) It might be stated that the two Agreement did not specifically mention Sri Lanka's right to declare war and make peace, as the U.K. had accepted the Balfour Declaration which recognised the individual responsibility of the Dominions in those matters. (47) However, so far as Sri Lanka is concerned, the executive matters such as declaration of war and making of peace etc. are vested in the Queen who, under Section 4 of the Constitution, acts on the advice of the Sri Lanka Government. This could mean that Sri Lanka would not be obliged to declare war when the U.K. was at war. Finally, as the memberships of the Commonwealth of Nations was postulated in both the Agreements one might infer that the membership was a condition precedent to the Agreement.

However, the most remarkable point is Sri Lanka's attitude of living in closest term with the U.K. from the beginning of its freedom. It joined the Commonwealth and

depended for its security on the U.K. For a small island like Sri Lanka, situated at a vulnerable point in the strategic location of the Indian Ocean area, independence meant little if it was not well protected. Sri Lanka had no well organized national army, navy, or air force of its own, and even if it managed to have them all, its capacity to defend itself would always remain limited. In the past, Sri Lanka had always been exposed to foreign invasions, from India, Portugal, Holland, Britain and finally from Japan. The memories of the Japanese bombardment over Colombo and Trincomalee were still fresh in the minds of the Sri Lankan government. So far its defence against aggression in future, Sri Lanka was bound to depend upon some stronger power or outside organization. Although there was a vague talk about a South East Asian Federation at the Asian Relation Conference held in New Delhi in 1947 but there was no prospect of establishment of such an organization in the near future and no country like India, Pakistan or Burma, which had regained freedom recently,


were militarily so advance as to be strong enough to defend Sri Lanka. (53) Besides that, they were surrounded by their own problems. The World War II experience also contributed to a sense of interwoven defence destiny. British planes and ships had demonstrably defended Sri Lanka from the Japanese.

In such a situation, Sri Lanka found in the U.K. a dependable ally who had granted independence to Sri Lanka without much struggle on Sri Lanka's part. Obviously the U.N.P. rulers felt obliged to the British Government for its act of generosity. Their long association with the British and their government, their education through English medium, their western style of life, and the system of Parliamentary Government they had copied from them might have inspired them to be attracted towards the U.K. (55)

Although British Naval effectiveness in the Indian Ocean was declining since 1948, it was still the principal external sea power with the interests in the Indian Ocean. (56) Sri Lanka imported even essentials like foodstuffs and clothes and for that it had to keep sea-lanes open so that food supplies could flow to it without obstruction. The


U.K. could be helpful in that sphere. Even Sri Lankan goods travelled to London market on the British ships. (57) Sri Lanka had not only the bulk of its trade with sterling area partners, but it continued to use London as its banker. (58)

Apart from strategic and defense consideration, the government needed friends in the broader realm of foreign relations. Sri Lankan statesmen were admittedly new to diplomacy. A colonial country was without foreign relations of its own and few of its leaders had had experience in relationships with any other statesmen but Indians or Britain. Only a period of sheltered international relationships could give them practice in diplomacy and develop a sense of confidence in a more versatile approach to the wider world without undue risk to the newly won independence. Further, whether these arrangements were judged as the maximum of security available to Sri Lanka, or whether they were fraught with grave political and military risks as the Left tended to argue, there is no gainsaying the fact that they were extremely inexpensive.

57. ibid. p. 54.
58. ibid. p. 382.
At no time prior to 1956 did the defence budget total more than 4 per cent of the government's expenditure, and prior to 1951-52, it was less than 1 per cent. This is a remarkably small sum compared to the diversion of scarce resources considered necessary in India where 20 per cent of the central government's budget went for defence purposes. In Pakistan 35-40 per cent, in Burma 30-35 per cent and in Indonesia 25 percent of the government's expenditures were for defence.

The Commonwealth

The UNP of 1947-56 did not even give a thought to the idea of Sri Lanka obtaining republican status within the Commonwealth. The defence and external affairs agreements concluded with the British Government in November 1947 were of the UNP's desire to maintain close ties with Britain. In fact D.S. Senanayake proudly told a Commonwealth Conference that he represented 'the oldest monarchy in the Commonwealth'. Thus, he never had any intention of leaving the Commonwealth once independence was granted. His desire to be in the Commonwealth arose from various reasons. Firstly, he believed such a relationship would help preserve the country's newly won freedom.

Also, he emphasised that Sri Lanka was not in a position to safeguard her security alone, hence she chose to do it in cooperation with the Commonwealth. Secondly, both export and import was largely with the nations of the Commonwealth; and it was to Sri Lanka’s advantage politically and economically to be in the Commonwealth; and to be a member of the sterling area. Thirdly, it gave strength to a small nation like Sri Lanka to be a partner in a large community of nations. Moreover, as Sri Lanka was not admitted to the UNO immediately after independence, the Commonwealth served as the only international forum where she could participate in conferences and discussions and be a partner in a large community of nations on an equal footing. Thus during his premiership he hailed the Commonwealth connections. In one of the Throne speeches he stated that my government is keenly aware of the significance and unity of purpose of the Commonwealth in the effort to preserve peace in the post war world and will use its utmost endeavour to cherish and safeguard those valuable associations.

62. ibid., p. 6.
63. ibid., p. 51.
Thus, faith in fundamental principles of the Commonwealth was valued by the later two UNP Prime Ministers. After becoming Prime Minister, Kotelawala declared:

Sri Lanka believed in the British Commonwealth. We are members of a club which believes in mutual assistance like the Colombo plan. (63)

It was reaffirmed again when he valued the advantages of being in the Commonwealth:

So far as we are concerned, the right of a small island to live in peace, to govern itself according to laws and the wishes of its people and to fortify its economy to meet its needs are fundamental ... We believe that the goodwill of the members of the Commonwealth who share those ideals is the best guarantee we can have of our own security in a troubled world. (66)

Further, like the older Dominions, Sri Lanka accepted full memberships of the Commonwealth, adopting British conventions. This decision of Sri Lanka was a quite deliberate one. In Senanayake's opinion acceptance of the Commonwealth relationship involved acceptance of the


monarchy. (67) Having remained in the Commonwealth, he attached deep value and significance to the retention of the Crown as the link which binds together the Commonwealth of Nations. Thus, Sri Lanka readily assumed the membership of the Commonwealth on the original basis. Further, membership of the Commonwealth involved no commitments. So there was no harm in being a member.

At the meeting of the Commonwealth Foreign Ministers held in Colombo in January 1950 steps were taken to prepare a scheme of economic co-operation between the countries of South East Asia and other countries interested in the area with a view to the provisions of mutual aid arranged on a bilateral basis. (68) Those efforts were successfully transformed into Colombo Plan under which Sri Lanka received a good deal of technical and monetary aid from the Commonwealth countries. (69) Thus it is in the field of economic cooperation that Sri Lanka has stood most to gain from Commonwealth membership. Her relations in this sphere are particularly strong with Britain, her biggest trading partner, Australia, New Zealand, Canada and India. It is through the Colombo Plan, sponsored at the Commonwealth


69. Prime Minister Kotalawala - Ceylon House of Representatives, Parliamentary Debates, Vol. 19 (2-8-1958)
Conference in Colombo in 1950 by J.R. Jayawardane, Sri Lanka's Minister of Finance at the time in the D.S. Senanayake administration, and Percy Spender, the Australian Minister of Foreign Affairs, that the island has benefited immensely from aid and technical assistance provided especially by Britain, Canada, Australia and New Zealand, in that order, as well as, to a lesser extent by India and Pakistan. (70) Sri Lanka up to 1970, under the Plan received technical assistance from donor countries (which include Japan) in the form of training facilities, experts on education, construction, public health and engineering, and equipment to the value of Rs. 146.6 million out of an estimated total aid of Rs. 191.8 million provided for the under-developed countries of the South and South-East Asian region as a whole. (71) In addition she received 3,693 trainee places and student places and 671 Colombo plan experts during this period. (72)

Between 1939 and 1946 Sri Lanka's trade with the U.K. and with other sterling areas - both imports and exports - came to more than 65 per cent of Sri Lanka's trade. (74)

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72. ibid.
Sri Lanka brought and sold mostly in sterling currency. In February 1948 Sri Lanka's sterling assets amounted to £51,000,000 and loans to the U.K. were £7.4 million. (75)

Thus economically, politically and militarily Sri Lanka was tied to the U.K. and the Commonwealth. Thus during the UNP rule (1948-56) these links continued to grow stronger. (77)

Constitutional Arrangements

As in Canada, Australia, New Zealand and South Africa, constitutional arrangements in Sri Lanka were formal relationships with the crown. The crown and crown courts also existed and the judicial structure was distinct from that of the British. But in Sri Lanka the crown courts remained unchanged even after 1948. It became closer both as a matter of fact and of law because the crown appeared in matters of sending up cases from the courts to the crown in the Constitution of Sri Lanka. Since 1948, the Governor-General or the Prime Minister sitting in London the Governor-General represented the Crown and also care was taken to see that both the Sovereign and the Governor-General were required to observe the constitutional conventions in the exercise of their functions, as the conventions were usually observed in the U.K. (76)

In matters affecting Sri Lanka, the Queen was advised by the Government of Sri Lanka either directly or through the Governor-General. In 1948, the UNP led in forming the
dominion.

75. ibid., Col. 884.
Thus, by 1952 Sri Lanka was the only Asian member of the Commonwealth which acknowledged the Queen as the Head of State. Sri Lanka changed the title of the Queen according to the declaration made at the Commonwealth Conference in 1952. This was done by the Royal Title Act I of 1953, under which the Queen was titled 'Elizabeth II, Queen of Sri Lanka and of her other Realms and Territories', 'Head of Commonwealth'. Thus the Queen remained an integral part of the Sri Lanka Constitution, which was essentially a part of the British Constitution. Besides the retention of monarchy, Sri Lanka also persisted with the judicial structure which existed before independence. Sri Lanka has retained the practice of sending appeals from her courts to the judicial Committee of the Privy Council sitting in London. Foreign Policy under the U.N.P. Governments

At independence, Sri Lanka inherited no distinctive tradition of foreign policy. The first Prime Minister, D.S. Senanayake, had admittedly acquired no wide-ranging experience in foreign affairs, and was heavily attacked by later critics for following Britain's lead in forming the


course of Sri Lanka's foreign policy. To Senanayake, Britain was a safe and trustworthy ally, although in June 1951, in an address delivered over the BBC in London, he stated Sri Lanka's position in international affairs as that of 'the middle way'. He said:

We in the East ... are convinced that only through clearer knowledge of the fundamental spiritual values of existence can international understanding be reached. We believed in a way of life which it may be permitted to call the middle way and in which the rule of moral law founded on a firm faith in the oneness of human life would hold sway, where power politics or power economics would not find place in the conduct of international affairs, where there will be no armament race as a direct result of a fear of insecurity and where, instead of force as arbiter in international disputes, there would arise mutual confidence and co-operation as a prerequisite of lasting peace. (79)

D.S. Senanayake's successor, his son Dudley, largely followed his father's policy during his short first tenure as Premier. In the House of Representatives he stated:

Our foreign policy ... is not to align ourselves with one bloc or other blindly and regardless of the interests of our people. When there are two contending blocs our foreign policy will be primarily guided by the interests of the people of this country. (80)

In many respects, Sri John Kotalawala, who formed the third successive UNP government after independence, tried to evolve the theoretical conception of the middle way into practical policy in international relations.

He took an active part by looking beyond the shores of his country. They were years to make Asian countries on the island. Moreover, when Sir John took up the job of putting Sri Lanka on the world's political map, the Asian and international situation had changed considerably from what it was during the time of his predecessors.

Kotalawala's period saw a greater activism in relation to Asian regionalism. By then a tradition of conferences of Asian leaders to discuss mutual problems had grown up and the trend towards what has been described as 'the spirit of Bandung' had been established. Also during this period, the hostilities of the two rival blocs had grown more acute. Under this climate in international politics, there is a necessity of the association with the

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politics, Sri John Kotalawala declared the policy of his government:

"Of policy Sri Lanka avoids joining any power bloc or participating in ideological warfare. We have chosen this course - it has sometimes been called the middle path - after very careful deliberation, and we are convinced that it is the only means of preventing a permanent division of the world into two camps, as well as keeping ourselves from being drawn into a war which is not of our seeking." (81)

The U.N.P. rulers also supported the cause of the nationalist movements demanding political freedom in other countries. They were ready to help Asian countries to consolidate and safeguard their newly won freedom. But in their view, freedom in Asian countries were threatened not only from the traditional colonial policy followed by some of the Western powers but also from communist subversion of Soviet Russia. The fact, they believed, was that the former was practically dying while the latter was raising its head. (82)

Three main factors may be said to have determined the U.N.P. attitude to the Communist countries in this period: first, the intimacy of the association with the


82. V. Nalliah (Parliamentary Secretary to the Minister of Health and Local Govt.) Ceylon House Representative, Parliamentary Debates. Vol. 5 (18-5-1949) Col. 2603-04.
British; second, Soviet veto of Sri Lanka's application for membership in the UNO; third the domestic political situation. The importance of the British connection for UNP Prime Ministers was one of the fundamental bases of UNP foreign policy and the point of departure of all relations with communist countries. This attitude was determined not only by the long historical association with the British, sentiment, the manner of the British transfer of power to Sri Lanka, and existing commercial ties, but also by recognition that Sri Lanka's security interests were best served by a close association with UK.

The Prime Minister D.S. Senanayake in his speeches and interviews would emphasize that Sri Lanka was not fully sovereign. The Soviet delegate in the Security Council pointed to the existence of British troops as derogation of sovereignty and independence. The powers of the Governor General, too, were limited.

were held up as an example of Sri Lanka's "colonial status.\textsuperscript{(83)}

This attitude hardened Sri Lanka in her pro-western affiliations during this period, and partly determined her policy of refusing to establish diplomatic relations with the U.S.S.R. and other communist countries.\textsuperscript{(84)}

Further, the U.N.P. Government had come into power at the 1947 election after a tough contest with Marxist parties. Since at the election, Marxist parties had been condemned as revolutionary parties aiming at a totalitarian form of government and the destruction of religion and democratic freedom.\textsuperscript{(85)} The Prime Minister D.S. Senanayake in his public speeches frequently uttered warning about the danger of following communist ideals in Sri Lanka, explaining that if Sri Lanka looked up to Russia, they would lose their heritage.\textsuperscript{(86)}

Even though Sri Lanka was one of the first Asian countries to recognise Communist China, D.S. Senanayake and his two successors consistently refused to establish

\begin{footnotesize}
\begin{enumerate}
\item Ceylon House of Representatives Debate, (1950), Vol.8, Col. 462.
\item Ceylon Daily News, 20 December 1947.
\item Ceylon House of Representatives Debates, (1950) Vol.8, Col. 486.
\end{enumerate}
\end{footnotesize}
diplomatic relations with China because of their suspicion that communist countries would utilise every opportunity to make contact with leftist parties inside the country. Sir John Kotalawala took the same line of policy laid down by his predecessor towards Communist countries. In 1954 at the Bogor Conference, he reiterated his convictions on Communism that could not be blind to the international nature of communist doctrines, nor could it be assumed that the aims and objectives of communism had undergone any radical change. Moreover, The Colombo powers were also aware of the covert support extended to local communist parties in the area by Moscow and Peking. It was with this in mind that Burmese Prime Minister canvassed, at the Bandung Conference, the general acceptance of the Five Principles of Peaceful Co-existence. However, from very outset Sir John Kotalawala was skeptical about co-existence as a philosophy unless specific guarantees were given that communist would not interfere in the internal affairs of the democratic nations. In a statement to the press while at Bandung, Sir John expressed his belief in co-existence, if properly conceived, as the only alternative to destruction and death. He even demanded that Russia and Red China dissolve the Cominform.

as proof of their good intentions in proposing a peaceful co-existence programme. In such a context, it was not surprising that UNP Prime Ministers should have adopted a completely negative attitude towards communist countries.

Against this background of the UNP's foreign policy, an attempt will be made to assess the stand that Sri Lanka took in relation to some specific international issues - the Indonesian crisis, the Korean war, and the Indo-China war.

Indonesian crisis

The Netherlands government's action against the Indonesian Republic on 19 December 1948 called up widespread resentment in the countries of the Middle East, South and South East Asia. The Sri Lankan Prime Minister also lost no time in issuing a statement on the Indonesian situation, declaring that it would not be possible for Sri Lanka to allow the use of harbour and airfield facilities for ships and aircraft carrying troops, arms and warlike materials of any kind, which might be used against the Indonesian Republic.\(^{(89)}\)

Sir Oliver Gunatilaka, the

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then Sri Lanka High Commissioner in Britain, speaking at a press conference emphasised Sri Lanka's stand when he said:

Sri Lanka had taken the action regarding Indonesia entirely on her own initiative and without prior consultation with anyone, though the UK and the Dominions had been informed. (90)

The Sri Lanka government's action met with approval from all ranks of Sri Lankans. As Sri Lanka was anxious to demonstrate her sympathy with the Indonesian Republic and explore ways and means of making her own contribution in support of the Indonesian struggle, she was represented in New Delhi with a delegation at the conference, where her attitude was expressed by her delegate, S.W.R.D. Bandaranayake:

We have not met here to decide whether or not a wrong has been done. We have met here as those who are convinced that wrong has been done, and wish to discuss it. (91)

Also on another occasion he emphasised the Indonesian question, could not be characterized by any other term than as an attempt to reintroduce the principle of Imperialism and Colonialism - an evil which they all thought was dead. (92)

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90. Ibid.
Thus Sri Lanka's stand on the Indonesian question could be interpreted in terms of anti-colonialism and Asian solidarity.

As a sign of solidarity with the South Korean people, despite vigorous military action to the left, Mr. S.M. Rangan, the Leader of the Opposition, said:

On 25 June, 1950 a serious international crisis broke out as a result of the invasion of South Korea by North Korea. The Sri Lanka government's attitude was expressed in a statement made by J.R. Jayawardena, the then Finance Minister, 'Sri Lanka has joined the nations backing the U.N. military action against Communist-led North Korea'.

'This government', he added, 'intends, so long as we are in power to follow the U.S.A.'

Approving the Finance Minister's statement D.S. Senanayake told the House:

'As far as the United States is concerned, there is not the slightest doubt that she holds the view that we hold ... As long as they are for democracy, and as long as it becomes necessary for us to associate ourselves with either the United States or with anyone else, we will join that said...'


Moreover, Sri Lanka government's attitude towards the Korean war became more clear when it allowed facilities in Colombo harbour to an American flotilla on its way to Korean waters, despite vigorous criticism from the left wing parties. Dr. N.M. Perera, the leader of the Opposition stated:

In replying to the Opposition parties on the situation of the Indo-China War it also stated: "There has been a clear indication of her orientation towards the Anglo-American policy." (95)

Indo-China War

In March 1954 a grave situation in French Indo-China was created by the siege of the French fortress of Dien Bien Phu by the Communist-dominated Viet-Minh. In Sri Lanka the UNP government's attitude was clearly indicated by Dr. N.M. Perera. Statement, 30th April, 1954.

from the beginning. After India and Burma refused overflying rights for American military aircraft carrying French troops to Indo-China, Sri Lanka allowed them to use Sri Lanka airports. The view taken by the Sri Lankan authorities was that they saw no distinction between foreign air transport and troop ships which frequently used Colombo harbour. There was no question of assisting in a colonial war but Sri Lanka was definitely against Communist aggression and infiltration. Further, Kotalawala's concern with the Communist threat was made clear when he advocated the adoption of a resolution on aggressive communism in addition to the resolutions concerning colonialism favoured by the majority of the delegates at the Colombo Conference of 1954. In replying to the opposition parties in the parliament he also stated 'even if the devil wants my help to fight Communism I am on his side'.

Thus, in the whole question of the Indo-China war, Sri Lanka's attitude highlighted her policy orientation towards the West, as in the Korean crisis.

UNP and the Communist Countries

The peaceful transfer of power had also preserved a close and cordial relationship between the UNP leaders and the imperial rulers and gave a distinctly pro-Western, anti-Communist stance to its foreign policy. All three UNP Prime Ministers had an intense personal dislike of Communism and the Communist countries even in the colonial period. D.S. Senanayake's dislike of Communism was demonstrated when the Communist party sought entry into the national movement led by the 'Ceylon National Congress', and was refused by him. He resigned on this issue. Further, Senanayake identified international Communism with the policy of the Soviet Union:

Enslavement of the world is what we believe to be their attitude... We will never be with Russia until she gives up her policy. (101)

Again his attitude towards Communist countries was made known to the public in one of his speeches immediately after his assumptions of premiership when he said that though they had attained independence the greatest fear was that they would fall victims to the plague that was spreading all over the world from Russia. (102)

This attitude was aggravated by the Soviet Union's action at the Security Council in vetoing Sri Lanka's admission


to the UN, on the grounds that Sri Lanka was not genuinely a Sovereign State. They specifically pointed to the powers vested in the Governor-General as the highest executive officer, and of the Queen, to certain rights which Sri Lanka had given to Britain for her air and naval bases and to the fact that Sri Lanka's diplomatic interests were sometimes looked after by British diplomatic representatives.

Even though Sri Lanka was one of the first Asian countries to recognize Communist China, D.S. Senanayake and his two successors consistently refused to establish diplomatic relations with it because of their suspicion that the Communist countries would utilise every opportunity to make contact with leftist parties. This stance was clearly expressed when Senanayake's government refused applications by Communist delegates from the Soviet Union and China, and denied entry to the British science writer, J.G. Crowther, who was President of the Communist-led British Peace Committee. Moreover, eagerness to support any policy of 'containment of communism' was made clear when he granted harbour facilities to American ships on their way to the Korean war on the ground that the UN was opposing aggression by international Communism.

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103. ibid., 18 June 1951.
his son, largely followed his father's policy during the short first tenure as Premier but the third Prime Minister, Sri John Kotalawala, went a step further. He stated,

'I have all my life been opposed to this lamentable creed. And if there is anything I can do, whether in my country or anywhere else to stop the further advance of Communism, I shall certainly do it.'(107)

Thus, he denied Harry Pollitt, Secretary General of the British Communist Party, entry to Sri Lanka, (108) and he refused a request from Red China to receive a goodwill mission. (109) He maintained that Sri Lanka's relationship with China was only for business, (110) and charged against the local Communist Party that it had received large sums of money from Russia through Switzerland. (111) He warned the Soviet delegates to the ECAFE Conference in Colombo, who had held hotel room discussions with local Communists, (112) and refused to let Russian astronomers observe the 1955 solar eclipse from Sri Lanka on the grounds that the Russian team was too big, whereas permission had been

109. ibid., 14 December 1953.
112. ibid., 10 February 1954.
granted to scientists from America, Britain, Canada, Japan
and India. (113) He also imposed a ban on the importation
of Communist literature from the Soviet Union, China and
other Communist countries. His concern with the Communist
threat was made clear at the Colombo Conference when he
advocated the adoption of a resolution on aggressive
Communism, (114) and at the Bandung Conference of Afro-Asian
nations in 1955 he took up the same stance. (115)

Though the UNP’s policy was to keep the Communist
countries away, it had to establish trade relations with
them, in view of the economic interest of the country. (116)
In 1951, Sri Lanka sold rubber to China ‘not so much from
economic motives as from economic compulsion’. (117) This is
evident from the pronouncement of R.S.S. Gunawardana, the
then Ambassador to the USA, that
Sri Lanka’s trade agreement with Communist
China was a desperate expedient it reached
after a breakdown of economic negotiation
with the United States. (118)

116. This aspect will be discussed in Chapter V.
The circumstances that led to the trade relations with China and other socialist countries need special examination particularly in view of the fact that all UNP Prime Ministers were uncompromising opponents of Communism.

Sri Lanka's economy, being essentially an export economy based on three products - rubber, tea and coconut - had to depend on a foreign demand for its survival. Hence, whenever the price for her products in the world market declined she suffered serious economic dislocations. Hence, whenever the price for her products in the world market declined she suffered serious economic dislocations. This she experienced when the price she obtained for her rubber during Korean boom rapidly declined and cost of her principal imports rose sharply in the world market.

In 1952-53 the price Lanka obtained for her rubber was rapidly declining and her sales/dollar-countries were falling at the very time that cost of her principal import requirement - rice - was rising sharply in the world market. Rice was becoming more and more a dollar commodity. It was this sharp conjuncture of unfavourable factors on both the supply and demand sides that led Sri Lanka to enter a field of trading relations not previously explored.

For a variety of reasons, Sri Lanka's traditional Western partners were unable at the time to take prompt action to meet her economic needs. Therefore the hard-pressed producers explored new trading partners.

After the entry of China into the Korean war in 1950, the UNO imposed a resolution sponsored by the USA, a ban on the export of strategic materials including rubber to China and North Korea. In order to strengthen the effectiveness of the embargo, the USA passed in June 1950 the Kem Amendment legislation which provided for the withdrawal of the USA economic aid from the countries contravening the UNO resolution; but in October 1951, the Battle act replaced the Kem Amendment and down graded rubber to the level of a strategic material over which there was no embargo but which was to be the subject of specially negotiated arrangements with the USA. At the same time negotiations, going on between the USA and Sri Lanka government for the bulk purchase of Sri Lanka rubber, failed as the USA Government offered the Singapore price which was significantly lower than the Colombo price. Meanwhile, the Sri Lankan traders were already selling rubber to Chinese buyers at

prices above the world market. To the USA's continued representation against Sri Lanka's sale of rubber to China, Senanayake was reported to have replied that "the Sri Lanka market is open if the USA wants to buy her, is at liberty to buy even the whole of it". Having failed to ban rubber shipments to China, the USA Government suspended all the Point Four Aid to Sri Lanka.

Meanwhile Sri Lanka was facing great financial difficulties due to the decline in the price of tea and rubber and the difficulty in getting rice at reasonable price. A Ministerial mission was sent to the USA to negotiate the urgently-needed rice supplies, economic aid for development programmes, and an agreement to sell rubber at the Singapore price level. But the negotiations failed again on the question of price. By this time the food crisis had taken a critical turn in Sri Lanka. Taking advantage of the situation the Opposition in Parliament took every opportunity to urge the government to increase imports. The OPA prices imposed low tariffs and prohibited all trade with China. Having failed in the negotiation with the USA, a mission led by the Sri Lanka Minister of Commerce and trade, was sent to China. By a short term-trade agreement China agreed to supply Sri Lanka with 8000 metric

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122. The Times (London) 4 October 1951.
123. Ibid., 3 October 1951
tons of rice within a short period in exchange for rubber and other products. This was followed by a long-term trade agreement in December by which China agreed to sell annually 270,000 metric tons of rice to Sri Lanka in exchange of 50,000 metric tons of rubber. The terms of price were also stated but subject to negotiations every year by the two governments. However, the trade agreement did not effect any departure in Sri Lanka's foreign policy towards Communist China. Although the government agreed to let Communist China open an agency in Colombo to ship rubber, the agency was to have no diplomatic status but only look after sheet rubber shipments to China. Thus, Sri Lanka's relations with China was confined only to trade. During Kotalawala's regime trade relations were also established with some other Communist countries - Poland and Czechoslovakia in December 1955, and Rumania in March 1956.

To sum up, an assessment of Sri Lanka's foreign policy during the UNP period reveals four aspects: (a) alliance with Britain for defence; (b) close association with the Commonwealth of Nations; (c) close relationship with the West and ideological affinity; and (d) common opposition to Communism

125. The Times (London) 7 October 1952.
126. The Times (London) 22 December, 1952.
129. ibid., No. 3, 1960, Colombo.
130. ibid., No.6, 1956, Colombo.
All the UNP Prime Ministers were strong advocates of the Commonwealth, hence they retained the monarchy for sentimental reasons, and also permitted British bases to continue. Ideologically the UNP foreign policy was pro-West though the UNP Prime Ministers professed neutralism.

The only deviation from this policy was made when Dudley Senanayake signed a trade pact with China, but he emphised that the new development did not constitute a reversal of the fact that it had only economic and not political significance. On any issue in which the Communist bloc was involved as in the case of the Korean war they always favoured the West. Even after the trade pacts were signed with China, Poland, Czechoslovakia and Rumania, they consistently refused to establish any diplomatic relations with these countries. Thus, the UNP Prime Ministers' leaning towards the West continued as long as the UNP was in power.


CHAPTER III

S.W.R.D. Bandaranayake and the Development of the Nonalignment Policy

The electoral victory of the MEP (People United Front) in 1950 is the dividing line in Sri Lanka's post-independence political development. (1) It alone resulted in a marked transfer of political power from one segment of the population to another, and it unleashed new forces hitherto held in check by colonial-style bureaucracy. (2) As a consequence the governments in office after 1950, especially those headed by S.W.R.D. Bandaranayake (1956-59), his widow, Mrs Bandaranayake (1960-65 and 1970-77), and Dudley Senanayake (1965-70) were obliged to be more responsive to entirely new strata of public opinion from the rural and urban areas. Government policies therefore ceased to follow any defined and predictable path. Thus among other things there was a qualitative change in Sri Lanka's foreign policy. The foreign policy of Sri Lanka under the Premiership of S.W.R.D. Bandaranayake and Sirimavo Bandaranayake during the period between 1956 and 1968 showed a distinctive adherence to the principle of nonalignment, the interpretation and application of which


fashioned by the contemporary events, represented the interests and aspirations of the small weak Asian country.

As discussed in Chapter II the period from 1947 to 1956 witnessed the progressive alienation of the social base of the UNP and the gradual erosion of its electoral strength. In all sectors of Sri Lanka society, among all economic, social and cultural groups, discontent with the ruling elite grew until, by 1956, it was a mass phenomenon.

Under these circumstances, Bandaranayake had much fertile ground to operate on. Although the left-wing movements were in action, the leaders failed to make any significant impact on the rural areas. They were much more urban based organisations, concentrating on building a powerful trade union movement, and appealing to the youth of the country in general and the young intellectuals in particular, and to the workers in the city and outskirts of Colombo. They proposed Marxist remedies for the country's economic and social problems but it is very unlikely that their message was clearly understood. Thus, the left leadership failed to make any significant impact on the rural areas. To the people there, it seemed politically too sophisticated, preaching alien materialistic doctrines, and unsympathetic to their national aspirations in regard to Buddhism, the Sinhalese language and Sinhalese culture.
It is to this large area of society with its deep cultural frustration and perennial social and economic discontent, neglected both by the UNP and the left, that Bandaranayake successfully responded. (3)

Therefore the MEP of 1956 was an entirely different order. It believed in political democracy and economic socialism. It understood and supported religious and cultural revival. It combined, therefore, liberalism, socialism and nationalism. The powerful argument used by the UNP against the Communist and Trotskyite Parties could not be used effectively against the MEP. On the other hand, the MEP's cultural orientation was more acceptable to the common man. It was democratic while seeking socialism. It was able to supply the alternative that had been lacking in the political scene. Thus it attracted the rural poor as well as the urban liberals. (5)

To an extent, its attempt at mass appeal was organisational. Its organisation included three parties that


4. MEP - People's United Front headed by S.W.R.D. Bandaranayake.

5. I.D.S. Weerawardana, op.cit., p. 238.
together represented the main ideological streams in Sri Lankan society. The VLSSP(6) provided a Marxist base that appealed to the leftist intelligentsia and working class. In addition, it had extensive trade union connections that would help organise the labour vote behind the MEP, and it had been at the forefront of the Sinhala-only movement and indigenous brand of socialism that its ideology expressed was based on the traditional values that the emergent Sinhalese and Buddhist nationalism incorporated. The Bhasa Peramuna(7) confirmed the MEP's dedication to Sinhala-only, for it was a coalition of associations that had emerged to agitate for the language change. The SLFP(8) of Bandaranayake was itself an inclusive party. It grew out of the Sinhala Maha Sabha, an organisation formed by S.W.R.D. Bandaranayake in 1937 to speak for the Sinhalese community in politics and the SLFP retained a predominately Sinhalese perspective and character. Its members ranged from Marxist to conservative representative of the peasants and private capital. It also attracted middle class intelligentsia and westernised social elements disenchanted with the UNP. Also the SLFP expressed Western values and was dedicated to the maintenance

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7. The Language Front.
of a Western-style political structure, so that many people felt that they could trust the SLFP and especially Bandaranayake to set things straight in Sri Lanka without revolution. But the SLFP also appealed to Buddhists and traditionalists. Bandaranayake had a long history of association with the Kandyan and traditionalist elements. Thus the MEP was organisationally well-equipped to mobilise the support of the masses.

Moreover its manifesto had a programmatic appeal that attracted the masses. On the religious issue, it provided the fullest freedom of worship and generally approved the recommendation of the Report of the Buddhist commission of enquiry. On the language issue, the Manifesto of the MEP said:

immediate provision must be made ·· declaring Sinhalese to be the only official language of the country and immediately thereafter the necessary steps taken for the implementation of this provision.

In regard to the peasants, the MEP pledged itself to an extensive programme of development to ameliorate the poor conditions in which the peasants had to live. Also the Manifesto included plans designed especially to appeal

to all discontented groups. It promised a neutralist foreign policy divorcing Sri Lanka from any association with power blocs, the removal of British bases, preparation of a plan for economic development, adjustment of the tax structure to relieve the poor, reduction in the price of rice and sugar, support for the indigenous medical profession, a reorganisation of the system of education to meet to the fullest the spiritual, cultural, social and economic needs of the country and the progressive nationalisation of all essential industries including foreign-owned plantation industries. (11)

Thus, after 1956, there was a break with the previous near laissez-faire economic doctrine of opportunity for private commercial interests. Hence forth, Sri Lanka had to move in the direction of a mixed economy with more and more emphasis on state control of the mercantile and production sectors. (12) In the process, some of the supports of the UNP were knocked away. Thus the nationalisation of the port of Colombo and bus transport in 1958 by Bandaranayake's MEP government, of petroleum and insurance by Mrs. Bandaranayake's SLFP government and the dispossession of the schools of the Roman Catholic Church and Protestant

11. ibid., p. 14
missions in 1960-61 endangered the very foundation of the
UNP. Some economic power now came to be dispensed among
small industrialists and small and middle rung Sinhalese
traders. But the commanding heights of the economy remained
in the hands of British and local big commercial combines.

Foreign Policy under S.W.R.D. Bandaranayake

In 1956 S.W.R.D. Bandaranayake established the first
non-UNP government in Sri Lanka with his SLFP. Bandaranayake's
foreign policy has attracted considerable scholarly attention
over the years. It has been argued that he was the first to
introduce a nonaligned perspective to Sri Lanka's external
relations and bring the island firmly within the mainstream
of third world thinking. (13) Therefore, it is pertinent to
draw attention to the particular ideology that Bandaranayake
fashioned.

Bandaranayake was in the UNP from 1946 until he left
it in July 1951. But even while in the UNP he was opposed
to Sri Lanka's excessive dependence on Britain. He wanted
Sri Lanka to follow an independent policy which was to be
be pro-Sri Lanka and neither pro-West nor anti-Communist.

His outlook was pure nationalist. He founded the Sinhala Maha Sabha in 1937 and even after its merger with the UNP it remained as one of its constitutional units.\(^{(14)}\) He was said to have opposed the idea of accepting Dominion status for Sri Lanka when Britain granted independence. He thought that Sri Lanka did not possess the freedom which India and Pakistan possessed vis-à-vis Britain,\(^{(15)}\) and was also opposed to the idea of allowing the British military bases to continue under the UK-Sri Lanka Defence Agreement of 1947.\(^{(16)}\) Further, he was believed to have prevailed over Premier D.S. Senanayake to refuse harbour facilities to Dutch ships carrying arms to the Dutch forces in Indonesia.\(^{(17)}\)

Moreover, Bandaranayake wanted a more affirmative role for Sri Lanka on the international stage. He had led the Sri Lankan delegation to the Asian Relations Conference in New Delhi in 1947, and made a mark there which earned for him the stature of an Asian statesman.\(^{(18)}\) He also represented the Sri Lankan government in Delhi at the conference of Asian states over Indonesia in 1949. It has been argued that in germination of Bandaranayake's ideas on foreign policy, these two conferences were important factors.\(^{(19)}\) He was thus in direct contact with the forces of Asian resurgence. He was an ardent supporter of the idea of Asian unity and was eager


\(^{16}\) Denzil Peiris, 1956 and After, Background to Pattern and Politics in Ceylon Today (Colombo, 1959), p.25.


to set up an organisation of Asian states, which he considered necessary for peace in Asia and in the world. However, this was the period when not only Nehru and Bandaranayake but also a number of other Asian statesmen showed broadly similar opinions on the problems of the Third World and in joint communiques and at conferences of Asian Prime Ministers condemned all manifestations of colonialism and militarism. Thus he felt that Sri Lanka or any other Asian state could play a more significant role in world affairs if they remained united. He stated:

A divided Asia would have been weaker and weaker. Asians states could be stampeded into joining either of the two major power blocs which would have meant loss of freedom for them and might have precipitated also a global war, which they wanted so much to prevent.

Moreover, Bandaranayake's foreign policy has taken on a special character of its own. His predecessor, Kotalawala's extreme stance on communism and his pro-Western attitude enabled Bandaranayake to emerge as a moderating influence in foreign affairs. His neutralism was placed in the best possible perspective not only because of its striking contrast with

20. ibid., p. 1125.
UNP but also because of the rather doctrinaire views on international affairs held by the left opposition. Both the Communist and Trotskyites, though differing over details, saw international relations as essentially class relations and their interpretations of world issues were mainly based on this. (22) But Bandaranayake from the time when he formed his party in 1951 sought to traverse the middle ground in politics, between the Marxist Parties and the right oriented UNP from which he had broken away.

More specifically, in relation to international affairs he argued that a given period of lessened tension in the world, the two extremes of capitalism and communism, would disappear and a suitable middle ground would evolve. It was his conviction that out of this conflict between capitalism and communism a synthesis would arise which was the true answer to the various problems of the under-developed countries. (23) Also he believed that Sri Lanka, like other Asian countries recently emerged from colonial status, was faced with a dual problem, firstly, to convert the colonial society - politically, socially and economically - into a free society and of achieving that change in the context of a world of peace which itself had changed. (24) It was his opinion that countries newly


emerged from colonial situations should strive for this middle ground by refusing to align themselves with either of the extreme ideological camps.

In the search for such solutions in the dual problem, we naturally do not wish to bind ourselves to any particular power bloc or ideology. We wish to look about us in building a society for our country most suited to our own genius and the needs of the modern world. There may be things we like from the West or the Communist East. (25)

While in opposition Bandaranayake had emphasised that in foreign relations the proper position for a country like Sri Lanka was that of a country like Switzerland in Europe. Even after he became Prime Minister, he maintained the same attitude when he said, 'what we would like to be is the Switzerland of Asia, that means following a neutralist policy'. (26)

Bandaranayake's approach to foreign policy was determined by two main factors: (1) Co-existence, and (2) Neutralism.

He explained the philosophy of co-existence:

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the people of the world cannot afford to hate each other so much that there is any chance of flaring up into war. We must also realize that man is more important than 'isms'. Just as it was said 'The Sabbath was made for man and not man for the Sabbath'. We must not sacrifice man for any 'isms'. That as I understand it, is the philosophy of coexistence. And it is one of the essential parts on which my foreign policy is based. (27)

By the second factor he meant a refusal to automatically align with, or join another state or group of states; it means freedom of choice and genuine independence. (28) Though he was not quite clear about his use of the word 'neutral' at this stage, his later speeches and policies left no doubt that what he was advocating was not akin to the Swiss brand of neutrality at all, but was a more dynamic non-aligned approach to world affairs, which later became popularised under the term neutrality. (29)

Moreover, politically the Western idea of democratic freedom was something he thought valuable but economically he believed in socialism. (30) In the course of an interview with the editor of the Eastern World, he explained:

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Politically I am a firm believer in democracy ... I think it is one that we should try hard to follow ... In the economic sphere, he continued, many of our problems cannot be solved satisfactorily except on socialist lines. (31)

Continuing his argument for Sri Lanka's middle way he believed that given twenty-five years of peace, the experiment he launched in democratic socialism for Sri Lanka would surely succeed. (32) But, he added, the country also needed to make its own defence arrangements, but one cannot help but see that decision:

Withdrawal of bases

As Prime Minister, Bandaranayake sought to carry through the policy of strategic non-involvement for Sri Lanka which he had so strongly advocated in the past, and he took steps to effect the withdrawal of all the bases which had been granted to Britain under the Defence Agreement of 1947. According to his declared policy, Sri Lanka was to follow India and Pakistan in becoming a republic.

In tune with India's neutralist policy and from the strategic point of view British naval and air bases were to be withdrawn. He made his position clear in an interview with U.S. News and World Report when he stated that 'British forces based in Sri Lanka would have to go'. (33) But he wished to do it in a friendly way and...

31. ibid., p. 18
he took great pains to act without a spirit of hostility or embarrassment to the British government or to Sri Lanka. (34)

In the Throne speech of 1956, Bandaranayake's Government's policy on bases was stated as:

In its foreign policy, My Government will not align with any power blocs. The position of the bases at Katunayake and Trincomalee will be reviewed. (35)

He saw, like D.S. Senanayake, that Sri Lanka lacked resources to make its own defence arrangements, but unlike the former Prime Minister, he held the view that distant Britain could not effectively safeguard the island either. Conscious of the cold war climate, he felt that military association with Britain would inevitably lead to Sri Lanka's involvement in wars between the power blocs, and he did not fail to notice that Sri Lanka was easily accessible to both the Soviet Union and China. Hence he emphasised:

The continuance of bases in this country by Britain fundamentally conflicts with my entire conception both of my philosophy on foreign affairs and the position I visualize for my country in world affairs or in the trend of foreign events. (36)

Also to counterbalance the loss of security which would be brought about by the withdrawal of British bases, he stated his proposal to negotiate non-aggression pacts not only with Asian countries but with many others.\(^{37}\) Further, he defended Sri Lanka's demand for the withdrawal of British bases on the basis that there was a strong feeling among political parties over the bases because firstly, they represented a 'diminution of our sovereignty, secondly, they ranged Sri Lanka on the side of the power blocs, and thirdly, they tied Sri Lanka's defence to British forces'.\(^{38}\) Agreements were concluded between the two governments in 1957 and it was agreed that the British government would formally transfer the naval base at Trincomalee on 15 October and the Air Force station at Katunayake on 1 November to the Sri Lanka government. The United Kingdom was to use certain facilities for a limited time. Speaking at Katunayake airport on a later occasion, Bandaranayake declared, 'today our independence is complete'.\(^{39}\) Also in the parliament in the debate on the Appropriation Bill he told the House that, with the removal of bases, 'the last remnants of colonialism in this country have been removed'.\(^{40}\) Further, he paid a tribute to the British government which handed back control of Sri Lanka's affairs to the people of

\(^{37}\) ibid., 10 May 1956.

\(^{38}\) Ceylon Daily News, 29 June 1956.


Sri Lanka with 'dignity, cordiality, friendship and good grace'.

Thus, by removing British naval and airbases from Sri Lanka, Bandaranayake asserted the sovereignty of Sri Lanka and kept it outside the power blocs. Domestic factors, too had an impact on the taking over of British bases in Sri Lanka. On one hand Mr. Bandaranayake's 1956 election programme was designed to appeal to Sinhalese national sentiment, combining a clear rejection of British and Western influence with an assertion of indigenous Sinhalese cultural, religious and traditional values. He urged a constitutional convention to formulate a truly indigenous constitution to replace the Westminster model parliamentary constitution. During the 1956 election campaign Bandaranayake argued that it was highly irregular for Buddhists Sri Lanka to acknowledge the Christian queen of Great Britain as its sovereign. The Buddhist Committee Report also urged a constitutional change and to be reduced the Western influence on Sri Lanka. They also argued that those within the UNP who tended to look to association with the Western countries for defence, for economic assistance or for cultural inspiration disdain Buddhism and the Sinhalese people. Further, the new Sinhalese Buddhist nationalist elements accused, it was the white Europeans who

42. S.W.R.D. Bandaranayake, Speeches and Writing (Govt. Press Colombo 1963) p. 111.
43. ibid.
44. Buddhist Committee of Inquiry - The Betrayal of Buddhism (Ceylon 1956) p. 31.
had deprived them all of their independence and had
distorted their economics to suit the foreigner's pleasure.
Traditional political and social institutions had been
undermined. Therefore during this period powerful distin-
guishable groups in Sri Lanka felt strongly about Sinhalese
Nationalism. The Western educated elite resented the
assumption that Sri Lankans were not the equal of Europeans,
when by education and social ways the Westernized considered
themselves fully as good as the superior Englishman. For
those who did not find adequate satisfaction in the oppor-
tunities opened to them during and following the colonial
regime, Sinhalese Nationalism represented one way of
expressing their resentment.

The numberless clerks who manned the government services
and mercantile establishments, educated through a western
curriculum, blamed the years of Western dominations for
their career difficulties. Career frustrations, therefore,
led many to susceptible to anti-imperialists political
appeals, and they frequently followed political leaders who
rejected Western connections.

Another groups of nationalists has grown up since
independence who are largely from indigenous educational
institutions. Unemployment and limited cultural horizons
have made these new nationalists anti-Western in cultural
sense and opposed to Westernized Sri Lanka.\(^{45}\) In so far

\(^{45}\) W.H. Wriggins -Ceylon - Dilemmas of a new nation -
(Princeton 1960) p. 245.
as these group go beyond the horizons of village and province, they are among those susceptible to the idea of Sinhalese nationalism as a hope for the future. Those in the new nationalist group who are also Buddhist faith find in their religious philosophy a bond with other South Asian countries, particularly Burma, Thailand and to some extent with India, where Buddhism began, and even with China. Hence the idea of new Sinhalese Nationalism is congenial from a number of point of view. Together the language problem and the threatened state of Buddhism were issues likely to cross caste or class distinctions in the Sinhalese rural areas and provide a way for urban political leaders, rural middle-class people and peasants all to react together in common resistance to the encroachment of Western values and Western domination as they came to be identified with the UNP.

On the other hand from the outset, the left opposition genuineness parties doubted the genuineness of Sri Lanka’s independence, opposed the Defence agreement and bitterly denounced the UNP government for allowing Britain to maintain bases on the island. Both Trotskyist and Communist parties had their own familiar Marxist perspectives on foreign affairs. Allied to the capitalist camps were all those owning classes, including Sri Lanka’s brown capitalists, who, like their overseas friends, exploited the working class. (46) Also

they accused the UNP of depending upon Britain for its foreign policy views, of not developing its own position.

The left leaders too, created the impression among younger generation that cordial relationship with the Communist bloc was a sign of progressive thinking and that the foreign policy of D.S. Senanayake was a reactionary square one. In the 1956 general election Bandaranayake made a no-contest pact with left-wing parties and Philip Gunawardane, the man known as the "father of the revolution" in Sri Lanka, too was given a portfolio in his cabinet, which was formed on the 19th April 1956. Another left-wing leader, T.B. Subasinghe, who was a Bandaranayake's confidante, was appointed parliamentary secretary to the ministry of External Affairs while yet another left-winger, T.B. Ilangaratne was also a member of the cabinet. Thus the left-wing influences too have contributed to the formulation of a policy that was to have an appeal to the "progressives".

Moreover until 1954-55, there was little public activity on foreign policy. The English language and vernacular press tended to support the UNP government's approach. Towards the end of the UNP regime, particularly the Time group of papers and certain vernacular papers of Associated Newspapers of Sri Lanka began to warn against following too uncritically the British or American lead. Trade Unions consistently opposed the base agreement and S.E.A.T.O.

Also during the 1956 election, the UNP was criticised as the party which had sold Sri Lanka to Americans and British, and it was further alleged that it had a secret deal with the USA to make Sri Lanka a member of the SEATO.\(^{(48)}\) The opposition parties made capital of the untimely visit of John Foster Dulles and Bishop Lucas, early in 1956, to Sri Lanka as proof of the UNP's links with USA.\(^{(49)}\) In a well known political election cartoon entitled "Struggle With Evil", the struggle that the Sinhalese Buddhist nationalist must make with the American influenced anti-nationalist.\(^{(49)}\) UNP was equated with struggle with the forces of evil. The "Lankadipa"\(^{(50)}\) carried a cartoon on the 13 of March, 1956 depicting John Foster Dulles garlanding Kotelawela with a vast garland of dollars.

Thus during 1955 and 1956 Sinhalese cultural enthusiasts and Buddhists, and other interest groups became articulate in opposition to the defence agreement as part of their growing activity against the UNP regime. They began to argue the cultural and religious intergrity were gravely


\(^{(49)}\) ibid. p.10.

\(^{(50)}\) A widely read Sinhala daily of the Times group.
treated so long as the British held bases on the island. The preference of Bandaranayake and his coalition associates for a policy of non-alignment and their criticism of British bases were clearly suggested in the MEP election manifesto. Although foreign policy difference were of secondary importance to the actual outcome of the 1956 election, there is no doubt that this was one of the issues on which orthodox Buddhists, Sinhalese cultural enthusiasts, and Marxist could unite in common opposition to the "Imperialists" and the UNP government. Further, in terms of domestic politics, the absence of a foreign military base removed one useful gambit in domestic political debate.

Establishment of a Republic and Commonwealth Relations

Soon after he became Prime Minister, Bandaranayake took steps to implement another plank of his party's election manifesto - the establishment of a democratic republic. At the 1956 Commonwealth Prime Ministers' Conference he declared his intention of making Sri Lanka a republic but remaining within the Commonwealth. Further he emphasised this in an interview with the U.S. News and World Report, that 'Sri Lanka would become a Republic and would probably stay in the Commonwealth quite contrary to his party's original policy to leave the Commonwealth; because the example of India had shown that it was possible to remain within the Commonwealth without impairing one's sovereignty. (50) On another occasion

50. Times of Ceylon, 19 April 1956.
his decision was clearly stated for the first time when he told correspondents in London that
remaining in the Commonwealth will not in any
way derogate from the sovereignty and a number
of advantages will accrue. These included
membership of the sterling area, Colombo plan
for South East Asian development and the fact
that the countries concerned had a common
tradition for democratic parliamentary government. (51)

Thus he strongly believed in the value of the Commonwealth
association and regarded it as a kind of third force between
the world power blocs. (52) Talking to the Commonwealth
Correspondents Association in London he disclosed his feeling
towards Britain and the Commonwealth when he said:

We consider your Queen to be a gracious leader.
We understand your feelings towards her, but we
do not share them. We are not hostile to her
or Britain. But we prefer a Republic form of
government and we want to remain within the
Commonwealth. (53)

Also in the House of Representatives he stated: 'As India
herself has decided, I think the wise course would be for
us to be a republic within the Commonwealth. (54) The desire

52. ibid., 3 July 1956.
53. Times of Ceylon, 12 July 1956.
54. Sri Lanka, House of Representatives Debates, Vol. 26,
   1956, Col. 147.
to institute a Sri Lankan republic was not realised in the Bandaranayake period. This issue involved the question of amendment of the Constitution which required a two-thirds majority in the Parliament. But the first step was taken by Bandaranayake when a Joint Select Committee of both Houses was appointed to go into various matters pertaining to the amendment of the Constitution. (55)

This attempt at revision of constitution brought to an abrupt halt by the political climate which followed the assassination of the Prime Minister. Also the assassination of Bandaranaike completed the disintegration of his government and, for the time being, of the SLFP. Thus, with the prime ministers' assassination the SLFP entered a traumatic phase with its leadership invested in W. Dahanayake. He had neither the organizational backing nor the social standing to reunite the SLFP, and his government disintergrated within less than three months. (56) Dahanayake dissolved parliament without consulting his ministers, called an election for March, 1960 and proceeded to rule for the intervening three months without the need to prop up his rapidly vanishing parliamentary majority. Dahanayake got rid of his SLFP colleagues in the cabinet and formed a new party, the LDP(57) to fight the general election.


57. Lanka Democratic Party.
which he had called for March, 1960. The SLFP leadership was then passed on to C.P. de Silva for a brief while until Mrs. Bandaranayake decided to involve herself actively in its affairs. The newly elected UNP government in 1960 March, was on such a weak basis that the new prime minister, Dudley Senanayake, had to resign when the Speech from the Throne was defeated. Despite representation from most of the major parties, the Governor-General then dissolved parliament rather than call upon the SLFP to try to form a government. Thus, the revision of the constitution was abandoned during this period.

The election of July, 1960 had returned an apparently strong SLFP government, although in time it would be weakened by inner conflicts. With the addition of the six appointed members, the SLFP had 81 seats. It also had the support of six independents and the commitment of the Communist party and the LSSP to co-operate in implementing its progressive policies. In the throne speech she promised, among other things, to revise the constitution to make Sri Lanka a republic. (58) In this regard a Joint Committee was appointed in 1960. But the Government had been faced with serious problem almost from the beginning of its rule. Its passage of the language of the Courts Bill, aroused communal tensions

to the point of crisis. The Government sent troops to
Northern and Eastern provinces and proclaimed a state of
emergency on April 18, 1961. During the emergency period
the SLFP, used its powers not only to contain communal
conflict but also to restrict strikes.(59) This angered
the Marxist leadership and helped accelerate its alienation
from the Government. Further within the SLFP there was growing
dissent in its ranks caused by antagonisms between
ideological wings and personal conflicts for power. In the
growing disputes between the left and right forces in her
government, the Prime Minister tried to maintain a balance
and stressed that her objective was to forge a middle path
to socialism and democracy.(60) But the ascendancy of the
left wing in the SLFP government challenged the loyalty and
commitment of the right wing to the legislative program of
the Government. So much compromise was needed to maintain
cohesion that legislative sterility and inaction became the
dominant aspect of the government. It survived, but was no
longer productive as a government.(61) Thus the Joint Committee
selected in 1960 never met to discuss the revision of the
constitution.(62)


60. Ceylon Observer - May 12, 1963.

61. Calvin A. Woodward - The Growth of a Party System in
    Ceylon (Brown University Press, 1969) p. 162

62. W.A. Wisewarawapala - Asian Survey - Vol XIII, No. 2,
During 1965 - 70, when the UNP-led seven parties coalition wanted to appoint the Seventh Committee in this series of Select Committees in the revision of the constitution, the need to establish a Constitution Assembly had been accepted by a sizeable segment of the country. Though the government had the desire to change the constitution they did not have the two-third majority needed. The coalition party were a disparate group comprising the pro-Sinhalese, SLFP, MEP, MELP and JVP and the Tamil organisation, the C.W.C and TC with the FP lending its direct support. The government party was composed of such disparate ideological element they failed to achieve a consensus on the revision of the constitution. During this period (1965-70) thinking on the constitution underwent considerable change, and SLFP, LSSP, and CP coalition opposition adopted the position that immediate need of the country and of the people was not a piecemeal repair of the Soulbury Constitution.

The main charge was that the Parliament was not sovereign under Soulbury Constitution, and the opposition parties expressing their unanimity over the need to end the last yoke of foreign domination, dissociated themselves from the select committee appointed in 1965 by the Dudley Senanayake's UNP Government.

64. Peoples United Front
65. Sinhalese National Liberation Front
66. Ceylon Workers Congress
67. Tamil Congress
68. Federal Party
The leaders of the opposition parties proposed an alternative line of action and appointed a three-party committee, at its meeting examined the working of the Soulbury Constitution, and on the basis of this experiences and its deficiency, alternative proposals for a future constitution were made.

In 1966, the United Front, while launching its common programme, categorically stated their desire to establish a Constitution Assembly and 1970 Election Manifesto included the clause which said "it seeks the mandate of the people to permit the members of Parliament they elect to function simultaneously as a Constitution Assembly." (70)

The 1970 election victory unequivocally endorsed the mandate sought by the UF parties and Constitution Assembly was inaugurated in July 1970. Also in this election UF received more than a two-third majority in the House of Representatives. Moreover a minister of constitutional affairs was specially appointed for the purpose of organising the work of drafting the new constitution. On the 22 May 1972 Assembly voted on the draft and adopted it by 119 votes to 16. Thus the new republic was proclaimed on the 6 May 1972.

69. SLFP, LSSP and Communist Party.

70. 1970 Manifesto of the United Front.
Suez Crisis

As compared with Sri Lanka’s close connection with the West, Bandaranayake’s foreign policy implied a definite decline of Western influence. For example, when Egypt nationalised the Suez Canal in July 1956 Bandaranayake not only strongly supported the measure, but after the France-British-Israeli military action in the Suez Canal zone, strongly advocated the withdrawal of foreign troops from Egypt.

From the very outset the Sri Lanka government held the view that the question of nationalisation of the Suez Canal was a matter that was within the sovereign jurisdiction of Egypt. At the London Conference in August 1956, the Sri Lankan delegate, Sir Claude Corea, defended the Egyptian action. (71) On the other hand, for Sri Lanka, the new situation posed the question of her bases being used by the Britain in a war which was not in Sri Lanka’s interest and was bound to conflict with the national sentiment in the island. Therefore the Prime Minister gave the assurance that nothing would be done by his government to infringe Sri Lanka’s neutrality and added that he had received an assurance in writing from the British government that bases in Sri Lanka

would not be used in any hostilities connected with the Suez Canal crisis. Thus both in the parliament as well as in the UN, Bandaranayake took a clear stand that the invasion of Egyptian territory by Israeli troops, followed by the Anglo-French action, was unjustified and demanded the immediate withdrawal of military forces. Sri Lanka gave full support to the idea of a UN force, and even offered men and officers for it. At the meeting of the Delhi conference summoned by Nehru in November 1956, Bandaranayake, together with the other Asian Prime Ministers invited, expressed strong disapproval and distress at the aggression of, and the intervention by the great powers against weaker countries. During the crisis not only Bandaranayake declared that he would observe military neutrality in the event of a major war erupting from it, but diplomatically, too, Sri Lanka ranged itself against its senior Commonwealth partner, Britain.

77. S.U. Kodikara, op.cit., p. 1124.
Hungarian Crisis

The new attitude in Sri Lanka's foreign policy is also exemplified in the Hungarian crisis. The Prime Minister did indeed express 'deep distress' at the tragic events in Hungary, considered it the 'inalienable right of every country to shape for itself its own destiny free from all external pressures' and stated that Soviet forces should be withdrawn from Hungary speedily and that the Hungarian people should be left free to decide their own future and the form of government they will have without external intervention from any quarter. (78)

All the political parties in Sri Lanka, with the exception of the Communist Party, expressed similar sentiments. To Bandaranayake the happenings in Egypt and in Hungary were of great significance for Asians, as they were a manifestation once again of a certain resurgence of the spirit of colonialism, the desire of a strong power to achieve its purposes and to impose its will, even by force, on a weaker power. (79)

The Jordan Crisis

The Bandaranayake government's Jordan's policy indicated a clear shift from Sri Lanka's earlier close independence on the Commonwealth, and the tendency to follow the British lead in


79. General Assembly of the UN (New York), First Emergency Special Session. 561, Plenary Meeting, 1 November 1956, p. 45.
foreign affairs. In the interest of peace through a general policy of anti-colonialism, anti-imperialism and adherence to the Bandung resolution - an important aspect of which resolution was the non-intervention of one country in the internal affairs of another - Sri Lanka felt that the UK forces which had entered Jordan, must be withdrawn without delay. In the UN, Sir Claude Corea, the Permanent Representative, demanded the complete withdrawal of British forces from Jordan at an early date. Thus in the Jordan crisis where the UK was directly involved, Sri Lanka took a clear stand in the interest of peace through her general policy of anti-imperialism and strategic non-involvement.

Moreover, Bandaranayake's non-alignment meant not only an avoidance of power blocs politically and militarily but also giving wider exposure to the country within the world community. Thus, he managed to enlarge Sri Lanka's periphery of friends whom she could depend on for trade and technical assistance. Sri Lanka found sympathetic company in the group of Afro-Asian states in the UN and cooperated with them on all major occasions, such as the Suez Crisis of 1956.


The anti-colonist motif in its foreign policy now required a new dimension of importance, as did anti-militarism. In Bandaranayake-Nehru Joint Communiqué of May 1957, concern was expressed about 'development in some parts of Western Asia' and the view was expressed that the problem of that area could 'only be solved by the people of the countries within that region being left free to work out their own destiny'.

In this Joint statement, the Bandaranayake government's concern over nuclear stockpiling had also been expressed, the immediate suspension of atomic and hydrogen bomb testing had been called for, and the harmful effects of nuclear testing by all the nuclear powers had been deplored. Thus, the government became more outspoken in its anti- pact, anti-colonialist and anti-militarist approach to foreign policy.

Therefore, Bandaranayake indicated that the main part of his relations with the Communist Countries

Bandaranayake's non-alignment not only meant an avoidance of power blocs but also giving wider exposure to the country within the world community and his premiership saw a considerable widening of Sri Lanka's relations with the outer world.

After his assumption of power, the Prime Minister said in an

84. ibid., p. 1125.
interview that there was no danger of Communist subversion in Sri Lanka and that the country should exchange diplomatic missions with China, the Soviet Union and East European countries. Thus he initiated diplomatic relations and established cultural ties with the Communist states, beginning with China and the Soviet Union. Further he lifted the ban imposed by Kotalawala in 1953 on the importation of literature from Communist states. Cultural relations with the non-Western world thenceforward became an important element in Sri Lanka’s external relations and this in many ways could be looked upon as symbolic of the non-alignment which Bandaranayake sought. He also attempted to balance Western aid by seeking economic and technical assistance from the East. Though Sri Lanka had trade relations with few socialist countries, no attempts had been made by UNP governments to establish even trade missions in the countries concerned. Therefore, Bandaranayake indicated that the trade policy of his government was to open its doors to all nations, irrespective of their political ideologies, if it was to the benefit of Sri Lanka. In early May 1956, he announced his intention of sending missions to the Soviet Union and Communist China to discuss the establishment of diplomatic relations and to discuss the expansion of trade. His

87. ibid., p. 289.
decision marked a definite break with the policy of the previous governments. Speaking at Oxford, Bandaranayake said 'although many peoples saw the world as divided into two great power blocs', he preferred 'to adopt a "middle way". There are many things in Communism that I do not personally like, but I have no particular fanatical hatred of it'.

So in September 1956, an agreement to establish diplomatic relations was concluded with Communist China. In September 1956, a Sri Lanka Parliamentary delegation visited the Soviet Union. Russian experts were sent to start work on a Soviet financed iron and steel project. A Soviet-Sri Lanka cultural agreement was also signed. Establishment of diplomatic relations between Sri Lanka and Poland followed in April 1957. Thus during Bandaranayake's regime trade and economic relations with Communist countries were considerably improved, winning for her new friends who could provide economic and technical assistance.

90. Ibid., 20 September 1956.
96. Times of Ceylon, 19 April 1957.
Summing up, strategic non-involvement, through withdrawal of British bases, a closer relationship with some Communist countries and ideological neutrality, though with continued Commonwealth membership, were the main features of foreign policy in this period. The nature of the Commonwealth link underwent a substantial change; constitutionally Sri Lanka began moves towards declaration of a republic. Within the Commonwealth, in both political and economic matters, Sri Lanka moved away from the West and closer to the Asian countries. In the Suez and Jordan crises, Sri Lanka strongly opposed the policy of her senior Commonwealth partner.
CHAPTER IV

1960 - 65

The foreign policy of Mrs. Bandaranayake, who came into power in 1960, was by her own admission a continuation of the policy of her late husband, S.W.R.D. Bandaranayake. On assumption of power she emphasised in a statement to the Press on 21 July 1960 that 'her party would follow the neutralist policy pursued by her late husband'. (1) The same attitude was maintained in the Governor-General's Throne speech at the opening of the Parliament:

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 continue to be friendly.

It also stated that the policies enunciated by the late Mr. Bandaranayake have been endorsed by a vast majority of the people of this country. These policies will generally be pursued by my government. (1)

In accordance with these pledges her foreign policy was an attempt to adhere to these principles and apply them to the situations which arose. At the same time in the

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domestic sphere she claimed to pursue socialist policies also in the name of her late husband but these measures impinged on her foreign relations in a way which led them on a different course. Both had a similar outlook and shared common concepts but the pursuit of socialist policies tended to tilt the careful poise and balance of Mr. Bandaranayake's policy resulting in an estrangement of one side and gravitation to another. The extension of socialist policies into foreign affairs under Mrs. Bandaranayake unlike in the case of her late husband, when they were confined to domestic measures like the nationalisation of transport, reflected the different circumstances of their rise to power and government. Mr. Bandaranayake was hoisted to power on the crest of a wave of ultra nationalism involving nationalist, cultural, religious and social demands, with Mrs. Bandaranayake there was almost an antinationalist reaction due partly to the circumstances of her husband's assassination and socialist ideas came to the forefront due to the fact that her success was the result to some extent of an election pact with leftist parties. The latter capitalized on situation and exerted pressure and the nationalization of foreign interest was partly at their instigation. Also the impact of those policies on Mrs. Bandaranayake's relations is an object lesson in the dilemma facing developing countries in adopting measures which they deem to be their national interest without any ill will or
harm intended to others except for concrete loss of privilege or special interests in those countries.

Thus during 1960-65 the SLFP policy, especially as it evolved under the government of Mrs. Bandaranayake became more outspoken in its anti-pact, anti-colonialist and anti-militarist approach to foreign policy. Also, there was the evidence of shift towards an anti-western position within the existing framework. Particularly her tenure saw a pronounced straining of relations with the USA and marked strengthening of ties with China.

A major crisis cropped up when her government decided to nationalise oil companies on the island, challenging both British and US interest. The oil companies - British Shell, American Standard Vacuum Oil and Caltex had a near-monopoly of the oil market in Sri Lanka. Eighty per cent of its oil requirements had been imported by these companies from the Middle East, but the price had been based, not on the cost of production at the place of origin, but in monopolistic posted prices obtaining in the Gulf of Mexico.

In 1961, in an effort to reduce the import cost of oil, the government set up the Petroleum Corporation with the object of importing oil from other sources, such as USSR. Also,


by legislation enacted in May 1961, the Government was empowered to acquire with compensation the installations of private oil companies and to fix maximum and minimum sale prices for petroleum products. The Act also provided to establish the Sri Lanka Petroleum Corporation for the import and distribution of oil within Sri Lanka.\(^4\) Thus the oil nationalisation marked a culminating point in the deterioration of Sri Lanka's relations with the West under Mrs. Bandaranayake's administration. In the US, the Foreign Assistance Act of 1962 had been amended to require the US President to suspend assistance to any country receiving aid if, after January 1962, such country had nationalised property owned by any US citizen or corporation, partnership or association without the payment of early and adequate compensation. The unsettled argument over compensation for the assets of the oil companies led America to suspend aid payments after repeated warning to the Sri Lanka government. Among political parties in Sri Lanka, a wide consensus prevailed on the question of the suspension of US aid to Sri Lanka. That it was universally condemned. The criticism ranged from the UNP's characterisation of the suspension as being too hasty",\(^5\) to the Communist Party's denunciation of the US action as being a "crude attempt to use its so


called aid as a political weapon to coerce the Government and people of Sri Lanka into obeying its dictates and "to interfere in our internal affairs; undermine our sovereignty and insult our national selfrespect."(6) The former Prime Minister and Leader of the LPP, W. Dahanayake, only condemned the action of the US government, not as being contrary to the spirit of international practice and the rule of international law, but also flouting "the courtesies and decencies of international conduct."(7) The Sri Lanka government anticipated a foreign exchange saving of approximately Rs. 22 million as a result of the nationalisation,(8) and this would have partially offset the loss in economic assistance. But the nationalisation question led to deterioration of Sri Lanka's relations, not only with the US but with the West generally.

At the end of 1963, Mrs. Bandaranayake's government refused permission to United States Seventh Fleet to enter Sri Lanka territorial waters and protested against the presence of this fleet in the Indian Ocean.(9) In January 1964, the government impounded a consignment of the American

6. Ibid., Col 2093.
7. Ibid., Col 2010.
Time magazine which contained an article derogatory to the Prime Minister. \(^{(10)}\) Meanwhile in February 1964, an East German good will mission arrived in Sri Lanka and negotiated the raising of the status of the existing Trade Mission in Colombo to that of Consulate-General. The government agreed to this decision despite the protest from the British and French diplomatic missions in Colombo, and a threat by West Germany to suspend economic assistance. \(^{(11)}\) Also the President of the I.B.R.D. declared that the World Bank would grant no loans to Sri Lanka on account of the inadequacy of compensation proposed for nationalised foreign assets. \(^{(12)}\) But the British Government was not in a position to follow the American line though the British-controlled Shell Petroleum Company was the biggest oil importer in the island, having 60 per cent of its oil trade while Caltex and Standard Vacuum Oil Companies had 20 per cent between them. \(^{(13)}\) While American investment in the island was insignificant, apart from the comparatively unimportant remaining assets of the two American oil companies, the British hostages in the form of tea and rubber plantations were extensive, while British aid to Sri Lanka was trivial. Under these circumstances Britain was disinclined to overbid her hand in

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11. Ibid., 11 Feb. 1964, p. 43.
12. Ibid., 11 Sept. 1964, p. 43.
the hope of recouping the Shell Company's losses. Though
the Shell Company itself had duly filed a compensation
claim, there was no settlement between Mrs. Bandaranayake's
Government and the oil companies on the question of compen-
sation. After the takeover of the petroleum enterprises,
Mrs. Bandaranayake, in a new message to the nation, asserted
the fact that the policy of nationalisation which she carried
out was 'in keeping with her late husband's desire to free
the people from the strangle-hold of vested interests'.

Also at a banquet on the occasion of her visit to
Peking in January 1963, she declared:

The nations that have newly emerged in Asia
and Africa must stand together in their
struggles or must run the risk of succumbing
once more to the rapacious designs of the
West. The old saying that 'united we stand
divided we fall' applies with equal force to
nations as it does to individuals. The
spirit of Bandung is in part a crystallization
of this thought. The seven years that have
elapsed since that historic conference have
seen the birth of nations which like ourselves
shook off the sovereignty that is rightly
theirs. (15)

The statement of the "rapacious west" in this speech led critics to consider Sirimavo Bandaranayake's non-alignment policy to be different from that of her husband and oriented in favour of the Communist countries. However, while this speech was largely meant as an expression of Sri Lanka's anti-colonialism, on which Sri Lanka governments had always held strong views. (16) Also these events, and the official visit of the Chinese premier Chou En Lai to Sri Lanka in February 1964, appeared to confirm an impression, which gained ground both in local and foreign circles, that the SLFP government had deviated from a policy of strict non-alignment and had come under the sway of the communist powers. As seen in the next pages the negotiations of the Maritime Agreement with China was held up by critics as further evidence of Communist influence. But that there was a shift away from the West in foreign policy during this period is evident, though it was not a shift from non-alignment. (17) The problem for Mrs. Bandaranayake in this policy of goodwill for all and striking a balance in particular with the big powers was to reconcile it with her pursuit of national interest which was the implementation of socialistic measures such as nationalization of certain foreign holdings. These measures only affected some of these countries notably USA and Britain and this gave the impression


of a policy discrimination in favour of socialism as against/capitalist system. The justification that these measures were dictated by objective economic considerations was not accepted by the Western powers. Further this was an unpremeditated outcome of domestic policies which were deemed to be in the national interest rather than a deliberate ideological preference on its part in foreign policy.

Moreover the friendship and close co-operation that had developed since 1956 between Sri Lanka and the Socialist countries, particularly Communist China and the Soviet Union, were expanded constantly during Mrs. Bandaranayake's regime. Regarding the admission of Communist China into the UN, Mrs. Bandaranayake took the same stand as her husband. At the opening of the Commonwealth Prime Ministers' Conference in 1961, she described the Western strategy of keeping the People's Republic of China out of the UN as not only 'unrealistic but also dangerous'. No settlement of world problems could be made without taking China into account. This attitude, she reiterated, was a very real threat to the possibility of peaceful co-existence. (18) Under the Economic Aid Agreement between Sri Lanka and China, an agreement was signed on 7 August, 1961 for the establishment of a Cotton Spinning and Weaving Mill. (19) On the invitation

of the Health Minister of China, a medical team from Sri Lanka left for China for the purpose of exchanging experience. An Economic Aid Agreement under which China undertook to give Sri Lanka a grant of Rs. 50 million, spread over five years was signed. The five-year Trade Agreement which expired in 1962 was renewed for another five years. Also during the Sino-Indian dispute Mrs. Bandaranayake took the initiative in summoning the Colombo Conference of six non-aligned nations with a view to exploring ways and means of bringing India and China to the conference table and settling the boundary dispute. Further, she warned the Asian countries against running 'the risk of succumbing once more to the rapacious designs of the West'. She added:

'In Asia must turn to Asia again and re-establish the close contacts with our neighbours which were denied to us when we were colonies of foreign powers.'

In July 1963, she signed a Maritime Transport Agreement with the People's Republic of China. The Government was questioned in Parliament by the Opposition about the necessity of the agreement when Sri Lanka had already had a 'barter agreement and friendship with China from about 1951'.

21. Ibid., Vol. 11, November 1962, p. 28.
after twelve years, was seeking to give China 'most favoured nation treatment'. (24) Replying to the critics, Felix Dias Bandaranayake, the then Minister of Agriculture and Parliamentary Secretary to the Minister of Defence and External Affairs, justified the agreement as purely commercial. 'The most favoured nation treatment' granted to China meant nothing more nor less than what Sri Lanka would grant to other nations in respect of taxes, dues, and charges on vessels and other customs and quarantine formalities. In the event of war, he assured the House, the terms of the agreement like those of any other would be subject to review depending on the circumstances then prevailing. He also added that a similar agreement had been signed with the Government of the USSR on 22 February 1962. (25) In February 1964, Chou En-lai revisited Sri Lanka, and in his public addresses expressed his appreciation of its independent stand in foreign policy. One of the most significant elements of this stand was the unequivocal position taken up by the Prime Minister on the subject of nuclear testing and the preservation of the Indian Ocean as an area of peace. (26)

Mrs Bandaranayake's government, which sent twelve delegates to the Soviet Union for the Moscow World Youth Festival. (27)

Further, Sri Lanka signed a contract for setting up a state Tyre and Tube Factory (in Sri Lanka) with Soviet assistance. In October 1963, Mrs. Bandaranayake visited the Soviet Union, Czechoslovakia and Poland, and agreed to promote further economic and cultural co-operation with these countries.

Moreover, Mrs. Bandaranayake began to participate actively in the growing deliberations of the non-aligned states of Africa and Asia. Thus at meetings held at Belgrade in 1961, Colombo in 1962 and Cairo 1964, she identified herself and Sri Lanka with the participating nations and advocated non-alignment in international affairs. At the Belgrade concerence she declared:

It is no coincidence that the majority of the underdeveloped nations believe in a policy of non-alignment. They are only too aware of the enormous tasks which confront them in the economic field and the need to devote their slender resources to the fulfilment of their tasks. They also realise that the tension which exists between ideological blocs can be traced directly to the existence of economic imbalance. As long as there exists a gulf between the developed and underdeveloped countries, the possibilities of tension are immense.

29. ibid., Vol. 11, November 1963, p. 4.
At the Cairo Conference in October 1964, Mrs. Bandaranayake made three specific proposals which were adopted. First, to extend the concept of nuclear free zone to cover areas and oceans which were free from nuclear weapons; second, that all non-aligned nations should take steps to close their ports and airfields to ships and aircraft carrying nuclear weapons; third, that all colonial powers should not only liquidate bases already existing in their colonial territories, but also refrain from establishing new bases in such territories which could potentially be used for aggressive purposes. (31)

1965 - 70

The trends which began under Mrs Bandaranayake continued during the premiership of her successor, Dudley Senanayake, who formed a coalition government dominated by the UNP in 1965. In its policy pronouncement, the Senanayake government declared its adherence to non-alignment and friendship with all nations as the guiding principle of its foreign relations. For example, on specific colonial issues, continuity with the previous government's policy was preserved. (32) The new government also reaffirmed the previous regime's commitments towards bringing about general


disarmament. On the question of China's admission to the UN, continuity with the earlier policy was again maintained. On important issues such as Vietnam, Rhodesia, and the Arab-Israeli conflict, also, policy orientations initiated earlier were in many respects maintained. Where the new government diverged sharply from its predecessor were in its general attitude to communism and communist countries, in particular in its bi-lateral relations with China, on the one hand, and its international relations vis-a-vis the West, and in particular, in its bi-lateral relations with the United States, on the other.

The Dudley Senanayake government did not return to the anti-communism of the pre-1956 period, but relations with the communist world did deteriorate steadily. In April 1965, soon after the assumption of office by the new government, three communist embassies in Colombo were requested to reduce their staff to the barest minimum and the External Affairs Ministry refused to renew the expired residence visas of the two members of the Chinese embassy. The Ministry also refused entry visas to two Indonesian Communist Party members who desired to attend the Communist-sponsored Sri Lanka Plantation Workers' Union Conference in the same month. (33) Also the ban on the importation of Communist literature was

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reimposed. A disagreement at the diplomatic level started when the Minister of Labour, M.H. Mohamed, protested to the Chinese Embassy against Chinese Red Guards' alleged ill-treatment of China's Muslims during the Cultural Revolution. When the Chinese Embassy refused to entertain any protests, he issued a statement condemning alleged Chinese atrocities against Muslims. (34) A further stage in the deterioration was marked on the subject of pilferage and confiscation of goods consigned to the Chinese Embassy. The Chinese, alleging government connivance in the pilferage, referred to repeated anti-China activities during the previous two years by the Sri Lanka government, as evidenced by the forcible examination of diplomatic articles of the Chinese Embassy, the withholding of Mao badges and forfeiture and destruction of books and periodicals from China. The charges were rejected as 'frivolous and absurd' by the Sri Lanka Ministry of External Affairs. (35) This dispute appeared to have been provoked by visits to Sri Lanka of Chinese from Taiwan to participate in the International Commission of Jurists, the World Buddhist Priests Conference, and Lawn Tennis Championships, as well as to make a survey of the Sri Lankan tea industry, and corresponding visits by Sri Lankans to Taiwan to attend the Asian Confederation of Chambers of Commerce, to study scientific methods of sowing

paddy, all of which were alleged to be carried out 'either with the approval and support of the Sri Lankan government or directly and openly by the Sri Lankan government itself'.

The government's attitude to China had already been predetermined by virtue of the fact that the Maritime Treaty with China had already been made the subject of party political debate during the course of the 1965 general election campaign, when Mr. Senanayake alleged, that Mrs. Bandaranayake's government had entered into a secret agreement with China to lease Trincomalee to the Chinese so that they might use it as a stepping stone to invade India. (37) Mrs. Bandaranayake denied that her government entered into a secret agreement of any kind with China. She pointed out in a press communiqué that the Maritime Agreement had not only been made public, but that it had been tabled in Parliament in August, 1963. (38) Further, the then Parliamentary Secretary to Ministry of External Affairs and Defence, Mr. Felix Dias Bandaranayake had pointed out in Parliament that it was a purely commercial agreement dealing with commercial vessels engaged in cargo and passenger services to and from the two countries or from a third country.

36. Ibid., August 24, 1967.
37. Times of Ceylon, 20.2.65.
38. Ibid., 11 March 1965.
The Agreement, which required six months notice of termination, referred to vessels of the two countries, not specifically to commercial vessels, which was the reason for sparking off the controversy, and which led newspaper editors to speculate that the agreement had repudiated the policy of non-alignment, and gave China the right to send warships to Sri Lanka ports, and make use of their facilities. (40) Yet the Senanayake government did not annul the agreement after it assumed office, and allowed it to operate during their entire tenure of power up to 1970. However, despite the bitter tones of notes exchanged between Sri Lanka and China during this period there was in fact no change in their mutual trade pattern or withdrawal of Chinese aid. For example, the Chinese renewed the rubber-rice agreement in 1967 and offered assistance in establishing a textile mill. Moreover, the Senanayake Government continued to support unequivocally China's entry into the United Nations. Moreover, India viewed this turn in Sri Lanka's relations with China with satisfaction. In the context of the strain and tension between India and China and the importance of the island for India's defence, it is not surprising that any special treatment of China by Sri Lanka was viewed with apprehension by its neighbour. The nature and incidence of high-powered state visits to and from India during the premiership of Dudley Senanayake was indicative of the great importance that was attached to it.

40. *Sunday Observer*, 7.3.65.
Dudley Senanayake visited New Delhi in November-December 1968, returning a state visit made by Mrs. Gandhi in September 1967. In October 1967, Sri Lanka's Governor-General visited India, and in January 1970 the Indian President visited Sri Lanka. Generally during the course of these visits the common ties binding India and Sri Lanka and their community of interests in the region were stressed, while the prospects for increased economic co-operation were explored. (41) In 1972, the Indo-Sri Lanka Joint Committee on Economic Cooperation was established.

Even more significant in the shift of emphasis in the Senanayake government's foreign policy was the new attitude to the United States. Soon after coming to power in March 1965, this government affirmed its intention of negotiating with the nationalised oil companies to resolve the question of the scale and quantum of compensation to be paid to them. In June, 1965, an agreement was signed with the United States, under the term of which Sri Lanka agreed to pay, over a period of five years, a sum of Rs. 55 million to the companies. The government gave high priority to the relations with US, particularly with a view to resumption of economic assistance from that country in the context of Island's economic difficulties, and US economic assistance was resumed under and agreement signed in February, 1966. (42)


Prime Minister Senanayake's visit to several Western countries including US after the oil nationalisation crisis, were also indicative of the changed atmosphere in Sri Lanka's foreign relations. Economic and technical assistance from the West increased substantially and so did the borrowing privileges granted by international lending institutions.\(^{43}\)

It would appear that Prime Minister Senanayake was seriously considering joining the Association of Southeast Asian Nations in 1967, and had discussed the matter with the Prime Minister of Malaysia during a visit there in the same year.\(^{44}\) However, the government dropped the idea because of criticism by the opposition parties, and probably also because the fate of the renewal of the rubber-rice agreement with China was involved.\(^{45}\)

The change of emphasis in Sri Lanka's foreign policy is further highlighted by consideration of resumption of aid from the World Bank, and the increasing influence which the Bank came to exercise over the domestic policies of the Sri Lanka government during this period. The resumption of World Bank aid benefitted Sri Lanka to the extent of

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43. V. Samaraweera, 'Nonaligment and Sri Lanka's Foreign Policy', Asia Quarterly, 1978, No. 4, p. 293.

44. S.U. Kodikara, op.cit., p. 1132.

45. ibid., p. 1132.
$50,000 a year, organized through the agency of an Aid
Sri Lanka Club. But continuation of the annual
commitment involved conformity with the Bank's wishes
that food subsidies should be reduced, that great oppor-
tunity for private initiative be given both in domestic
and international investment, that public investment
proposals be screened more carefully, and that there be
a rationalisation of economic policies generally. So
that domestic production could be increased and current
account deficits in the balance of payments could be
reduced over a period of time. In accordance with these
proposals, Sri Lanka cut the rice subsidy in 1966, and
devalued the Sri Lanka rupee by 20% in 1967. Moreover,
large-scale Western economic assistance began to come
into Sri Lanka for the first time under the administration
of Dudley Senanayake (1965-70) and this was certainly an
important factor determining the direction of Sri Lanka's
foreign policy during this period. Of the US $200 million
granted to Sri Lanka by way of economic assistance by the
United States during the period 1950 - 70, more than half
was received by Sri Lanka during the five year period
1965-70. That Sri Lanka's foreign policy veered sharply
towards the West has been noted in the above pages. Yet

46. IBRD-IDA - The problem of Foreign Exchange and Long-
term growth of Ceylon (Colombo, Ministry of Planning

47. ibid., p.20.

on specific international issues, such as Vietnam, Arab-Israeli conflict and Czechoslovakian crisis of 1968, the Senanayake government endeavoured to pursue an uncommitted stand, affirming a position no different from that of previous regime. For example, on the Rhodesian question the government declared its unqualified opposition to the Smith regime. Also in March 1965 Senanayake signed a joint appeal for peace in Vietnam, made by 17 non-aligned countries, in which the signatories affirmed their dedication 'to the principle of the inviolability of and respect for the sovereignty and territorial integrity of states'. (49) On the Arab-Israel case, in June 1966, Senanayake issued a press statement in which he declared that 'the position of the Sri Lanka government today is no different from what it was in 1957'. (50) But unlike the opposition parties which unequivocally condemned Israel, and despite pressure from Muslim elements within his own party, Senanayake desisted from naming Israel as the aggressor in the 1967 war, though he affirmed the government's position that any territory gained through hostilities must be returned.

Mrs. Bandaranayake returned to power for the second time in 1970 heading a United Front Coalition of the SLFP, the LSSP (Trotskyite) and the Communist Party. The coalition victory promised to give power to Marxists for the first time and a substantial part of the SLFP leadership either had a consistent leftwing record, like T.B. Ilangaratne, or T.B. Subasinghe or Maithripala Senanayake, were anxious to work with the left. These hopes seemed nearer to being attained when the Cabinet was formed. Now that N.M. Perera (Trotskyite -LSSP) was in charge of Finance the main planning powers were under LSSP domination. Colvin de Silva (LSSP) was not only given the new Ministry of Plantation, but further made Minister for Constitutional Affairs. Thus he controlled the largest sector of the economy and the process by which "Sri Lanka" was to emerge from "Ceylon". Leslie Goonawardana (Trotskyite LSSP) was to control communication while Pieter Keuneman (CP Moscow) gained small but potential Housing Ministry. T.B. Subasinghe controlled over Industries and Scientific Affairs gave the veteran Marxist and former LSSP leader a post from which he could plan the industrialisation to which all Leftist had been committed since the founding of the LSSP movement. Foreign and internal trade were under the control of T.B. Ilangaratne (SLFP) who had
forged the coalition in its beginning in 1964. As Parliamentary Secretary for Planning and Employment under Mrs. Bandaranayake, Ratne Deshapriya Senanayake, although in the SLFP, could be expected to take a position similar to that of the Marxists being one of the best known admirers of Communist China in the government. Also the common programme adopted by the Front prior to the elections envisaged the promulgation of a new Republican Constitution in Sri Lanka, land reform and greater emphasis on the state sector in economic development. Implementation of this programme necessarily implied a leftwing shift in domestic policy which, considered against the background of the previous government's pro-western orientation and its poor relations with communist countries, connoted a leftward shift in foreign policy also.

The new Republican Constitution was proclaimed in 1972 and the new government's nationalisation measures, devised with the intention of bringing about the socialist society envisaged in the new constitution, followed suit. Foreign policy initiatives were quicker in implementation. In May 1970 Sri Lanka established full diplomatic relations with the German Democratic Republic despite requests for delay by the West German Embassy. (51) The new government also gave diplomatic recognition to North Vietnam, North

Korea, the South Vietnam/Revolutionary Government, and the Sihanouk government-in-exile. In July 1970 Madame Provisional Nguyen Thi Binh, Foreign Minister of the/Revolutionary Government of Vietnam, visited Sri Lanka as a state guest of the new government. In one of her speeches Madame Thi Binh expressed sincere and profound gratitude to the Sri Lankan people for the valuable sympathy and support they have always reserved for the South Vietnamese people's national salvation.

More far reaching was the decision to sever diplomatic relations with Israel. Both UNP and SLFP governments were strong supporters of the Arab cause, but Mrs. Bandaranayake went further than Dudley Senanayake by breaking off diplomatic relations with Israel until such time as Israel conformed the UN resolutions.

Support of the Arab cause in the Arab-Israeli conflict was inherent in the Sri Lanka situations, not only because of the tradition established by Bandaranayake when he categorically denounced the Franco-British-Israeli invasion of Egypt in 1957, but also by virtue of the vital importance of the Arab market for the island's tea trade.

52. ibid., p. 301.
53. The Sun (Colombo), July 18, 1970.
Another factor was that the Muslim element of the Sri Lanka population was closely identified with the Arab cause, and alienation of this minority was a political liability that no government of Sri Lanka could afford to incur. (55)

Further these actions on the whole were intended to moderate Sri Lanka's allegedly excessive dependence on the West and bring about her closer identification with the non-aligned states and anti-colonial movements. Mrs. Bandaranayake made the position clear in her pronouncement at the Lusaka Conference in 1970.

The relationship with China, a special feature in the foreign policy of the Bandaranayake regimes, resumed with new overtones of emphasis. In signing the 1971 trade protocol under the rubber-rice agreement China had cut the agreed price of rice by five shillings per metric ton, and the Chinese Trade Minister declared that China was ready to give its fullest co-operation to speed up the socialist march of Sri Lanka by helping it economically and in every other way possible because we love this country. (56)

55. ibid., p. 129.
But China's image was only momentarily destroyed by suspicious that there was Chinese involvement in the April insurrection in Sri Lanka. One of the stories that was going round at the time was China was behind the plot and the Chinese arms and ammunition for the rebels were being smuggled into the island in crates of building material and equipment consigned to the Bandaranaike Memorial International Conference Hall site in Colombo. (57) Another was that there were "hundreds of Chinese" technicians at the worksite who were ready to link hands with the rebels. Also suspicion of a possible Chinese role in the insurgency centred on a mysterious Chinese ship carrying arm consignments to Tanzania, which was in Colombo harbour at the time of commencement of insurgent attacks and when China became the only major power which failed to respond to the Sri Lanka government's appeal for military assistance. (59) The uprising was the first attempt at revolution in modern Sri Lanka. It had drawn its intellectual stimuli from variety of Marxist sources, among its ideological forebears being Mao Tse Tung, Kim Il Sung and Che Guevara and the JVP (60) claimed to be a genuine Marxist-Lennist Party. The declining revolutionary fervour of the major Left parti

60. Peoples Liberation Front.
and the simultaneous schisms, ideological confusion, and internecine conflicts within the Left of the 1960's provided the environment within which the JVP movement was founded. A handful of impatient young radicals resolved to abandon the existing parties of the Left and seek to create a New Left oriented towards youth and committed to the revolutionary seizure of power. JVP leader Rohana Wijeweera contended it was "because, the old Left Movement had no capacity to take the part of socialism, had gone bankrupt and deteriorated to the position of propping up the capitalist class and had no capacity to protect the rights and needs of the proletariat any longer, that we realized the necessity of the New Left Movement." (61) Also it drew to its banner large number of youths mainly from rural and urban lower middle class of the majority Sinhalese Community, the bulk of them educated but jobless. Failure of Mrs. Bandaranayake's government to effectively tackle inflation and unemployment had bred among the youth much disillusionment both with parliamentary democracy and with the established left parties who were associated with the government. To them, JVP offered quick relief through armed revolution.

Public fears of a foreign plot, engendered by all manner of rumours, intensified after the expulsion of the North Korean Embassy staff in Colombo in mid-April, 1971 on suspicion of complicity in the JVP activities. The Ceylon Daily News pointedly asked: "were the North Koreans acting alone". It urged a full investigation of all the available clues and warned Government to "keep discreet weather-eye on other foreign establishment in the island." (62)

As soon as the fighting began the Chinese technicians, who worked at the BMICH site were confined to their camps. A thorough search was made of the hall site. No arms were found but the rumours persisted prompting Chinese Ambassador to call on the Prime Minister on 18 April 1971. (63) A day after the meeting, a spokesman of the Ministry of Defence and External Affairs briefing newsmen said, "A weekly newspaper had imputed something sinister in regard to the import of material from China for the hall. Interested parties who are anxious to prejudice the good relations between Sri Lanka and China have also spread rumours regarding Chinese technicians and others working at the hall site. The number of Chinese personnel, according to the Ministry of Housing and construction is well within the limits stipulated in the agreement between the two countries. (64)

64. Defence and External Affairs, Ministry Communique, April 19, 1971.
Sino-Sri Lanka relations were restored to normalcy only after Mrs. Bandaranayake broadcast to the nation, late in April 1971, that the foreign powers were not involved in the insurgency, and after Chou En-lai himself wrote to her stating that "friendship between China and Sri Lanka is in the fundamental interest of the two people and can stand tests," and that "the Chinese government and people highly treasure the friendship between our two countries." (65) The latter also commended the Sri Lanka government in having brought under control "a handful of persons who style themselves Guevarist, and into whose ranks foreign spies sneaked." (66) This letter was accompanied by an interest free loan of Rs. 150 million in convertible currency. (67)

China had figured, even in the sixties, as an important aid donor to Sri Lanka and in the seventies, the scale of Chinese economic assistance to the island increased significantly. After the insurgency, Sri Lanka also received from China another interest-free loan of Rs. 265 million to finance agro-based industries, and a further interest-free loan of Rs. 48 million to finance an integrated textile mill. (68)

In addition China offered as an outright gift of five high-speed naval patrol boats. The agreement to finance Sri Lanka's agro-based industries and textile mill was signed during Mrs. Bandaranayake's visit to China in June 1972. In May 1973, Chinese technicians and workers completed, at a cost of Rs. 35 million, the Bandaranayake Memorial International Conference Hall, redeeming a promise during Mrs. Bandaranayake's first administration.

Moreover, the growing Sino-Sri Lankan relationship also made it necessary to improve India's relations with Sri Lanka. The Bandaranayakes traditionally maintained equally good relations with Nehrus, and Mrs. Bandaranayake and Indira Gandhi in particular found a community of interest at a personal as well as political level. There were no official comment in Sri Lanka over the Indo-Soviet treaty of 1971, but this came in the aftermath of the April, 1971 insurrection in Sri Lanka, and at a time when the government was beholden to India, USSR as well as USA, UK, Pakistan and Yugoslavia for the readiness and speed with which they had come to the island's assistance in her hour of need. But the East Bengal crisis and the emergence of Bangaldesh caught Sri Lanka in an ambivalent position. The granting of air transit facilities through Colombo from West to East Pakistan after overflights through India had been stopped caused considerable misgiving in Indian and East Bengali circles, where it was believed that
Pakistan troops in civilian clothes were being transported through Colombo on Pakistan International Airlines flights to Dacca, and that the Sri Lanka government was therefore assisting in the suppression of the East Bengali people.  

The government's position was that it allowed these transits strictly on the basis that Pakistan would not transport troops through Colombo, but whether the government took adequate measures to see that this condition was fulfilled is debatable.  

The Minister of Communications, Leslie Gunawardana, insisted that the flights took place only during the phase when the Awami League leader, Mujibur Rahman, was involved in negotiations with the government of Pakistan.  

However, Indian opinion took a contrary view and there was strong suspicion that the flights involved soldiers and war material despite the Minister's contention that of the 143 technical landings in March and April only two involved flights from Karachi to Dacca.  

Sri Lanka eventually recognised Bangladesh in March 1972. The Indian Government at no stage protested against Sri Lanka's policy and Mrs Gandhi made a personal visit to Sri Lanka in early 1973 in an obvious effort to improve relations between the two countries. The discussions affected two important areas repatriation of persons of Indian origin and trade.

69. Letter addressed by the Minister of Communications to the Secretary for the Sri Lanka Committee for Human Rights in Bangladesh in Ceylon Daily News, 28 October 1971.  
70. A.J. Wilson, op.cit., p. 264.  
71. Letter addressed by the Minister of Communications to the Secretary for the Sri Lanka Committee for Human Rights in Bangladesh, op.cit.  
72. ibid.
relations. The annual rate of repatriation of persons of Indian origin under the Sirima-Shastri Pact of 1964 was to be increased by 10%. Economic co-operation was projected in glass factories, graphite-based, rubber manufacturing and mica industries.\(^{73}\) The discussions also embraced such issues as great power rivalries and competition in the Indian Ocean and the gap between the developing and developed nations.\(^{74}\) The attitude of the Bandaranayake government towards the West became progressively more moderate and restrained. While strongly critical of the UNP policy of obtaining aid from the West, Mrs Bandaranayake did not hesitate to seek assistance from the very same sources. The reappraisal of the West was perhaps reflected in another significant shift of position. At the 1971 insurrection it was Britain, the United States and India which gave the more substantial immediate aid. The Soviet Union, Egypt, Yugoslavia and Pakistan gave aid on a smaller scale. China, for unexplained reasons, did not respond immediately, but subsequently gave a generous loan to assist in recovery. On the other hand, there are clear indications that the insurrection involved a reappraisal of Sri Lanka's non-alignment policy, for the


74. ibid., 4 April 1972. The report of the press conference by the Minister of Foreign and Internal Trade.
government welcomes goodwill visits by units of both the US and Soviet Navies. (75)

With regard to Commonwealth relations, Mrs. Bandaranayake's own views were expressed at the Singapore Conference in January 1971, when she ascribed to it the complete frankness that is possible, the full and free consultations that must take place between its members, the total lack of bitterness that characterises their interrelationships, and the economic advantages that have accrued to Sri Lanka from continued membership. (76)

In the matter of wars involving neighbouring Commonwealth countries, Sri Lanka had offered her services as mediator. In the Sino-Indian conflict of 1962 Mrs Bandaranayake summoned a six nation conference of non-aligned countries in Colombo, which drew up proposals for a ceasefire, and in the Indo-Pakistan war of 1971 Mrs. Bandaranayake declared Sri Lanka's strict neutrality and urged the Secretary-General of the UN to use his good offices to end the conflict. (77) Moreover, it is in the field of economic co-operation that Sri Lanka has stood most to gain from its relative isolation.
Commonwealth membership. Her relations in this sphere are particularly strong with Britain, Australia, New Zealand, Canada, India and Pakistan.

At the Commonwealth Conference in January 1971, Mrs. Bandaranayake was critical of Britain's deal with South Africa and grant of a base at Diego Garcia to the United States. The views she expressed were directly relevant to the proposal she was canvassing both at this conference and at the UN to have the Indian Ocean declared a neutral nuclear-free zone supported by guarantees from the big powers.

At the Lusaka Conference of non-aligned nations held in September 1970, Mrs. Bandaranayake reminded delegates of her original proposal at the 1964 Cairo Conference to make the Indian Ocean area a nuclear-free zone. At the Commonwealth Conference in January 1971, Sri Lanka put the case for a peace zone with characteristic forces:

The Indian Ocean area is a region of low solidarities or community of interests. Although it forms a geographical and historical entity, there are few co-operative links between countries in the region and these are

78. ibid., 22 January 1971.
29. ibid.
either bilateral or sub-regional. A peace zone in the Indian Ocean will provide countries of this region with time to develop trends towards integration and co-operation so in course of time the Indian Ocean region could move from an area of low solidarity to an area of high solidarity. In effect peace zone will provide the transitional minimum conditions for the development of an 'Indian Ocean community' in which problems of security will be dealt with by orderly and institutional means for promoting peaceful change. (80)

Sri Lanka's delegation also explained at Singapore that the ultimate object of the peace zone would be to stabilize the Indian Ocean as a power vacuum so that the abrasive conflicts of the cold war do not enter it and the region could concentrate on the solution of its major problems of security, underdevelopment, etc. (81)

Non-aligned Nations held in 1973. Speaking at the United Nations General Assembly in October 1971 she declared:


81. ibid., 14 January 1971.
In the Indian Ocean a defined area shall be declared to be Zone of Peace and reserved exclusively for peaceful purposes under an appropriate regulatory system. Within the Zone, no armaments of any kind, defensive or offensive, may be installed on or in the sea, on the subjacent sea bed, or on the land areas. Ships of all nations may exercise the right of transit but warships carrying warlike equipment, including submarines, may not stop for other than emergency reasons of a technical, mechanical, or human nature. No manoeuvres by warships of any state shall be permitted. Naval intelligence operations shall be forbidden. No weapon tests of any kind may be conducted. The regulatory system to be established will be under effective international control. (82)

The proposal was an expression of Sri Lanka's opposition to the Anglo-American communications centre in Diego Gracía. Only China among the nuclear powers supported it; the others abstained. The proposal did achieve a kind of negative support when it obtained fifty votes as against forty-nine abstentions and none against.

Among the many achievements of the UF government, which asserted Sri Lanka's independence and sovereignty by serving the last constitutional links with the British Crown, and enthroned Buddhism and Sinhala, have been nationalisation measures. The Government was fully and firmly...

82. ibid., 13 October 1971. The text of Mrs. Bandaranayake's speech.
of the remaining British-owned tea and rubber plantation, as part of an land reform programme; the reforms in the administration, the judiciary and the educational system; the several measures to bring about a more equitable distribution of the nation's wealth, such as through ceiling on land and house ownership and the increase of wages of the lower income group; the diversification, to some extent, of exports products and exports market, thereby reducing the heavy dependence on the traditional tea, rubber, and coconut and on Western markets. Yet the solution to Sri Lanka's economic and social problems, are not available within the country itself. This situation and how it is tackled can be expected to have a decisive influence on Sri Lanka's internal political situation and on its foreign policy. The external constraints, of which the vagaries of the international market in respect of export crops and the difficulties of obtaining a market for even the product of new industries that have emerged in the post 1960 years are the most important ones. Not only are markets not readily available, the recurring shortages in hard currency make it impossible for many industries which depend on imported raw material components to maintain themselves at normal capacities throughout the year. The situation is further complicated by the inter-group tensions that are now a perennial feature of the country. The resources are simply not enough to go round, and consequently in a contracting economy with an expanding
population in the under 19 age group and educated with skills that have no market. The surprising fact is that it came later, the PEF outbreak of April 1971, than earlier. Therefore from its inception the government has been/to find ways and means of answering the urgent questions of the day - controlling population, striking a balance between expenditure on economic growth and the welfare services, providing employment and national unity.

Moreover the market shortage of hard currency makes matters worse. Consequently credit accommodation has to be obtained mostly from western sources and international credit agencies. Debt servicing has as a result become an intolerable burden and absorbs a fair percentage of the foreign exchange budget. The devaluation of sterling and dollar has aggravated already near insoluble problem.

In 1970’s with changes in foreign policy, oriented more in the direction of the communist bloc and the Middle East countries, the UP Government hoped there would be adequate appreciation from these quarters. But this was not to be. In October 1970, the minister of internal and external Trade has occasion to complain about this when he wrote:

We are fighting neo-colonialism and imperialism. Our foreign policy is very clear and that policy has been effectively implemented. Consequently we are beginning to suffer from retaliatory measures particularly in trade and aid. (84)

And he censured Sri Lanka's socialists friend for not coming to the island's assistance. While Peking provide liberal assistance to the Sri Lanka government, the Soviet Union has not been as munificent, despite the fact that a representative of the Communist Party (Moscow) holds a portfolio in the cabinet. The CP has failed so far to persuade Moscow to deliver anything in the form of aid that can be regarded as sizeable. On the other hand the Trotskyist Minister of finance Dr. N.M. Perera continues to visit the capitals of the Western world and importunes the international credit agencies for aid of every kind. He avoids exploring similar possibilities in the Communist Capitals. The CP central committee's resolution, (85) among other things demands the nationalisation of all banks, while Dr. N.M. Perera had already decided that this was not feasible because it would endanger Sri Lanka's sources of credit in the West. (86) Also there has been some unease because of excessive dependence on China for the import of rice and the sale of rubber. The Minister of foreign and internal trade stated in April 1972 at a press

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86. Ibid., September 7, 1971.
conference in New Delhi that Sri Lanka might consider reviewing her rubber-rice agreement with China as soon as self-sufficiency in rice was achieved, which he expected would be in 1974. Also the discussions which indicate that Sri Lanka is exploring the possibilities of selling her rubber and finished rubber goods, such as tyres, to India in exchange for Indian rice and other goods. This may be a point to a shifting away of the trade focus from China. Further, what was disconcerting to the left group in government, especially to the Communists (Moscow), was that Mrs. Bandaranayake had to fall back on Britain and the US for military succour. Sri Lanka received substantial military assistance from these two countries, while five Soviet MIG 17's were not of immediate benefits. Moreover the expulsion of the North Korean embassy staff for its contribution to the outbreak of violence is discomfitting to the Communists. Thus the attitude of the Bandaranayake government towards the west has become progressively moderate and restrained. At the beginning of the new administration, leading personalities in the government were vocal not only about the political role played by western nations on the world stage, but also about their economic imperialism. For example, much play was made by them of the conditions laid down by IBRD for the loan given to Sri Lanka for the financing of the first stage of the Mahaweli river development project. Once in power they

87. ibid., April 7, 1971.
intended to reduce Sri Lanka's dependence on the west for direct economic assistance as well as for commercial borrowing. This intention has apparently not been realised and apart from China, no other non-western state has markedly increased its scale of assistance to Sri Lanka. Sri Lanka has continued to solicit the international lending institutions associated with the west, and it is significant that every IBRD loan agreement which was cited as an example of western rapacity has been retained by the Bandaranayake government without any material alterations.\(^{88}\)

While associating with other developing countries in the pursuit of a "New International Economic Order", Mrs Bandaranayake's government is endeavouring to develop the national economy and raise the living standard of the people of utilising the capacities of both the public and private sector, that is, through the device of a mixed economy. But because of the dearth of domestic capital, she also accepts foreign aid and foreign loans as a substantial factor in the development effort. Thus reversing an earlier trend, her government has thrown the door wide open to foreign investment, including by Western multinationals financial and industrial corporations. As an financial inducement to attract foreign capital, the government promised to bring in a Foreign Investment Law, including guarantees against nationalisation, contained in the White Paper of 1972.\(^{89}\)


\(^{89}\) Government Policy on Private Investment - Ministry of Planning and Economic Affairs (Colombo 1972)
Despite the political imbalances caused by these internal and external disturbances, there are important factors which rivet Sri Lanka to a centrist position in politics and foreign policy. The balance of trade still makes Sri Lanka dependent on West for the greater part of her exports, imports and aids. Also left-oriented government cannot afford to go too far to the left because this could dry up the most important sources of credit—the IMF and the World Bank. It would also mean the end of aid from the Western-oriented Aid Sri Lanka consortium of foreign powers. On the other hand, the communist states are not willing to commit themselves to the hilt because there is no certainty that a sympathetic left or centre government will always be in office.

Thus at times UNP government have tend to move little to the right and SLFP government somewhat to the left but the persistent trend has been to move nearer to the centre. In this way Prime Ministers have been successful in resisting pressures from their extreme wings to commit the island to the side of one power bloc or the other. There is further a realization that trade, aid, and defence have become the prime consideration in foreign policy. On these matters the two major parties, UNP and SLFP, in varying forms, striving for the same objectives. These considerations obviously cause a degree of dependence on the outside world. Thus Sri Lanka was obliged to pursue a predictably narrow course with very little room for manoeuvre.
CHAPTER V

Foreign Policy and Economic Relations

Sri Lanka's economic relations since independence were largely conditioned by her economic history and the economic circumstances obtaining on the eve of independence. These were basically the product of centuries of foreign domina-
tion, the main feature of which was the subservient position of Sri Lanka as a supplier of raw materials to the advanced industrial nations of the West.

The price of our products in the world market remained more or less stable in the early years of independence, but the cost of imports rose dramatically. The rise of the coffee plantations in the three decades after 1840 - followed later by tea, rubber and coconut estates - established a modern sector in a hitherto feudal economy. This sector catered solely to an export market. The characteristic features of a modern economy - such as specialisation and production for a cash market, the use of capital, a wage earning labour - all come into being with the increased flow of international trade arising out of the growth of the plantations. Besides catering to foreign markets, these plantations and their ancillary activities such as trade, insurance, transport and communications depend largely on foreign entrepreneurship and foreign capital. As a result, the modern sector grew quite indepen-

ently of the traditional peasant economy. Further with
the growth of plantations, an economy developed which was
largely dependent on foreign trade for a substantial
portion of its requirement such as food and other manufac-
tured consumer goods, raw materials and capital goods. Thus
in 1948 34 per cent of Sri Lanka's Gross National Income
was derived from export and an equal percentage was being
spent on imports. (2) Thus, Sri Lanka's economy, being
essentially an export economy based on three products,
existed and could exist only as part of an international
economy that provided suitable markets. Hence, whenever
the price of her products in the world market declined she
suffered serious economic dislocations. This she experienced
when rubber prices fell after the Korean War and the cost of
her principal imports rose sharply. At this critical
juncture, when Sri Lanka's traditional Western trade partners
failed to help her out of the crisis, she was compelled to
explore new avenues in trade relations. Therefore indepen-
dence in economic sphere has also been an important foreign
policy objective. The highly specialised, largely export
economies have been particularly vulnerable to changes in
world market and supply conditions and have lacked a diversity
of production to cushion the impact of adverse market
fluctuations.

2. H.M. Gunasekara, 'Foreign Trade in Sri Lanka', Sri Lanka
A consciousness of this legacy of the past was not immediately apparent in the actions and expressed ideas of Sri Lanka’s leaders. As in most colonial territories, there was the feeling that attainment of independence would mean a sharp break, a radical change, from all that was past history. They considered that by eliminating alien rule over their country they had broken with past and in particular had finally dissociated themselves and their people from the rule of the British. These attitudes, of course, were delusions. No colony can wholly break with its history, its culture or the habits and economic pattern of conduct that have survived through generations. In fact, attainment of independence is a change in only one aspect of nation’s political and social fabric – the transfer of political power from alien to indigenous rule but they could not divorce from the economic legacies. Thus Sri Lanka’s foreign policy should demonstrate that strict nonalignment would only be a viable policy if Sri Lanka were able to maintain itself with only the minimum of any kind of relations with the members of the two power blocs and able to control their internal affairs, economic or otherwise, as to prevent any significant infiltration from any outside source. But owing to the present economic situation such policy and actions is less than a viable policy. More and more it appears to lead a small weak, ex-colonial nation towards the fatal entrapment of dependency upon the West and Communist bloc.
In terms of Sri Lanka politics, trade, even with/Devil, was trade and was justified. As mentioned in Chapter I of this study the anti-communist regimes of Dudley Senanayake and Sir John Kotalawala did not hesitate to sign trade agreement with Communist China, Yugoslavia, Poland and Checoslovakia with regard to the agreements with China, one could see that Dudley Senanayake was compelled by necessity to sign it, but Sir John, too, the most staunchly anti-Communist of all the Prime Ministers, signed trade agreements with three of the communist countries.

It was this situation that led Bandaranayake to consider economic alternatives and gave serious attention to the task of shaping her foreign trade to bring the maximum benefit to Sri Lanka. But again here he was less than successful. His non-aligned foreign policy had the support of a large number of Afro-Asian countries, and with that support, he could deal with issues such as the Suez crisis with confidence. But in the case of foreign trade he found that he was unable to change the traditional trade pattern dominated by foreign houses of commerce. By Sri Lanka's very dependence on those trading patterns, he was fettered to them, unable to take the drastic steps which would have been necessary to change them. Further, when it came to economic matters, excuses were found to depart from those principles: Sri Lanka's trade with South Africa, reveals this situation. (3) Thus the inadequate economic

3. The details will come on page 172 of this chapter.
position of Sri Lanka make a great hinderence to a quite free and independent political engagement. Considering these facts one could argue that during the initial period even a minimal non-alignment might have been impossible without the rubber-rice agreement with China.

**Foreign Trade**

Prior to 1956, Sri Lanka's trade followed the traditional colonial pattern of ties with the sterling and dollar areas. Britain continued to be the principal trading partner. From 1950 to the mid-1955s some diversification of trade took place, but except for the rubber-rice agreement with China in 1952, this was not of any great significance. Due to their Western orientation, the UNP had confined their trade relations to the Western countries, and the governments in office up to 1956 were not anxious to enter into trade relations with Communist countries. Though the UNP's policy was to keep the Communist countries at a distance, it had to establish trade relations with them, in view of the economic interests. In 1951 Sri Lanka sold rubber to China 'not so much from economic motives as from economic compulsion'. This is evident from the pronouncement of R.S.S. Gunawardana, the then Ambassador to the USA, that

Sri Lanka's trade agreement with Communist China was a desperate expedient it reached after a breakdown of economic negotiations with the United States. (5)

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The circumstances need special examination, particularly as all the UNP Prime Ministers were uncompromising opponents of Communism.

In 1952-1953 the price of rubber was rapidly declining and sales to dollar countries were falling at the very time that the cost of Sri Lanka's principal import requirement - rice - was rising sharply. Rice was becoming more and more a dollar commodity. This sharp conjuncture of unfavourable factors on both the supply and demand sides led Sri Lanka to enter a field of trading relations not previously explored.

After the entry of China into the Korean War in 1950, the UNO imposed, on a resolution sponsored by the USA, a ban on the export of strategic materials, including rubber to China and North Korea. Meanwhile China had been buying small amounts of rubber from Sri Lanka on a purely private commercial basis. In order to strengthen the effectiveness of the embargo, the USA passed in June 1950 the Kem Amendment legislation which provided for withdrawal of US economic aid from countries which contravened the UNO resolution; but in October 1951, the Battle Act replaced the Kem Amendments and downgraded rubber to the level of a strategic material over which there was no embargo but which was to be the subject of specially negotiated arrangements with the USA. At the

6. John Cardew, op. cit., p. 377
same time negotiations between the USA and Sri Lanka government for bulk purchase of Sri Lanka rubber, failed as the US government offered only the Singapore price, which was significantly lower than the Colombo price. Meanwhile, Sri Lankan traders were already selling rubber to Chinese buyers at prices above the world market. To the USA's continued representation against Sri Lanka's sale of rubber to China, Senanayake was reported to have replied that 'the Sri Lanka market is open and if the USA wants to buy she is at liberty to buy even the whole of it'.

Having failed to ban rubber shipments to China, the US government suspended all Point Four Aid to Sri Lanka. Meanwhile Sri Lanka was facing great financial difficulties due to the decline in the price of tea and rubber and the difficulty in getting rice at a reasonable price. A ministerial mission was sent to the USA to negotiate urgently needed rice supplies, economic aid for development programmes, and an agreement to sell rubber at the Singapore price level. But the negotiations failed again on the question of prices.

Until then, Sri Lankan Government spokesmen expressed misgivings about greater trade with China. The Left had

8. The Times (London), 4 October 1951.
9. ibid., 5 October 1951.
consistently advocated closer trade and diplomatic links with China and Russia, and accused the government of playing the American game by not actively promoting this trade.\(^{(12)}\)

In September 1951, Chinese buyers markedly increased their purchases at prices considerably above the world market.\(^{(13)}\) Taking advantage of the situation the Opposition in Parliament urged the government to increase trade with China. At the same time the Chinese Government invited Sri Lanka to send a delegation to Peking to discuss the possibility of a large rice purchase.\(^{(14)}\) The government appeared reluctant to do so until every means of purchasing rice outside the Communist world had been explored.\(^{(15)}\) Having failed in negotiations with the USA, Sri Lanka sent a mission to China led by R.G. Senanayake, the Minister of Commerce and Trade. By a short-term trade agreement, China agreed to supply 8,000 metric tons of rice within a short period, in exchange for rubber and other products.\(^{(16)}\) This was followed by a long-term trade agreement in December 1952, by which China agreed to sell annually 270,000 metric tons of rice in exchange for 50,000 metric tons of rubber. The prices were

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12. Ibid., Vol. 10, 1951, Cols. 218, 1611.


16. The Times (London), 7 October 1952.
also stated but subject to annual renegotiation.\(^{(17)}\) It was explicitly agreed that the price for rubber would be higher than that then current in Singapore.\(^{(18)}\) The terms of the exchange were favourable to Sri Lanka from every point of view. At the current world price one ton of rubber purchased three tons of rice. As the London Times reported from Colombo:

No Sri Lankan government could have afforded to accept the American offer on its merits and none would have been able to justify such an acceptance before the electorate in the face of the Chinese offer.\(^{(19)}\)

As far as Sri Lanka's relations with Communist China were concerned, this trade agreement did not effect any departure in Sri Lanka's foreign policy towards China during the UNP regime. Though the government agreed to let Communist China open an agency in Colombo to ship rubber under the trade pact, it was to have no diplomatic status.\(^{(20)}\) Thus Sri Lanka's relations with China were confined to trade.\(^{(21)}\) However, the long-term importance of Sri Lanka's contract with China should not be ignored. This contract represented

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17. The Times (London), 22 December 1952.
one of the first steps of mainland China in its diplomatic re-entry into the wider world of non-Communist states. The agreement also had long-term significance from another point of view. As the Prime Minister put it, 'These agreements ... bring Sri Lanka into a new sphere of trade relations hitherto unexplored'.(22) For the first time, large quantities of Sri Lanka's raw materials went to countries outside the market in Western Europe and America. From the specifically Sri Lankan point of view, America's policies that preceded and followed the agreement left a most unsavoury recollection. As the Sri Lankan saw it, at the very time when America had drastically reduced its purchases of rubber, Colombo was penalised for selling its rubber to China. Sri Lanka was the only country to which the Battle Act was applied.(23) A sense of grievance was only sharpened by the realisation that, when Sri Lanka needed rice, she had to seek it in markets in which dollar buyers were raising the price and converting it into a dollar commodity precisely when American governmental buying policies prevented Sri Lanka from earning dollars. Finally, instead of allowing Sri Lanka to earn dollars in the normal way, the


Americans were prepared to consider economic assistance, but only after making it clear that Sri Lanka would be expected to stop her rubber export to China. This appeared to be an attempt to use Sri Lanka's economic plight to interfere with the economic self-determination and sovereignty of a small, primary producing country.

By 1955, when the effects of the government's measures in industrial development and diversification of the economy were beginning to be felt, the pattern of Sri Lanka's foreign trade also underwent a change. Towards the end of 1955, a diversification of trade occurred when the UNP government signed Trade and Payments Agreements with Czechoslovakia \(^{(24)}\) and Poland \(^{(25)}\) followed in 1956 by a broadly similar agreement with Rumania \(^{(26)}\)

For the purpose of attaining a high rate of growth in export trade, governments since 1956, have endeavoured to diversify Sri Lanka's foreign trade and build up new markets, while at the same time maintaining and expanding the traditional markets. In developing new trade relations, a fact which has to reckoned with is that in those developing countries...

\(^{24}\) Ceylon Treaty Series, No. 3 of 1966.

\(^{25}\) ibid., No. 2 of 1956.

\(^{26}\) ibid., No. 8 of 1956.
countries and Socialist countries with whom Sri Lanka wishes to develop trade connections, external trading activities are either directly or indirectly state controlled. Moreover, many of these, especially those in West Asia, are particular about the bilateral balancing of export on account of their own external payments problems. Hence trade with these countries can be developed only on the basis of a government to government arrangement. This would require an atmosphere of goodwill and friendship. The stronger the ties, greater would be the prospects, other thing being equal, for promoting in the context of competition from rivals.

It should be remembered that far from enjoying a monopolistic position in any of the commodity markets, Sri Lanka is only a very small supplier to each of the markets concerned. Besides, Sri Lanka happens to compete in those commodity market where excess supply conditions have begun to appear. Against such a backdrop of trade and development problems, of the foreign policy of Sri Lanka has had to take shape. It is, therefore only reasonable that, in the context of such pressing economic problems, Sri Lanka would naturally be led to follow policies which would help her to find the necessary solutions.

In keeping with the policy of export trade expansion Sri Lanka has signed a large number of trade agreements, which fall into three categories: (a) Trade and payments agreements
with firm commitments to export and import specified qualities of specified commodities; (b) trade and payments agreements which do not contain firm commitments but have reciprocal swing credit facilities conducive to the expansion of trade; (c) general agreement which contain expressions of desire to promote and facilitate trade. Almost all these trade pacts have been either preceded or followed by diplomatic recognition as well as expressions and manifestations of mutual good will and friendship. As Sri Lanka Treaty Series indicates all these agreements were signed after the mid-fifties resulting in a large number of Socialist and West Asian countries becoming trade partners of Sri Lanka. Governments prior to 1956 followed a policy of close association with the West and largely depended on them for trade and assistance which the new government took office in 1956 not only changed this policy, but also was quick to exploit the economic potentialities that followed therefore for the purpose of mitigating the problem of foreign trade and supply of capital.

In the period 1926-56 tea prices fluctuated on the average by 10% per year and rubber prices by 19%.(27) A major reason for this phenomenon was the heavy dependence of Sri Lanka's export products on western markets where

trade cycle fluctuations occur. This was one of Sri Lanka's colonial legacies. The remedy for this particular aspect of the problem of price instability was to diversify export markets. Here, the trade pact already referred to have played a crucial role. Today, China is the largest buyer of Sri Lanka rubber and West Asian countries purchased 27% in 1966 of her total tea exports. The level of exports to U.S.S.R. and Eastern Europe rose steadily from Rs. 1.3 millions in 1956 to Rs. 15.9 million in 1964. (28) Besides the price stabilising effects that emanates from the diversification of markets, the bilateral trade pacts that contain firm commitments, to buy specified quantities impart a further stabilising effect on prices for the reason that they guarantee the offtake of a definite volume of the commodity in question within a given period. The bulk supply contract with China impart this sort of effect on Sri Lanka's rubber. On the other hand, there was a problem with regard to the disposal of Sri Lanka's increased export output. This was most severely felt in tea and coconut products. The solution lay partly in increasing markets where the prospects were, however, poor and in finding new outlets through trade agreements. Often new markets had to be won after bitter struggles with rival suppliers. It is for these reasons that Sri Lanka is deeply concerned

in protecting her tea interests in the Middle Eastern countries and her coconut interests in the Socialist countries. Also action had to be taken to arrest the fall in export prices. A step taken in this direction was to stimulate and increase the level of demand for Sri Lanka's products, through trade pacts and bargaining for better prices when details were discussed.

On the imports sides the access to new markets gained through trade pact has helped Sri Lanka to purchase many commodities important/at much lower prices than those prevailing in the traditional supply sources and thereby much foreign exchange has been saved. Petrol, rice and sugar are examples.

At the time of the nationalisation of the oil import trade in 1961, it was argued that the prices charged by the companies were quite disproportionate to the costs of production.

After nationalisation, Sri Lanka was able to obtain petrol at much cheaper prices from Russia under/bulk purchase contract. Further in 1961 government was able to obtain white sugar under contract with Socialist countries at a price of 15 cents per lb., whereas the lowest price paid for brown sugar from traditional sources was 24 cents per lb. in the previous year.

The trends described above brought Sri Lanka's economy to a critical situation in 1960s. The import capacity commandable from all available sources proved to be grossly
inadequate to maintain the existing level of economic activity. Thus one could argue that the trade diversification policy, which was launched by Bandaranayake government, was in fact part of an attempt to seek further economic independence. Further, when adherence to principles entailed economic sacrifices excuses were found to depart from those principles. On one such occasion, trade with South Africa, the Leader of the opposition in the Senate went to the extent of accusing the government having sold the declared principles for an economic mess of pottage. (29) Moreover the government from 1960-65 not only voiced its protest against the South Africa segregation policy but also supported resolutions calling for economic sanction against the country. But South Africa which purchases about 7% of Sri Lanka's tea still remains a major trading partner. There is also evidence to the effect that, far from avoiding South African imports, Sri Lanka is making vigorous efforts to increase imports from that source in order to protect her tea interest there. South Africa has often complained about her large trade deficit with Sri Lanka when the state trading agency of Sri Lanka in 1964 called for tenders for the supply of canned mackerel, both Japan and South Africa quoted competitive prices for two comparable varieties of canned fish. The consumer preference was for the Japanese

variety. However, the Junior Minister of Commerce, directed the Cooperative wholesale establishment to accept the South African offer stating that it had to be done to protect the interest of Sri Lanka's tea. (30) In contrast with the above policy on trade with South African stands the total ban imposed by the Sri Lanka government on trade with Southern Rhodesia in 1966. Sri Lanka has no trade interest to be protected in that country. Thus the economic costs and benefits of certain foreign policy commitments seem to have been calculated in a business like manner. It can further state that economic interests were foremost in the conduct of her foreign affairs.

Between 1956 and 1960, the annual average value of exports to all Communist countries was Rs. 149 million and imports Rs. 145 million. (31) Under the successor government of Mrs Bandaranayake, 1960-65, there was further expansion to Rs. 210 million (exports) and Rs. 224 million (imports) in 1961-1965. (32)

The pattern of multilateral trade had been firmly established when the pro-West 'national government' took office in 1965. The new government not merely kept these trade outlets but had them considerably expanded. In 1966:


20 per cent of Sri Lanka's export trade of Rs. 1,710 million was with the Communist bloc. (33) It was the same in 1969. There was during this period continuing evidence of a trade imbalance with the Communist countries, (34) from which Sri Lanka imported 20.7 per cent of her total requirements in 1966 and 20.9 per cent in 1969. (35)

In terms of individual countries, the most important single trading partner was the United Kingdom. It was only natural that the trade of plantations mostly owned by British investors, had to be with the mother country. In recent years, however, the United Kingdom's relative importance has been declining, from 27 per cent in 1949 to 12 per cent in 1972. (36) Among the other important trading partners are the USA, the People's Republic of China, Japan, India, Pakistan and the Soviet Union. The relative importance of China, the Soviet Union and Japan has been increasing in recent years while that of India has fallen. Moreover, the growth of trade with these new trading partners - China, and Soviet Union, Eastern Europe and the Middle East - has been the main reason for the United Kingdom's declining importance. Though UK is still the largest single buyer of tea, exports have fallen from 118 million lb. (35% of Sri

33. ibid., 1960, p. 45
34. ibid., 1960, p. 24.
35. ibid., 1969, p. 27.
36. ibid., 1972, p. 49.
tea exports) to only 74 million lb. (18%). Over the same period tea exports to the Middle East, Eastern Europe and Pakistan increased from 46 million lb. (14%) to 132 million lb. (34%). Exports of rubber to the United Kingdom have also fallen, while they have increased to the Soviet bloc, and to China have increased from 29 million lb. (32%) to 118 million lb. (41%). The import restrictions which have existed in Sri Lanka for the last twenty years have been partly responsible for the declining importance of its traditional markets. These restrictions have led particularly to a reduction of industrial imports, for which the United Kingdom was formerly an important source. Thus in 1970-73 the UK accounted for only 11 per cent of Sri Lanka's imports as compared to 22 per cent in 1950-53. The policy of non-alignment in foreign affairs thus helped to establish expanded trade with new partners. In 1973 Sri Lanka had twelve bilateral agreements. The value of trade conducted through these channels (i.e. average of exports and imports) in the same year was Rs. 58 million or 22% of the country's total trade.

37. ibid., 1954, p. 258. All figures in this section are obtained from the above report.

38. ibid., 1973, p. 258.

The United Front Government's (1970-77) expression of solidarity with the Arab cause had a favourable effect on the island's trade relations with the Middle East. In February 1971, the United Front Minister of Foreign and Internal Trade negotiated quite advantageous agreements with the United Arab Republic and Iraq.\(^{40}\) The United Arab Republic agreed to purchase Rs. 42.9 million worth of tea for 1971 as against Rs. 35.7 million in 1970, besides rubber, coconut products and cocoa to the value of Rs. 11.4 million, while Sri Lanka in return would import cotton and textiles, phosphates, sugar and crude oil.\(^{41}\) Iraq pledged to make a minimum annual purchase of 40 million pounds of tea valued at Rs. 72 million for the next five years and to supply Sri Lanka in turn with crude oil and dates. However, Iraq's purchases of tea for 1970 amounted only to 30 million pounds valued at Rs. 53 million.\(^{42}\)

Thus, under the Bandaranayake Government, Sri Lanka's circle of friends whom she could depend on for trade was enlarged, while she retained her traditional friend, the West, in all those spheres. Where trade relations with the West were concerned, all governments were pragmatic, irrespective of their ideological differences. The value

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42. ibid.
of Sterling Area membership and the economic advantage accruing from the Commonwealth in general and the UK in particular were recognised by all of them. This was because of their awareness of the island's economic problems and slow pace of economic development.

Economic Assistance

Sri Lanka's foreign exchange position at the beginning of independence was such that leaders felt relatively little need to seek economic assistance or foreign loans. At the Conference of Commonwealth Foreign Ministers held in Colombo in January 1950, proposals were first discussed to concert the development of countries throughout South and South East Asia. Also improvements in the economic conditions of this part of the world assumed importance after the Communist takeover in China. The vital importance of economic welfare in the maintenance of political stability of the countries of the two areas in question was one of the primary themes of discussions in the Foreign Ministers' Conference at Colombo in January 1950.(43)

The trend in this line was set up by D.S. Senanayake, the then Prime Minister, who declared:

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43. The Times (London), 10 January 1950.
The fundamental problem of Asia is economic and not political, and it is necessary for world peace that positive steps should be taken to tackle Asian poverty and improve the standard of living. (44)

The urgency of such a programme was emphasised by Hugh Gaitskell at the Second Commonwealth Consultative Committee meeting in London, (45) when he exhorted the participants to address themselves to their task 'in a spirit of realism and urgency' and to play their full part 'in translating ideas and plans as swiftly as possible into solid achievements'. (46) So in July 1951, the Colombo Plan became operative with both political and economic objectives, as it was widely recognised that economic development was closely related to social and political stability. (47) The UK's contribution to Sri Lanka under the Colombo Plan has taken two forms, namely, release of sterling and technical assistance. In accordance with the agreement of 1950-51 provision was made for a release of £19 million from sterling balances to finance development during the six years of the Plan. By the end of the period it was expected that the balance would be reduced to the level of reserves which Sri Lanka would wish to hold for the protection of her external financial position. (48)

44. ibid.
48. ibid., p. 43.
Technical assistance from the UK under Colombo Plan has been given in three forms: (1) by providing training places in the UK; (2) providing experts, and (3) by the supply of equipment for research and training. Sri Lanka has received a large number of experts, sent more than 700 scholars overseas for training and received capital assistance to make a total of Rs. 99 million worth of aid up to 1956.\(^\text{49}\)

Substantial American aid did not begin until 1950. A General Agreement for technical co-operation had been reached between Washington and Colombo as early as 1950, but only a few health technicians were assigned before the 'Battle Act' precluded the American Administration from making further assistance available. By 1955 political developments within the United States permitted the government to consider Sri Lanka as again eligible for American aid, despite its continuing trade with China. There was a notable surprise after the electoral defeat of the UNP regime. The United States was prepared to continue an aid programme to an avowedly neutralist successor government.\(^\text{50}\)

American assistance increased rapidly. US appropriations doubled within two years and important food surpluses were made available in addition to the development of a varied technical assistance programme. These came to $10,000,000 worth per annum.\(^\text{51}\)


\(^{50}\) *Times of Ceylon*, 16 April 1956.

\(^{51}\) W. Howard Wriggins, op. cit., p. 414.
Shortly after the 1956 election Eastern European and Chinese intent became more clearly manifest. A trade agreement with Czechoslovakia provided a long-term, low interest credit for the purchase of capital equipment. A cement plant proposal, surveyed by Czech engineers at the request of the Minister of Industries, was to be supplied by Czech machinery on the basis of an eight-year three per cent interest capital loan.\(^{(52)}\)

The Rice-Rubber Agreement with China was renewed in 1957. It called for sharply reduced deliveries of Sri Lankan rubber at world market prices. But the Chinese agreed to grant aid in the form of commodities at world market prices to the amount of Rs. 15 million annually for five years, the proceeds from counterpart sales to be earmarked to help finance the Rubber Replanting Subsidy Scheme.\(^{(53)}\). In early 1958, the Soviet Union agreed to provide a $30,000,000 line of credit at 2.5 per cent for capital equipment purchases.\(^{(54)}\)

Thus, by the end of 1957, in addition to Colombo Plan assistance, Sri Lanka was receiving substantial aid from outside the Commonwealth, in the form of food supplies, technical assistance, capital equipment and long term credits,

\(^{52}\) Central Bank of Ceylon Annual Report 1956, p.10.
\(^{53}\) ibid., p. 23.
\(^{54}\) Ceylon Daily News, 12 February 1958.
Moreover, in the decade 1960-1969, Sri Lanka borrowed extensively from the IBRD, IMF and IDA, foreign governments and foreign commercial banks. (55)

However, most of the aid obtained has been tied. Loans from the IMF were also subject to the Sri Lanka government agreeing to alter, among other things, its policies in social welfare, and to impose restrictions on the local credit market. This became standard practice during the term of office of the Dudley Senanayake (1965-70) government; its electoral standing was made far worse when it fell in line with the conditions that the IBRD and the IDA imposed for the grant of a loan to finance the first stage of the Mahaveli river diversion project. Despite these circumstances, it is significant that during the term of the 'national government' (1965-70), the IBRD did a great deal towards mobilising a fair amount of economic assistance from an Aid Sri Lanka Consortium of non-Communist governments comprising Britain, Australia, Canada, Denmark, West Germany, France, India, Italy, Japan and the United States. Six meetings of the consortium were convened by the bank during 1965-70 for organising six programmes of project and commodity aid. The total pledged under the first five programmes amounted to Rs. 1,568.4 million. (56)

The 'national government's' friendly disposition towards the West was no doubt an important consideration in influencing the donor countries and the credit agencies concerned. The same government had also, during its first year of office, taken necessary steps adequately to compensate the foreign oil companies, mostly American and British, for those of their assets which the preceding SLFP government had nationalised. The states of the Communist bloc for their part were just as enthusiastic whenever SLFP-oriented governments took office. But these states did not deliberately seek to cut off aid during the term of office of the national government. Further their loans were at lower rates of interest than those from the West, and in some instances free of interest.

During 1965-70 relations with China became strained as a result of the national government's seizure of Chinese Communist literature. But by 1970 relations had improved and the Chinese were willing to assist in the setting up of a textile mill. The Soviets for their part set up a steel rolling mill and a tyre and tube factory in 1967 and also entered into an agreement with the national government to provide technical assistance. (57)

57. ibid., p. 35.
In 1970, with drastic changes in foreign policy, oriented more in the direction of the Communist bloc and the Middle East countries, the UF government of Mrs. Bandaranayake hoped there would be adequate appreciation from those quarters. But this was not to be. In October 1970, the Minister of Internal and External Trade had occasion to complain about this when he wrote:

We are fighting neo-colonialism and imperialism. Our foreign policy is very clear and that policy has been effectively implemented.

Consequently we are beginning to suffer from retaliatory measures particularly in trade and aid. (58)

And he censured Sri Lanka’s socialist friends for not coming to the island’s assistance. The Trotskyist Minister of Finance, Dr N.M. Perera, attempted to negotiate assistance from the international credit agencies, but found their conditions would ruin the United Front government. In March 1972 the Minister stated that the IBRD had been proposing various forms of devaluation, including devaluation of the rupee by 55 per cent, but he had no intention of complying. He accused the IBRD of wanting the United Front government ‘to fall at its feet’. (59)

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59. ibid., 28 March 1972.
It was obvious from the developments after 1970 that the West had begun to show concrete evidence of its disapproval of the new orientations in Sri Lanka's foreign policy. The closure of the Asia Foundation and the winding up of Peace Corps activities in Sri Lanka irritated American opinion. The US expressed regret that the government of Sri Lanka had decided to terminate the 1962 agreement providing for Peace Corps services. (60) Further the granting of full diplomatic recognition to the German Democratic Republic irritated the West Germans, especially as they had been Sri Lanka's second biggest aid-giver in the 1965-70 phase. Aid was stopped but was resumed in 1973. The suspension of diplomatic relations with Israel on 29 July 1970, according to Mrs. Bandaranayake herself, had some adverse repercussions on Sri Lanka's trade with certain British firms with Israeli connections. (61)

In matters of trade relations and foreign assistance Sri Lanka's governments have showed themselves to be independent and pragmatic. Successive governments in Sri Lanka, irrespective of their ideological differences, were fully aware of the island's economic problems and dependence on the world market. Therefore there was a broad approval of accepting aid from a variety of sources. Due to the Western orientation of UNP, they restricted their source of economic

60. ibid., 21 July 1970.

assistance to Western countries, and confined their trade to the Western bloc. Nevertheless, in view of the exigencies of the economic situation, the UNP governments signed the Trade and Payments Agreements with China in 1952 and with some other socialist countries in the later half of their rule. Thus, the UNP governments' views on aid and trade relations with socialist countries were in marked contrast to their view on political and diplomatic relations. Moreover, insofar as there were lingering anxieties about Western economic aid being used to reconstitute Western economic power in Sri Lanka, assistance from the Eastern bloc broke a hitherto Western monopoly. For those anxious about the possible political repercussions of receiving economic aid from Communist countries, continued Western aid prevented a monopoly developing from the East.
CHAPTER VI

Conclusion

Sri Lanka emerged into the international system in 1948 without a foreign policy, unlike India, where Jawaharlal Nehru, in the pre-independence period, had developed the essentials of India's non-aligned policy. The leadership had displayed little interest in broader international affairs. This was partly a matter of temperament and partly an outcome of Sri Lanka's situation - thus, it is no surprise that the island's nationalist movement during colonial times evolved relatively free of outside influences. (1) Diplomatic relations were confined to a few countries, mostly in the Commonwealth, and at the time of independence the UK agreed, if so requested, to make available the facilities of its diplomatic representations in those countries where Sri Lanka itself was not represented. Thus, from 1948-1956, a period when the United National Party was in power, Sri Lanka tended to follow the British lead in foreign affairs, and relations with Communist countries were deliberately excluded. Besides, the 1947 defence agreement with the United Kingdom had given Britain the use of an air base at Katunayake and a naval base at Trincomalee. Sri Lanka appeared to be

involved through its senior Commonwealth partner in the
system of alliances of the Western bloc. Therefore,
during the UNP regimes (1948-1956) Sri Lanka cannot be
regarded as having followed a policy of non-alignment.

The first Prime Minister of independent Sri Lanka
D.S. Senanayake and his predecessor Dudley Senanayake,
both had an enduring interest in maintaining the Commonwealth
connection, close ties with Britain and friendship with
the West generally. During Sir John Kotalawala's premiership
(ship (1953-56) Sri Lanka became in all but name a
committed supporter of the West, despite Sir John's claim
in a speech at Bandung in 1955 to non-alignment. In fact one of the reasons for the
resignation from his cabinet of one of his leading ministers,
R.G. Senanayake, was his disapproval of what he felt was
the Prime Minister's pro-American foreign policy. (2)

During his visit to US in December 1954, the Prime Minister
in his public utterances took pains to explain why his
country could not join SEATO but he also maintained that
"he kept an open mind on the subject." (3) Earlier in May
1954, Sir John permitted American Globemasters to make use
of local airport facilities when transporting French troops
in Indo-China. The Prime Minister boldly defended his
position. His view was that as long as there was no ceasefire,

2. Sir John Kotalawela - An Asian Prime Minister's Story,
   (London 1956)

3. Ibid. - pp. 139 and 140.
it was not correct "to deter one outside party from giving aid to the belligerents without any guarantee that the other party would not do the same" and he added that he "saw no purpose in being neutral for the benefit of the wrong party."\(^4\) At the conferences Sir John convened or attended, he openly and frankly expressed his opposition to communism at the local and international levels. From his point of view they were interlinked. This was expressed at the five-nation conference of Southeast Asian Prime Ministers conference in Colombo over which Sir John himself presided in April 1954. It was moreforcefully articulated at Bogor Conference in December 1954, and at Bandung in April 1955.\(^5\)

A policy of non-alignment meant no military tie with any country, either bilateral or multilateral and non-involvement in power blocs. In the case of Sri Lanka, during 1947–56, retention of British bases tied Sri Lanka's defence to British bases. Besides, the 1947 defence agreement with the United Kingdom has given Britain the use of an air base at Katunayake and a naval base at Trincomalee. Thus, Sri Lanka involved through its senior Commonwealth partner in the system of alliances with the Western bloc. This position became definitely inconsistent with the trend of nonaligned policy.

\(^4\) Ibid., p. 127.

\(^5\) Ibid., p. 184.
Moreover, ideologically, during the UNP rule of 1947-56, Sri Lanka looked to the West for guidance. With this ideological affinity, Sri Lanka sometimes took a noncommitted position on some international issues, such as SEATO, and sometimes a position which differed from that of her non-aligned Asian neighbours as in the Indo-China war.

In the constitutional field, the UNP government continued the monarchical system, and retained the same judicial structure and the judicial committee of the privy council as the highest court of appeal.

Apart from this Sri Lanka retained the services of British in many fields. Sir Henry Moore (1948-49) and then Lord Soulbury (1949-54) were the first Governors-General of independent Sri Lanka; her first Chief Justice was the Englishman, Sir Alan Rose. As acknowledge by D.S. Senanayake, Sir Ivor Jennings was there as the unofficial adviser who guided Sri Lanka in both domestic and foreign affairs. In addition to these men, a large number of British personnel were retained from the colonial days to serve in the higher echelons of the Sri Lanka Civil Service.

Moreover Sri Lanka’s economic relations with the West remained basically unchanged during the UNP regime of 1947-56. They restricted their trade and their sources of economic assistance to Western countries. Nevertheless in view of the deteriorating economic situation, the UNP government signed the Trade and Payments Agreement with China 1952 and with some other Socialist countries in the latter half of their rule. But then Prime Minister, Dudley Senanayake, emphasised the fact that, as far as Sri Lanka was concerned, the trade pacts had only economic and not political significance.

Thus, in the political field, critical variables which determined Sri Lanka’s foreign relation during the period, 1947-56 were (a) the British bases, (b) the ideological orientation of the leadership (c) Sri Lanka’s continuing membership of the Commonwealth and (d) relation with Communist bloc.

Therefore, in the case of Sri Lanka, retention British bases tied Sri Lanka’s defence to British bases. It also committed her to military arrangement with her ex-colonial power which was one of the protagonists in the cold war, and this position became definitely inconsistent with the non-align policy, and the subservient position of the economy, too, pushed towards the entrapment of dependency upon the West.
The MEP government of S.W.R.D. Bandaranayake (1956) effected drastic changes in foreign policy which put the country on the non-aligned path. For implementing a foreign policy based on the guidelines mentioned before, he took/number of actions. The grant of military bases to Britain under the defence agreement of 1947 was withdrawn and Sri Lanka decided to become a republic within the Commonwealth. In the same year (1956) diplomatic relations were established with China and the Soviet Union. This was followed by an exchange of diplomatic contact between Sri Lanka and some of the other communist countries in Eastern Europe. In the opening of diplomatic channels Bandaranayake saw the possibility of economic and cultural benefits accruing to Sri Lanka. Her trade pattern changed for better as a result of the bilateral agreements that were concluded with Communist countries. At the same time economic assistance became available to them without there being any significant drop in aid from the West. From 1956 to 1959 Sri Lanka entered into 45 agreements concerning trade, aid, technical and economic co-operation and cultural relations. Of these 19 were with the Western bloc countries, 15 with Communist countries, 5 with non-aligned countries and six with international organizations. (8) Mrs. Bandaranayake also maintained the Commonwealth link, but the nature of this connection underwent a substantial change. In the Suez

dispute for example, she strongly opposed UK policy. With her membership of the UN and the consolidation there of the Afro-Asian Group, membership of the Commonwealth became less meaningful to her. From the economic point of view Bandaranayake also recognised the advantages of Commonwealth relations but the importance of Sterling Area membership became less with the diversification of her trade. In contrast to the UMP policy, Bandaranayake aimed to strike an even balance in matters of Sri Lanka's interest and relations between the West and all other countries. Along with the other Afro-Asian non-aligned countries he was as much upright in denouncing the actions of British in the Suez dispute and Jordan crisis as in denouncing the Soviet intervention in Hungary.

Thus, in general, nonalignment emerged as the dominant strand in Sri Lanka's foreign policy. Yet, Bandaranayake or his predecessors, who professed the nonaligned policy did not take a doctrinal view of nonalignment. Therefore the nonaligned policy became more activist and participatory than a independent policy. They managed to avoid military alliances and also, the emotional factors, such to as, Afro-Asian solidarity did not permit them move far toward the West. But these factors serve only one purpose, namely to build an attitude which does not admit of a partisan policy. However, these cannot be considered as the sole determinants of foreign policy of a nation. Like
the rest of the political activity foreign policy is the of reconciling the attitudes with the national interests. Moreover the leaders of Sri Lanka and other new nations have endowed the concept of nonalignment with properties suggestive of certain religious group - a "holier than thou" attitude in their dealing with the committed nations. Expression of these feeling can be found in the many assertions by S.W.R.D. Bandaranayake and his predecessors, and Sri Lanka representative UN sessions which have been echoed by many of the representative of the newer nations. Yet there have been few instances in which Sri Lanka government or any group of the non-aligned nations have offered carefully conceived and constructive proposals for solutions of the very problem they identify. Also they were very anxious to avoid entanglement with power blocs, yet painfully aware of their dependence upon them when issues or problems arise that affect their individual, vital interests, however, these same leaders act as all good nationalists have always done in justifying their contentions, often adopting the very line of reasoning they have been most critical of the Western nations for following.

Since 1956, however, the Sri Lanka government's implementation of its non-aligned principles has undergone gradual change which call into question the viability of non-alignment as a safe policy for a small, internally weak nation. Many factors have been responsible for these changes, internal and external, and it has obviously been the interaction of
both internal circumstances and changing international situations which have produced them.

First, Sri Lankan leaders have increasingly adopted the view of the East-West struggle held by many of the new nonaligned nations. This view holds that a posture of non-alignment means not taking side in the East-West contest, but it results in a strange paradox. For example, out of the tendency of the neutral nations to assert that nuclear testing is wrong, no matter which bloc undertake it, comes an unwillingness to make logical judgement on resumption of nuclear test by one side in violation of a clear undertaking given by both the USSR and USA. As currently expressed, the neutral nations seemed to have developed a double standard of judging the policies and actions of the opponents. In the clear case of the Soviet Union's violation of the nuclear test ban on the eve of the conference of non-aligned states in Belgrade, the non-aligned were unable to bring themselves to criticize the Soviet Union unilaterally as they have not hesitated to do concerning many American policies and actions. In Western nations, there has developed a deep suspicion that policy of judgement to the Communist bloc than to the Western allies.
Refusal to apply logical standards of judgement to both sides simply means that politically, the nonaligned are aligning themselves with one side on many crucial questions and problems. The paradox arises again from the semantics of nonalignment which implies judgement and actions. It would be difficult indeed for Sri Lanka or other small, non-aligned nations to refrain from positions or policies which are not in effect alignment with one side or the other, mainly because of their dependency on them.

Another factor which can affect the viability of Sri Lanka's nonaligned policy has resulted from application of the principle of "Friendly relations with all nations". In 1956 Bandaranayake expressed considerable pride in the fact that his government has been able to develop friendly ties with all other nations and had no serious disputes with any. Successful application of this principle, however, is not just a matter of Sri Lanka's initiative. Friendly relations in the world community is a Two-way street. When other nations make overtures for expanding friendly relations with Sri Lanka, the Sri Lanka government can hardly reject them out of hand and still follow its principles. For example, Sino-Sri Lanka relationship in 1960s make a deep suspicion among many circles. Thus, by attempting to be an impartial friend with all, Sri Lanka and other neutral states have found themselves drawn into closer ties of all
kinds with the Communist bloc. To the degree that this situation continues and these ties expand further, the whole policy of non-alignment is prejudiced and non-aligned find it more and more difficult to maintain even a semblance of impartiality in the East-West contest.

Moreover it makes little difference whether the leaders continue to stand by Sri Lanka's non-alignment as descriptive of their foreign policy, if actions and events seem clearly to demonstrate that their government and country have come within the sphere of influence of the Communist bloc to the extent that the relations with Western nations are confined to formal government-to-government arrangements. If these types of conditions continue, as in the case of Mrs. Bandaranayake's regimes 1960-65, and 1970-77, non-alignment can become nothing more than a verbal declaration and but a status of dependency.

There is little evidence that the Sri Lankan leaders or those of very many small, non-aligned nations have taken the time or have been willing to establish their own criteria by which they can set the bounds of their non-aligned policy. Most of such decisions are taken under pressures of domestic problems and internal politics are made without much in the way of a guideline which could enable them to realize that specific kinds of relations with one nation or group of
nations may have a way of accumulating to the point where such ties are created as to go beyond the bounds of non-alignment to dependency.

Under what condition, then, might a policy of neutralism based on principles of nonalignment, friends with all nations, and no aid "with strings" succeed for a small, ex-colonial nation? Effective non-alignment under which a nation is able to act independently and can determine the nature and scope of its relations with other states as to remain free of economic, cultural, political, or military entanglements, require strength of will on the part of its leaders. It requires careful thought and planning as to what course will preserve its independence in the face of new situations and changing international conditions. But strong-willed leaders are not enough. A small nation's ability to assert and to maintain its integrity and to withstand pressures from the outside can be measured in direct proportion to the degree to which its government has been able to develop a viable economy, a stable political system and inculcate in its people a sense of national unity and national purpose.

If a policy of non-alignment is only viable under above conditions, then very few of the new, ex-colonial nations could qualify as being strong enough to make a policy of non-alignment workable.
The study of Sri Lanka's foreign policy should demonstrate that strict non-alignment would only be a viable policy if Sri Lanka, or any similar neutral nations were able to maintain itself with only the minimum of any kind of relations with the members of the two power blocs and were able to control their internal affairs as to prevent any significant infiltration from any outside source prejudicial to their security. Such a policy would also dictate a political system not subject to "pro-West" or "pro-East" influences. It would mean that the East-West contest could not be fought out over domestic issues between factions with ties outside the country. In the present complex interdependent world, such isolation is not possible. In the final analysis, and in the light of this study of Sri Lanka's foreign relations it would appear that non-alignment as presently defined in policy and action is less than a viable policy. More and more it appears to lead a small, weak, excolonial nation toward the fatal entrapment of dependency upon the West or East, and whether such growing dependence is manipulated by East or West, the end result is the same. If the reasoning in this study is substantially valid, then non-alignment as foreign policy for a small, excolonial nation is inconsistent with the true independence in foreign affairs, since in the present state of world politics, non-alignment has lost almost all the annotations of impartiality. A nation pursuing an independent foreign policy can take sides on international
issues or can refuse to take sides without having to show that its action in either case is "bringing it near to Communist bloc", or makes it "lean closer to the Anglo-American bloc". For any small nation to act with such independence, its leaders would have to adopt a more carefully thought out criteria of judgement than that demonstrated in the past by Sri Lanka or those of many other small nations. They would have to have the courage to stand by their convictions and stand up to pressures from the major powers. Further as more and more nations declared themselves neutralist or non-aligned, and as each country in practice formulated policies based upon their international interests, domestic needs, psychological sentiments, regional relations, and the personal ambitions of political leaders, it became clear that the terms were analytically meaningless descriptions of widely differing policies.

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