

Socio-economic inequality and ethno-political conflict: some observations from Sri Lanka

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ABSTRACT Inspired by the recent theoretical interest in the role of material factors in intra-state conflicts, this article examines socio-economic inequality between ethnic groups in Sri Lanka. Drawing on available empirical data, the article suggests that actual disparities in income, education and employment between Sinhalese and Northeastern Tamils were small compared with inequalities within each group, and that these inter-ethnic disparities were decreasing in the decades since independence. However, although the two groups were relatively equal and becoming more equal, inter-ethnic rivalry over access to economic resources became instrumental in the intensification of ethno-political conflict in Sri Lanka. It is argued that real and relative welfare losses among Northeastern Tamils, the politicisation of key areas of disparity, and incendiary state policies served to transform relatively marginal inter-ethnic disparities into salient political issues. The article seeks to build on these observations to highlight the nexus between material grievances and ethno-political conflict, and suggests that formulating public policies that address real and perceived inequalities will remain important in resolving such conflict.

The Tamils have dominated the commanding heights of everything good in Sri Lanka.¹ (Ronnie De Mel)

Versions of this view, articulated in this instance by the then Sri Lankan Minister of Finance in the aftermath of the anti-Tamil pogrom of 1983, are very familiar to observers of the country's politics, and feature heavily in analyses of ethnic relations in Sri Lanka. Popular belief in Sri Lanka holds that Tamils had been favoured by the British colonialists and were, on average, richer, better educated, more likely to be literate in English, and heavily over-represented in higher education and public sector employment. Resentment of this perceived Tamil advantage by the numerically larger and politically more powerful Sinhalese is often said to be at the heart of ethno-political conflict in Sri Lanka. The cycle of

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war and violence that has plagued the island for the better part of two decades—and from which the country has yet to emerge fully²—is seen as an unfortunate consequence of this inter-ethnic rivalry.

Surprisingly, there has been relatively little empirical or analytical research that presents a cogent picture of whether and how socio-economic inequality (disparities in access to economic resources such as income, education and employment) figured in the rise of ethno-political conflict in Sri Lanka. This article is an attempt to fill this lacuna by surveying and analysing available data on the nature and extent of inter-ethnic inequality in Sri Lanka in the decades after independence. The key observation that arises from this exercise is that any Tamil advantage was small and diminishing. It is suggested here that, far from undermining the importance of inequality, these small disparities in key symbolic areas and marginal changes in inter-ethnic inequality were actually instrumental in the intensification of ethno-political conflict. Thus, not just actual levels of inequality but also the discursive strategies through which inequality is politicised become important. By exploring this relationship between the material and discursive, this article aims to understand better the causes of conflict in Sri Lanka, and perhaps even to provide some timely clues on how such ethno-political conflicts can be resolved or prevented. In the Sri Lankan case, there seems to be a compelling line of causation that links inter-ethnic inequality to ethno-political conflict: seeking to capitalise politically on resentment of Tamil success, successive Sri Lankan governments enacted a series of policies aimed at ‘correcting’ the Tamil advantage, which, in turn, fuelled Tamil grievances. These material grievances added to Tamil alienation from normal political processes and bolstered support for violent secessionism.

The article opens by examining the reasons why the study of socio-economic inequality is important for Sri Lanka and for the study of ethno-political conflict generally. A subsequent section turns to how key public policies in the post-independence period reinforced inter-ethnic rivalry over access to economic resources. A penultimate section contains several observations based on empirical data. A concluding section seeks to draw together the strands and explore how inequality may have fuelled conflict.

Why inequality? Why now?

Given the complexity of the Sri Lanka situation and the current initiatives for peace, it may seem odd to look back at how the one particular issue of inequality has figured in the intensification of conflict in the country. However, such a re-examination may serve to fill two gaps—one in the theoretical understanding of conflict, and another in the literature on the Sri Lankan conflict—and may actually be timely. For while there has been a recent resurgence of interest in the political economy of intra-state conflicts, much of this literature has tended to underplay the role of inequality.³ Part of the reason for this is oft-cited cross-country empirical evidence suggesting that inequality in the distribution of income and land does not have a statistically significant impact on the likelihood of internal conflict.⁴

Instead, grievances over the distribution of resources are seen as providing rhetorical cover to rebellious groups pursuing their own economic agendas. As a result, recent analytical emphasis has been on private motivations and the economic conditions that facilitate insurgency and violence. It is the pursuit of greed and not the redress of grievance that has concerned many analysts; whereas the latter is sometimes dismissed as a misplaced obsession of the political left.⁵ Yet, despite this lack of a straightforward empirical relationship between inequality and conflict, there is a credible literature within the social sciences that suggests attention must be paid to grievances in understanding the causes and resolutions of conflict. For a start, the relative status of groups and regions within a state in terms of structural characteristics (such as education, employment and income) and social psychological characteristics (such as group esteem) can certainly shape the potential for secessionist conflict, even though it may not actually be a trigger.⁶ As a result, attention must be paid to disparities between groups within a society in access to a range of economic, political and social resources (sometimes called 'between-group' or 'horizontal' inequalities).⁷ Furthermore, given that ethno-political mobilisation can often hide or overcome high levels of inequality and exploitation within a group⁸ (sometimes called 'within-group' or 'vertical' inequalities), it is also pertinent to examine the interaction of between-group and within-group inequalities.

Moreover, very few studies of the Sri Lankan conflict have developed the categories and methodologies to examine factors such as inequality, class and development.⁹ This is particularly surprising given that the academic literature on Sri Lanka is littered with claims that material conditions and economic policies have contributed to ethnic tensions and Tamil separatism.¹⁰ Several authors have tried to clarify how much of an advantage Tamils actually enjoyed, particularly in education.¹¹ However, very few attempts have been made to develop a framework that would link actual levels of socio-economic inequality, political discourse on inequality and the rise of ethno-political conflict. This article is intended to be a first step in that direction.

Finally, it is also hoped that an exploration of inter-ethnic inequality in the past will prove useful in attempts to resolve conflict. If resentment and rivalry have featured so prominently in the lead up to conflict and violence, it can only be assumed that such collective feelings will take time to dissolve. For example, soon after the 2002 ceasefire, there were already indications that some Sinhalese feared that the Tamil-dominated northeast would enjoy rapid economic development and success, leaving the South behind.¹² Future policy decisions regarding inter-ethnic inequality and the distribution of political and economic resources in a multi-ethnic state such as Sri Lanka are likely to remain critical in maintaining peace, just as they were in causing conflict.

Inequality and ethno-political conflict

Sri Lanka's population, currently estimated at 19 million,¹³ is highly heterogeneous, differentiated as it is across ethnic, religious, linguistic, caste and

regional lines. Despite this diversity, the country's population is most often differentiated, through both official ascription and collective self-identification, along ethnic or communal lines. At the time of the last available island-wide census¹⁴ in 1981, the Sinhalese (74% of the population), Northeastern Tamils (13%), Muslims (7%), and Upcountry Tamils (6%) were the largest ethnic groups.¹⁵ In political terms, these groupings have tended to be the basis for most, although by no means all, political conflict in Sri Lanka.¹⁶

In the decades after independence, Tamil political leaders voiced concerns over their exclusion from political power, and began to articulate increasingly radical nationalist positions. The disenfranchisement of the majority of Upcountry Tamils, several incidents of anti-Tamil violence, growing Tamil frustration at the broken promises of Sinhalese leaders, and anger over state-sponsored Sinhalese settlement of Tamil areas served to compound Tamil fears of Sinhalese domination and fuelled separatism. Also critical to the growth of Tamil nationalism during the period from independence to the early 1980s, and of particular relevance to the concerns of this article, was the prominence of socio-economic inequality in political discourse in Sri Lanka.

When Sri Lanka (then Ceylon) gained independence from Britain in 1948, there were already signs that Sinhalese felt they had not received their fair share of economic opportunity while Tamils feared that their political, economic, and cultural rights would need to be protected against erosion by the former.¹⁷ While some claims, such as the rumour that Tamils held as many as 60% of all government posts in the immediate post-independence years,¹⁸ were exaggerated, this general sentiment was certainly important in shaping public opinion. From the late 1950s onwards, these sentiments were given greater political salience as the two major Sinhalese-dominated political parties (which have alternated in and out of government since independence) sought to outdo each other in promising to correct the Tamil advantage. To the majority of the Sinhalese electorate, these were seen as just measures to re-establish their rightful position. To most Tamils, these policies were seen as discriminatory.

Among those policies that sought to address differences between Sinhalese and Tamils, four areas stand out, the first of which is language policy and its implications on employment. The introduction of the 1956 *Official Language Act* (known as the 'Sinhala Only Act') and allied regulations in subsequent years restricted economic opportunities for non-Sinhala speakers. The medium of instruction at primary, secondary and, eventually, tertiary levels was to be in a person's vernacular language, while Sinhala gradually became the lingua franca of the public service. This effectively meant that Tamils who had hitherto studied in English in order to get public service jobs were now required to pass Sinhala examinations, or were limited to a few regional Tamil-speaking positions. Meanwhile, Sinhala-speakers were presented with more employment opportunities.

The second contentious set of policies related to education, particularly tertiary admission. Until 1969, admission to a university in Sri Lanka was based on results from a set of final secondary school examinations ('A'-levels). In 1971, the newly

elected government implemented a system of differential quotas and cut-off marks based primarily on medium of education. In effect, it set a lower qualifying mark for Sinhala medium students 'so that a politically acceptable proportion of Sinhalese students could be admitted to the University'.¹⁹ During the mid-1970s, further revisions included the introduction of standardisation of raw marks across all language media, and a district quota system to allocate university places according to local population. These measures, which resulted in reductions in the numbers and proportions of Tamils entering tertiary courses in the early 1970s, were interpreted as unfair by an increasingly frustrated Northeastern Tamil youth.

A third issue of political significance was the role of political patronage in fuelling ethnic resentment. By the 1970s, state control of the economy was so substantial that opportunities for political patronage extended to land, housing, industrial licenses, school admissions, credit, foreign exchange and jobs. During this time, the frequent change of government may have meant that the fortunes of supporters of the two major Sinhalese-dominated political parties changed periodically but, for Tamils, permanent exclusion from government also meant permanent exclusion from opportunities for political patronage.²⁰ Beginning in 1979, almost all recruitment to the lower grades of the public sector was through the Job Bank scheme under which each Member of Parliament (MP) was permitted to recommend up to 1000 job seekers for employment.²¹ Despite high levels of youth unemployment in the Northeast, Tamil MPs from the region had only limited access to this scheme. For example, by May 1982, only 1470 of the 11,000 applicants nominated by MPs from the Tamil United Liberation Front (TULF), a coalition of Tamil nationalist parties, were given government jobs. This was a substantially lower success rate than other parties.²²

A fourth key grievance among Northeastern Tamils was regional development. Over time, state-initiated infrastructure and investment became particularly important to Sri Lanka's development strategy, with a shift from investment in human capital to physical capital. This shift meant that, by adjusting the nature and location of capital projects, the state was in a better position to achieve a differential impact across ethnic groups, given their regional concentration, especially through local recruitment.²³ Almost all state-initiated industrial development took place in and around the capital of Colombo while the Northeast was neglected.²⁴ While the Sri Lankan state justified this regional concentration of industrial investment as utilisation of economies of location, Tamil nationalists made an issue of the large regional disparity in development financing and regional employment. Similarly, the country's largest development project, the Mahaweli Development Project, also raised political passions as Tamil leaders complained that it both neglected Tamil areas and was intended to support colonisation programmes in which Sinhalese were being moved to largely Tamil areas.²⁵

While the root causes of Tamil separatism and militancy lay in a number of factors, the importance of political confrontation over the implications of these economic policies is undeniable. In the mainstream political process, the emergence of the nationalist TULF coalition was a symbolic unification of the Tamil political leadership. It is telling that the TULF manifesto of 1976 expresses

outrage at the denial of 'equality of opportunity' for Tamils in 'the spheres of employment, education, land alienation and economic life in general', and the starvation of 'Tamil areas of large-scale industries and development schemes'.²⁶ Economic grievances had taken their place on the Tamil political platform alongside grievances about linguistic, religious and cultural rights. These concerns, as we shall see later, were also central to the cohort of frustrated Tamil youth who led the transition from normal to violent political protest as they sought political and economic liberation from the Sri Lankan state.

What can be said empirically?

The policies outlined above not only indicate the importance of inter-ethnic disparities in political discourse in Sri Lanka in the decades following independence, but also signal the ways in which inequality featured in ethno-political mobilisation. However, at this stage, it will be useful to (re)turn to the empirical picture to assess the extent of Tamil advantage and the impact of corrective policies. This is not an easy task given the paucity of reliable empirical data. Nevertheless, despite problems in data quality, frequency and coverage (particularly in the Northeast since 1983), there are some useful sources—including primary ones such as the periodic Consumer Finance Surveys (CFS),²⁷ as well as the secondary sources cited below. Drawing unambiguous conclusions from these data is impossible, but it is possible to make several observations that are useful in understanding the nature of conflict in Sri Lanka.

Northeastern Tamils had slightly higher incomes than Sinhalese in 1950s and 1960s

Evidence from the immediate post-independence period suggests that Northeastern Tamils were indeed, on average, slightly richer than the Sinhalese. For example, the 1963 CFS shows that average Kandyan Sinhalese incomes were about two-thirds of Northeastern Tamils, and that Low-country Sinhalese earned about 10% less (see Table 1).²⁸ Average Sinhalese earnings were about 271 rupees per capita, about 20% less than Northeastern Tamils. While this disparity is worth noting, it is also important to point that Sinhalese and Northeastern Tamils were relatively equal compared with the position of other groups. For example, the 'others' group (made up primarily of Europeans and people of European descent and accounting for only 0.6% of population in 1963) was well ahead of all communities, the Muslims and Malays were significantly better off, and Upcountry Tamils were far worse off. In this context, and compared with within-group Sinhalese disparities, the advantage of the Northeastern Tamils was small.

Tamil incomes fell in real and relative terms during the 1960s and 1970s

However, according to CFS data, average Northeastern Tamil income fell in real terms between 1963 and 1973, while Sinhalese incomes rose. According to this

Table 1. Per-capita incomes by ethnic groups, 1963 and 1973

Ethnic group	Average real income per earner (Rupees per 2 months at 1963 prices)		1973 income as percentage of 1963 income
	1963	1973	
Sinhalese (Kandyan)	219	277	127%
Sinhalese (low-country)	292	342	117%
Northeastern Tamils	327	309	94%
Upcountry Tamils	148	148	100%
Muslims and Malays	414	441	107%
Others	819	646	79%

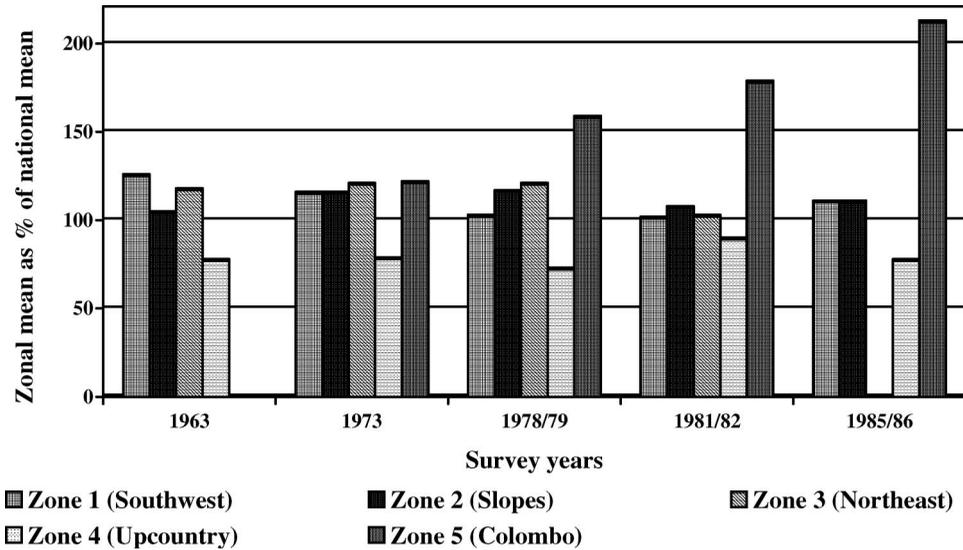
Source: Central Bank of Sri Lanka, *Consumer Finance Survey* (Colombo: CBSL, 1963 and 1973).

survey, average earnings of the two Sinhalese groups were roughly 323 rupees compared with the Northeastern Tamil average of 309 rupees. Elsewhere, expenditure data show all non-Sinhalese ethnic groups slipping relative to the national mean over this period.²⁹ In the case of Northeastern Tamils, mean expenditure decreased from 112% of the Sinhalese (and national) mean in 1969–70 to 103% by 1980–81. During this period, Northeastern Tamil household incomes grew at a slower rate than any other group, about 10% lower than Sinhalese household incomes. More longitudinal data on regional disparities from the CFS show a similar decline in the relative prosperity of the Northeast region. Figure 1 shows that the Northeast (without the Amparai District) enjoyed a per-capita income around 20% higher than the national mean through the 1960s and 1970s, but that in the 1981/82 survey the Northeast mean was almost identical to the national mean. Interestingly, while the Northeast had been almost equal with Colombo in 1973 (when Colombo municipality figures began to be reported separately), in 1981/82 per-capita income in the Northeast was only 57% of the capital's mean.

Growing within-group income inequality in the 1970s

While income inequality between ethnic groups may have been falling in the decades after independence, overall inequality within the entire population fell in the first two decades and then rose again during the 1970s. Estimates of Sri Lanka's Gini coefficient, a measure of income inequality in which 0 equals perfect equality and 1 equals perfect inequality, show a 'U' shaped pattern (see Figure 2). The average Gini coefficient for of the 11 estimates for 1963 was 0.43. The average for 1970 (based on six estimates) and 1973 (nine estimates) was 0.35. The average for the years 1979, 1980, and 1981 (seven estimates in total) was 0.44. While the differences between estimates make predicting a clear pattern difficult, it is useful to note for present purposes that overall income inequality among Sri Lankan households rose considerably between the early 1970s and the early 1980s.³⁰

Figure 1. Per-capita income distribution in five survey zones, selected years



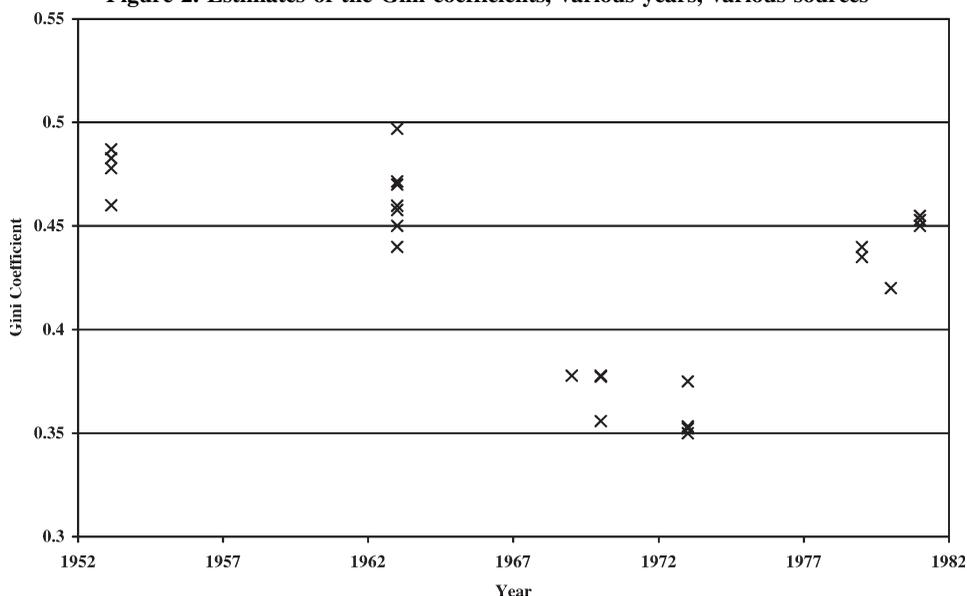
Note: Zonal divisions are taken from Department of Census and Statistics classifications. Data for the Colombo municipality (Zone 5) are included in Zone 1 for 1963 survey. Zone 3 is the Northeastern Province, excluding the Amparai district. No data were available for Zone 3 in the 1986/87 survey. Source: Central Bank of Sri Lanka, *Consumer Finance Survey* (Colombo: CBSL, various years).

Within-group inequality was more important than between-group inequality

While disparities between ethnic groups may have been politically salient, it is important to recognise that disparities within ethnic groups were large in Sri Lanka and, as noted earlier, generally rising in the late 1970s. A more rigorous analysis of the extent of inter-ethnic inequalities can be obtained through the use of statistical decomposition across sectors, regions and ethnic groups. Here, applying generalised entropy analyses to decompose income and expenditure data from 1969–70 and 1980–81, it had been shown that overall inequality is overwhelmingly a matter of inequality *within* the various ethnic groups in Sri Lanka rather than *between* them.³¹ The between-group component for ethnic groups is the smallest of all three decompositions, accounting for only around 1% of all inequality in both surveys. Such a finding is compatible with the observation that ‘the social inequality between dominant and subordinate classes within each [major ethnic] group is larger than the social inequality between the two groups’.³²

Small but decreasing Tamil advantage in science-based tertiary courses

With a long tradition of investment in education³³ and greater opportunities for English-medium education, Northeastern Tamils had been successful in obtaining a greater share of the Sri Lanka’s tertiary education places than their proportion of

Figure 2. Estimates of the Gini coefficients, various years, various sources

Source: Data derived from the UNU/WIDER–UNDP World Income Inequality Database, version 1.0 (2000) available at <http://www.wider.unu.edu/wiid/wiid.htm> (accessed 1 May 2004). Only income surveys were used.

the country's population. Northeastern Tamil students, especially those gaining admission from Jaffna District, had chosen to concentrate on the science-based admission streams and, in the years following independence, were heavily over-represented in university science faculties. In 1964, for instance, Tamils held 37% of places in science and engineering, 41% of places in medicine and dentistry, and 42% in agriculture and veterinary science.³⁴ However, as state policies described earlier began to take effect through the 1970s, Tamil admissions fell. For example, the proportion of Tamils in science-based courses fell from nearly 40% of all successful candidates in the late 1960s to around 25% by the late 1970s.³⁵ Since Tamils never made up more than around 10% of non-science-based courses, the overall proportions of Northeastern Tamils in Sri Lanka's universities by the early 1980s were roughly on a par with their share of the population.

Sinhalese and Tamils had similar overall educational profiles

A focus on university entrance, despite its political significance, presents a distorted view of what was happening in the broader education system. Despite increases in general levels of education, access to tertiary education was beyond the vast majority of Sri Lankans. By the late 1970s, only 1.4% of the whole

Table 2. Educational attainment as a percentage of major ethnic groups, 1978/79

	No schooling	Primary education	Secondary education	O-levels	A-levels and higher
Sinhalese	21.9	37.9	29.1	9.5	1.6
Northeastern Tamil	23.5	36.1	26.3	12.4	1.6
Upcountry Tamil	45.0	47.6	6.2	1.1	0.1
Moor & Malay	27.1	43.2	22.7	6.3	0.7
Other	6.5	35.9	43.5	9.8	4.3
All island	24.4	38.8	26.3	8.8	1.4

Source: Central Bank of Sri Lanka, *Consumer Finance Survey* (Colombo: CBSL, 1978/79).

population had completed secondary education or beyond (see Table 2), and the supply of university positions had grown only slightly. Numbers sitting university entrance examinations increased dramatically, from less than 1000 in the 1940s to around 100,000 by the early 1980s, but the number of available spots at university only rose from several hundred to around 5000.³⁶ As a result, the success rate for university entrance, which peaked at over 30% in the 1950s, fell to around 5% in the later 1970s.³⁷ In ethnic terms, the two major communities actually had strikingly similar overall educational profiles.³⁸ The broader Education Attainment Index published in the early 1980s shows that Northeastern Tamils (4.94) were marginally ahead of Kandyan Sinhalese (4.40) and, in fact, behind low-country Sinhalese (5.26).³⁹ Both groups were well ahead of the Upcountry Tamils (2.10) and Muslims (3.91).

Small but highly visible Tamil advantage in top grades of the public sector

There is some evidence to suggest that Tamils had done disproportionately well during Colonial rule. For example, by 1946, of the 116 non-Europeans in the upper ranks of the Civil Service, some 27% were Tamil and 14% were part-European while the remaining 59% were Sinhalese.⁴⁰ It is likely that this slight over-representation of Tamils, especially in the top grades, continued for some years after independence. Tamil presence in the public service was probably exaggerated in public perception because Tamils tended to hold highly visible posts that involved public interaction, especially in the Public Works Department⁴¹ and the Audit and Accountants' Services.⁴² These visible Tamil public servants in southern areas, along with Tamil traders in these areas, were often seen by local Sinhalese as part of a ruling elite.⁴³

Gradual reduction in Tamil public sector employment

The Sinhala-only legislation detailed earlier resulted in increased Sinhalese recruitment to state employment, and there was a natural shift in the make-up of the public service.⁴⁴ While the Tamil presence in the higher grades remained

relatively robust, Tamil recruitment to the more numerous lower clerical grades fell considerably (see Table 3). As a result, by 1972, for example, Tamils held some 29% of all positions in the top administrative, professional and technical grades, well above their share of population, but were under-represented in the middle and lower grades.⁴⁵ By 1980, a census of public sector employment showed that Tamil participation in overall make up of public sector employment (including state-owned enterprises) stood at around 11%.⁴⁶ Evidence from the post-1983 period suggests that Sri Lankan public sector has become an overwhelmingly Sinhalese institution and that participation rates among all non-Sinhalese ethnic groups have fallen below population parity.⁴⁷

Conclusions

The challenge in understanding the Sri Lankan conflict better will be to reconcile the observations made above with the nature of ethno-political mobilisation. At best, such an exercise should point the way to a more nuanced political economy of conflict, both in the country and elsewhere. At the very least, it should serve as a reminder that material grievances can be instrumental in explaining the dynamics of even the most primordial of conflicts, and may even remain important in the resolution of such conflicts.

The most striking conclusion is that the intensification of inter-ethnic political conflict in Sri Lanka did not coincide with large or growing inter-ethnic socio-economic inequality. Indeed, the data presented earlier suggest that such inequalities between the Sinhalese and Northeastern Tamils were not large in

Table 3. Central Government recruitment, selected categories and years (percentages in brackets)

Ceylon Civil Service (later Sri Lanka Administrative Services)	1948	1955	1963	1979
Sinhalese	83 (54%)	104 (57%)	506 (72%)	1,316 (85%)
Tamil	38 (25%)	47 (26%)	165 (23%)	203 (13%)
Others	33 (21%)	30 (16%)	35 (5%)	26 (2%)
Government Accountants Service	1948	1955	1963	1979
Sinhalese	27 (44%)	30 (45%)	72 (43%)	233 (61%)
Tamil	31 (51%)	32 (49%)	95 (56%)	148 (39%)
Others	3 (5%)	4 (6%)	2 (1%)	2 (1%)
General clerical services	1949	1955	1963	1978-81
Sinhalese	805 (54%)	422 (66%)	703 (92%)	4870 (94%)
Tamil	610 (41%)	191 (30%)	52 (7%)	279 (5%)
Others	84 (6%)	27 (4%)	9 (1%)	53 (1%)

Source: S.W.R. Samarasinghe, 'Ethnic representation in central government employment in Sri Lanka', in Committee for Rational Development (ed), Sri Lanka, The Ethnic Conflict: Myths, Realities and Perspectives (New Delhi: Navrang, 1984).

absolute terms, neither when compared with disparities between other ethnic groups in Sri Lanka, nor when compared with inequality within each group. While Northeastern Tamils and the Northeast region did enjoy a slight advantage in income and other measures of socio-economic success in the years soon after independence, it was not the widespread or general advantage often suggested in domestic political discourse. Tamils had certainly not ‘dominated the commanding heights of everything good’ as opined by De Mel earlier.

Instead, the period of ethno-political mobilisation in Sri Lanka coincides with a period in which inter-ethnic inequalities are insignificant and shrinking. At first sight, this seems to be counter-intuitive as greater inter-ethnic equality could be expected to reduce inter-ethnic rivalry. However, in the Sri Lankan case it seems that several related developments served to transform relatively marginal inter-ethnic disparities into significant political issues, including real and perceived welfare losses among Northeastern Tamils, the politicisation of key areas of disparity, and incendiary policies. These issues are now examined more closely.

First, the evidence presented suggests that Northeastern Tamils experienced real welfare losses and relative losses when compared with the Sinhalese. Northeastern Tamil households experienced falling real incomes during the late 1960s, and incomes in the northeast fell relative to faster growing regions during the 1970s. At the same time, opportunities for higher education and state employment, avenues that had hitherto been important for Tamil social mobility, were curtailed. It is no coincidence that this was a period in which Tamil nationalism ripened, and in which Tamil politicians and militants used widely felt grievances to mobilise support.

Second, despite relative equality between Northeastern Tamils and Sinhalese, debates around key inter-ethnic disparities shaped political discourse. By evoking past unfairness (e.g. British favouritism towards Tamils in employment) and disparities at the upper echelons (e.g. tertiary admission), public debates did not reflect the current or wider empirical situation of general inter-ethnic equality. For example, there was a disjuncture between the hype surrounding the issue of university admission and the small number of young people even eligible for admission. Meanwhile, wider frustrations about the stagnation in the number senior secondary school places and the poor quality of Sri Lanka’s education facilities were, at least at times in the 1970s, superseded by and sometimes channelled through an overtly ethnicised debate about university places. When inequality did become politicised, the patterns that received the most popular attention were not necessarily those identified by social scientists as being the most significant. Thus, even marginal differences between groups, especially at the top end of the socio-economic spectrum, have the potential to fuel political conflict—something that quantitative analysis alone is unlikely to reveal.

Third, interventions by the Sri Lankan state to correct inequality were also critical in transforming relatively small inter-ethnic inequalities into highly divisive issues. For Tamils, the adverse direct impact of state policy, combined with the coincidence of falling relative welfare, bolstered secessionist sentiment. Moreover, while many state policies listed above were aimed at curbing Tamil

advantage at the higher end of socio-economic success, their most incendiary impact was at the lower end. An established economic elite within the Tamil community was able to sustain its economic position or, increasingly from the late 1950s, to seek opportunities overseas. However, restrictive language, recruitment and commercial policies evoked the most passion among a younger generation of Tamils, educated in the vernacular, resident in the northeast and with limited access to further education or state employment. The rising expectations for economic political and economic self-determination of this group were not being met by either the Sinhalese-dominated state or the elected Tamil leadership. It is therefore no surprise that the Tamil militant groups that emerged in the 1970s were made up primarily of 'the 18 to 35 years age cohort, educated and mainly coming from non-propertied lower middle-class background'.⁴⁸

That resource allocation (e.g. state employment) was seen as subject to political interference made it easy to lay blame on the state and Sinhalese leaders. At another level, the overt deployment of ethnic categories and ethnically-biased objectives in formulating state policy, and in the way that leaders articulated these policies, made the state both the locus and focus of inter-ethnic rivalry. Tamil self-determination became increasingly about liberation from a discriminatory, majoritarian state and no longer simply about agitation for greater rights. Meanwhile, for a section of the Sinhalese electorate, the visibility of at least a few Tamils in those 'commanding heights' was a sign that state policy had not gone far enough in correcting the Tamil advantage and that more radical measures were needed.

What stands out in the Sri Lankan case is the nexus between material grievances and political conflict. Sections of both the Tamil and Sinhalese leadership were able to deploy grievances strategically in their quest to mobilise support. Real and existing inequalities—even about issues that were the direct concern of a very few—were increasingly articulated as wider ethnic issues in a mutually reinforcing spiral of worsening ethno-political conflict. When economic conditions worsened, frustrations that might otherwise have been directed in non-ethnic forms of protest (such as the Janatha Vimukthi Peramuna insurrection against the state in the early 1970s) became part of ethno-political mobilisation. The rising inequality within all groups in the late 1970s did not result in increased class agitation, but rather coincided with greater ethno-political conflict. Ethnicity had well and truly trumped class as the dominant locus of social protest. Inequalities between two relatively equal and equally unequal groups had become instrumental in (although admittedly not solely responsible for) the intensification of ethno-political conflict in Sri Lanka.

These conclusions not only point to the importance of economic factors in fuelling political conflict, but they also hold some relevance for the methodology of political economy and to the resolution of conflict. From a methodological perspective, the Sri Lankan case is a reminder that not only is a narrow focus on inequality within an entire population inadequate but so too is a focus on measures of average inequality between key groups. The inequalities that feature most prominently in collective grievances may be symbolic in nature and may not

have a discernible, generalised impact on inequality data. Moreover, it may well be changes over time in real or relative group status that may matter more in fuelling conflict. Equally important is the need to examine the political context in which material grievances are expressed. These observations point to the inadequacy of overly economistic and quantitative analyses of the dynamics of conflict.

From a conflict resolution perspective, the Sri Lankan case is a reminder that the importance of inequality should not be underestimated. Collective memories of disparities and injustice are likely to linger and continue to inform inter-ethnic perceptions. Two decades of war and destruction in the northeast in which the region has suffered considerably⁴⁹ can only have heightened Tamil sensitivities about the willingness and ability of the Sinhalese state (and the Sinhalese electorate) to deliver a just distribution of material resources. Similarly, it is likely that any rapid reconstruction and development of the Northeast—a shared emphasis of the Liberation Tigers of Tamil Eelam, the most dominant Tamil militant group, and the government since the ceasefire and since the 2004 tsunami—will evoke Sinhalese fears about Tamil success. These insecurities on both sides will need to be managed carefully by political leaders. Unfortunately, recent Sri Lankan history does not augur well for the prospect of deflating, let alone preventing, inter-ethnic rivalry.

One way to promote constructive discourse could be through exposing the actual (in)significance of inter-ethnic inequalities. This will involve revisiting old data, as has been done here, but also the collection of recent data on inequality. While little can be done to remedy the paucity of historical data retrospectively, this is a reminder of the need for countries such as Sri Lanka to collect and maintain good quality socio-economic data. It is perhaps naïve to think that if the real picture of small inter-ethnic inequalities and falls in Tamil welfare had been reported at the time, the ethno-political conflict seen in Sri Lanka could have been avoided. However, creating a readily accessible database on socio-economic inequality would be useful not just in formulating better public policy, but also in countering incendiary discourses.

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Notes and references

1. Ronnie De Mel, quoted in 'The wages of envy', *The Economist*, 20 August 1983, p 22.
2. A civil war between the state's armed forces and Tamil militants is estimated to have claimed more than 60,000 lives, displaced more than one million people and come at a very large economic cost, especially in the northeast of the island where most fighting has taken place. While a ceasefire between the state and the Liberation Tigers of Tamil Eelam, the most dominant Tamil militant group, has been in place since early 2002, a permanent settlement to decades of ethno-political conflict seems elusive.
3. For a good review of this recent interest, see Christopher Cramer, 'Does inequality cause conflict?', *Journal of International Development*, Vol 15, No 4, 2003, pp 397–412.

4. See Paul Collier and Anke Hoeffler, *Greed and Grievances in Civil War* (Oxford: University of Oxford Centre for the Study of African Economies, 2002); and Paul Collier and Anke Hoeffler, 'On economic causes of civil war', *Oxford Economic Papers*, Vol 50, 1998, pp 563–573.
5. Perhaps the publication that best captures the priorities and conclusions of this interest is Paul Collier *et al.*, *Breaking the Conflict Trap: Civil War and Development Policy* (Washington DC: World Bank & Oxford University Press, 2003).
6. Donald L. Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985).
7. See Frances Stewart, *Crisis Prevention: Tackling Horizontal Inequalities* (Oxford: Queen Elizabeth House, 2000); and Frances Stewart, *Horizontal Inequalities: A Neglected Dimension of Development* (Helsinki: UNU/WIDER, 2001).
8. Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London: Verso, 1991 [1983]), p 7; original emphasis. In an interview with the *Kyoto Journal* (Vol 45, Fall 2000), Anderson notes that the 'striking innovation of nationalism, compared to all previous systems, is that its basic grammar is one of equality, even though in real life, of course, there's plenty of inequality.'
9. Radhika Coomaraswamy, 'Linkages between methodology, research and theory in race and ethnic studies: a case study of Sri Lanka,' in P. Ratcliffe (ed), '*Race, Ethnicity and National: International Perspectives on Social Conflict*' (London: UCL Press, 1994), pp 134–150.
10. V. Nithyanandam, 'An analysis of economic factors behind the origin and development of Tamil nationalism in Sri Lanka', in Charles Abeysekera and Newton Gunasinghe (eds), *Facets of Ethnicity* (Colombo: Social Scientists Association, 1987), p 136; S. Gamage, 'Radicalisation of the Tamil middle class and ethnic violence in Sri Lanka', *Journal of Contemporary Asia*, Vol 24, No. 2, 1994, p 174; G Alling, 'Economic liberalization and separatist nationalism: the cases of Sri Lanka and Tibet', *Journal of International Affairs*, Vol 51, No 1, 1997, p 127; David Dunham and Sisira Jayasuriya, 'Equity, growth and insurrection: liberalization and the welfare debate in contemporary Sri Lanka', *Oxford Development Studies*, Vol 28, No 1, 2000, p 104.
11. C.R. de Silva, 'The politics of university admissions: a review of some aspects of the admissions policy in Sri Lanka 1971–1978', *Sri Lanka Journal of Social Sciences*, Vol 1, No 2, 1978, pp 85–123.
12. Dhananjayan Sriskandarajah, 'The returns of peace in Sri Lanka: the development horse before the conflict resolution cart?', *Journal of Peacebuilding and Development*, Vol 2, 2003, p 30.
13. Census of Population and Housing 2001, Department of Census and Statistics, Colombo. <<http://www.statistics.gov.uk/population/tables.pdf>> .
14. The 2001 census did not cover much of the northeast, and thus gives an incomplete picture of national ethnic compositions.
15. An important distinction is drawn between those Tamil-speaking people of Sri Lanka who reside in or originate from the island's Northeast (often called 'Sri Lankan Tamils' in official literature) and those who live in upcountry areas in the South (sometimes called 'Indian Tamil' because their ancestors migrated from India during British rule).
16. Other important episodes of political conflicts include the insurrections of the early 1970s and late 1980s led by the Janatha Vimukthi Peramuna.
17. See C.R. de Silva, 'Sinhala–Tamil ethnic rivalry: the background', in R.B. Goldmann and A.J. Wilson (eds), *From Independence to Statehood: Managing Ethnic Conflict in Five African and Asian States* (London: Frances Printers, 1984), p 116; and J. Russell, *Communal Politics under the Donoughmore Constitution 1931–1947* (Colombo: Tisara Prakaskayo, 1982).
18. W.H. Wiggins, *Ceylon: Dilemmas of a New Nation* (Princeton: Princeton University Press, 1960), p 233.
19. de Silva, *op cit*, Ref 11, p 87.
20. Neelan Tiruchelvam, 'Ethnicity and resource allocation', in Goldmann and Wilson (eds), *op cit*, Ref 17, pp 190–191.
21. S.W.R. de A. Samarasinghe, 'Ethnic representation in central government employment and Sinhala–Tamil relations in Sri Lanka: 1948–81', in Goldmann and Wilson (eds), *op cit*, Ref 17, p 183.
22. Tiruchelvam, *op cit*, Ref 20, p 191.
23. Newton Gunasinghe, 'The open economy & its impact on ethnic relations in Sri Lanka', in Committee for Rational Development (ed), *Sri Lanka, the Ethnic Conflict: Myths, Realities and Perspectives* (New Delhi: Navrang, 1984), p 204.
24. Amita Shastri, 'The material basis for separation: the Tamil Eelam movement in Sri Lanka', in C. Manogaran and B. Pfaffenberger (eds), *The Sri Lankan Tamils: Ethnicity and Identity* (Boulder: Westview, 1994), pp 208–235.
25. C. Manogaran, 'Space-related identity in Sri Lanka', in Guntram H. Herb and David H. Kaplan (eds), *Nested Identities: Nationalism, Territory and Scale* (Lanham: Rowman & Littlefield Publishers, 1999), pp 196–216.
26. This is a reference to the Manifesto of the Tamil United Liberation Front for the 1977 Sri Lankan General Election. The text is reproduced at <http://sangam.org/FB_HIST.DOCS/TULFManifesto77.htm> .

27. Central Bank of Sri Lanka, *Consumer Finance Survey* (Colombo: CBSL, various years). Surveys were conducted in 1953, 1963, 1973, 1978/79, 1981/82, 1986/87 and 1996/97. The first did not include comprehensive data on ethnic groups, and the last two did not cover the Northeast. A new survey will be carried out in 2003/4 with island-wide coverage. A new survey was carried out in 2003/4 but did not cover several districts in the northeast and results were not available at the time of writing.
28. The distinction between Kandyan and low-country Sinhalese is used in some surveys. While this distinction highlights historical and regional differences, most Sinhalese share a common language (Sinhala) and religion (Buddhism), and internal divisions have not, in general, been politically salient in recent decades.
29. Paul Glewwe, 'The distribution of income in Sri Lanka in 1969–70 and 1980–81: a decomposition analysis', *Journal of Development Economics*, Vol 24, 1986, pp 255–274.
30. Although official national data show different estimates of the Gini coefficient, they also show inequality rising during the late 1970s. Central Bank of Sri Lanka, *Annual Report 2002* (Colombo: Central Bank of Sri Lanka, 2003).
31. Glewwe, *op cit*, Ref 29. At their simplest, these techniques attempt to estimate how much of the value of any given inequality is caused by certain attributes (e.g. ethnicity). This inequality is referred to as the 'between-group' component. Conversely, for any such division of the population, it is inevitable that some part of that inequality will also exist among those people within the same subgroup. This is labelled the 'within-group' component.
32. Kristian Stokke, 'Sinhalese and Tamil nationalism as post-colonial political projects from "above", 1948–1983', *Political Geography*, Vol 17, No 1, 1998, p 89.
33. See, for example, United Nations Development Programme, *National Human Development Report: Sri Lanka 1998* (Colombo: UNDP, 1998), p 20.
34. de Silva, *op cit*, Ref 11, pp 86–87.
35. *Ibid*, pp 105–106.
36. C.R. de Silva, 'Education', in K.M. de Silva (ed), *Sri Lanka: A Survey* (London: C. Hurst, 1977), p 423.
37. Sunil Bastian, 'University admission and the national question', in Social Sciences Association of Sri Lanka (ed), *Ethnicity and Social Change in Sri Lanka* (Colombo: SSA, 1984), p 174.
38. In fact, the only advantage enjoyed by Northeastern Tamils over Sinhalese seems to be in the 'O'-level category. Importantly, this may imply that relatively more Tamils failed to gain admission to the 'A'-levels. Also, it is worth noting that the post-'O'-level category experienced the most dramatic fall in employment opportunities (see below).
39. 'Selected documents of the Committee for Rational Development,' in Committee for Rational Development, *op cit*, Ref 23, p 12.
40. Stanley J. Tambiah, 'Ethnic representation in Ceylon's higher administrative services, 1870–1946', *University of Ceylon Review*, Vol 13, Nos 2&3, 1955, p 133.
41. Wriggins, *op cit*, Ref 18, p 235.
42. Horowitz, *op cit*, Ref 6, pp 224–225.
43. Gamage, *op cit*, Ref 10, p 173.
44. For example, between 1970 and 1977, Tamils accounted for 11% of all central government recruitment, while Sinhalese accounted for 87%. See Samarasinghe, *op cit*, Ref 21, pp 177–178.
45. Gunasinghe, *op cit*, Ref 23.
46. C. Manogaran, *Ethnic Conflict and Reconciliation in Sri Lanka* (Honolulu: University of Hawaii Press, 1987), p 128.
47. A.J. Wilson and A.J. Chandrakanthan, 'Tamil Identities and aspirations', in Conciliation Resources (ed), *Demanding Sacrifice: War & Negotiation in Sri Lanka* (London: Conciliation Resources, 1998), <<http://www.c-r.org/accord/sri/accord4/index.shtml>> .
48. N. Gunasinghe, 'Ethnic conflict in Sri Lanka: perceptions and solutions,' in Abeysekera and Gunasinghe (eds), *op cit*, Ref 10, p 70. See also S. Sathananthan, 'Self-determination: a Ceylon Tamil perspective', in Conciliation Resources, *op cit*, Ref 47.
49. M. Sarvanathan, *An Introduction to the Conflict Time Economy of the North & East Province of Sri Lanka* (Colombo: International Centre for Ethnic Studies, 2003).