

Grain Taxes in British Ceylon, 1832-1878: Theories, Prejudices and Controversies.

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As in most Asian despotisms, the rulers of Ceylon in the centuries B. C. to the twelfth century A. D. enjoyed the right to a share of the produce from the land; i.e. a land tax. But in succeeding centuries the practice developed whereby the King received the entire yield from certain allotments (called the *muttettu*) in each village, allotments which were cultivated gratis by the villagers, either in acknowledgement of the King's suzerainty or in consideration of the allotments in the village which they themselves enjoyed.¹ This system would seem to have been further complicated by disuse of services and the practice of substituting tithe payments for service,² especially in the Maritime Provinces. The latter was a progression back to ancient practice with the very real difference that it appears to have been limited largely to lands sown with paddy or dry grain.³ When the British acquired the Maritime Provinces in 1795-96 therefore, they received a legacy of service-tenures and taxes on paddy and dry grain.⁴ While these grain taxes⁵ were not unimportant as revenue, the bulk of Government's income derived from its monopoly of the cinnamon trade. Herein lay one important difference from India where the tax on cultivated land was comprehensive and provided a major portion of the revenue. Perhaps just because of this, agitation from official and other articulate sources for the repeal of the grain taxes assumed significant proportions, contrasting with the general acceptance of a land tax in India; while, on the other hand, the establishment of a land tax came under Government's consideration in the mid 1840's as well as the mid 1870's.

1 L.S. Perera, 'Proprietary and tenurial rights in ancient Ceylon', *The Ceylon Journal of Historical and Social Studies*, Vol. 2, January 1959, pp. 1-32.

University of Ceylon, *History of Ceylon*. (Ceylon University Press, Colombo, 1960) Vol. I, pp. 238-40, 374-76, 547-49, 741-44.

2 Technically, the latter amounts to commutation of service but I avoid the term because of the sense in which commutation was used by nineteenth century commentators on land revenue: the share due to Government, which varied with the crop, being commuted into a fixed annual payment in money or in kind during periodic commutation settlements.

3 Only in the Jaffna Peninsula at the northernmost end of the island and, possibly, in the Vanni (lying immediately south of Jaffna) did the British find a land tax in the late 1790's [U. C. Wickremaratne, *British Administration in the Maritime Provinces of Ceylon, 1796-1802*, Ph.D. Thesis, History, (London 1964) p. 71].

4 The Proclamation of 1818 limited taxes on land in the Kandyan Provinces (conquered in 1815) to lands sown with paddy.

5 The term 'grain taxes' in this paper refers to the paddy tax and the taxes on dry grain and does not include the import duties on grain. The latter will be referred to as 'import duties'. But it should be noted that contemporaries often did not make this distinction and were referring to these as well when they used the terms 'grain taxes', 'food taxes' or 'taxes on food'.

Comments on the subject were a mixture of European canons and empirical influence, with a tendency for the European influences to predominate. One such influence was the doctrine of free trade, leading many Britons in Ceylon to treat the grain taxes and the import duties on rice and paddy as one entity, imposts which balanced each other and had to stand or fall together. In actual fact, the import duties had been introduced in 1810 'rather for Revenue than for the express purpose of protection'.⁶ They were increased from time to time until they stood at 7d. per bushel of rice and 3d. per bushel of paddy from the year 1836. Till the late 1830's they yielded less revenue than the grain taxes but the positions had been reversed by 1843. Thereafter, the import duties brought in more revenue, as Table I would illustrate.⁷

TABLE I

	Revenue from the paddy tax £	Revenue from the paddy tax and the taxes on dry grain £	Customs revenue from grain (import duties) £
1840	38,741	42,794	41,270
1850	39,146	42,698	81,122
1860	65,118	70,071	107,717
1870	100,047	107,191	150,408
1876	100,298	106,325	183,953

Of the grain taxes themselves, those on dry grain were limited to the littoral after the Proclamation of 21 November 1818 freed the former Kandyan Kingdom from this impost. As these taxes on dry grain yielded less than ten per cent of the land revenue, our study is largely confined to the paddy tax.

In keeping with some of the motives which led Frederick North, Ceylon's first governor, to establish freehold rights in land in 1802, the tendency in British policy in the early decades was to make the paddy tax uniform and fixed, in the belief that this would provide incentives to cultivators and stimulate agricultural production – theories typical of the Liberal Era. A proportion of one-tenth was eventually chosen as the desirable Government share, hence its application to the Kandyan Provinces in 1815 and 1818.⁸ It was under similar assump-

6. CO 54/487, Robinson to Granville, No. 184, 17 August 1870, Minute by Treasurer, G. Vane, 23 July 1870.

7. It will also be clear that the dry grain taxes brought relatively little revenue, £ 4,053 in 1840 and £ 7,144 in 1870. Figures are from *Sessional Paper XVI of 1877*, Report of the Commissioners appointed to inquire into the Taxes on Home-Grown Grain and the Customs Duties on Imported Grain, 30 October 1877, Appendix VII, p. clxv. This report is cited hereafter as *Grain Tax Comm. 1877*.

8. In 1818 the paddy tithe was reduced to one-fourteenth in the Kegalla and Sabaragamuwa Districts as a reward for their loyalty during the rebellion of 1817-18. The Proclamation of 1818 also exempted temple lands and lands held by the principal headmen in the Kandyan Provinces from any form of taxation. In the Maritime Provinces there were greater complexities and the tithe on private lands varied from one-tenth to one-half but was usually one-tenth.

tions that a commutation system was applied.⁹ Such ideas and forms were common to British India as well. Though there were differences, the Indian situation had enough similarities to provide valuable lessons for Ceylon. But this source of experience was rarely drawn on. References to Indian examples are conspicuous by their absence in most local, official discussions on land policy in the period under review. The principles and theories they employed were British rather than British-Indian.

1832 - 1846

The Colebrooke-Cameron Commission and its recommendations were of some importance in this sphere and promised even more than they achieved. Colebrooke (who reported on the administration and revenues) spent the better part of the period 1829-1831 in Ceylon and had at his disposal the rudimentary experience of the pioneering commutation settlements effected by an experienced district officer named George Turnour in some parts of the Kandyan Provinces. In any event he was not a stranger to the East or its fiscal problems. As an artillery officer he had seen service in Ceylon and India in the early part of the century and accompanied the Raffles' expedition to Java in 1811.¹⁰ The four-five years he spent in Java and Sumatra would have been particularly useful in that it made him familiar with Raffles' reforms. The measures taken by Raffles themselves were founded on experiences in India and on contemporary English ideas. They leaned towards the *ryotwari* system and sought to establish Western forms of administration, a money economy and free enterprise rather than a system based on 'indirect rule', barter and compulsory services.¹¹ Such experience and strands of thought were augmented by the several economic theories under discussion in Britain in the early nineteenth century, theories with which Colebrooke was not unfamiliar.¹² His reforms, as a whole, were a blend of the realist

9 For details on the points made in this paragraph see my article 'Grain Taxes in British Ceylon, 1832 - 1878: Problems in the field', *The Journal of Asian Studies*, Vol. XXVII No. 4, (August 1968) pp. 818 - 17, 822 - 32. Paddy land under commutation was liable to a fixed annual payment whether cultivated or not. This was collected by Government personnel. In the 1820's and 1830's payments in kind were accepted but thereafter they had to be in cash. These settlements were revised periodically. The most widespread mode of collecting the grain taxes was called the renting system, the right to collect the Government share being auctioned to the highest bidder, who collected it from the field in kind. A method employed in the Kandyan Provinces from 1815 to the late 1820's and early 1830's was the *aumani* system, under which Government personnel collected the share from the fields (in kind) in those years in which there was a crop.

10 In 1803 he was ordered to the East Indies. In 1805 he was in Ceylon, in 1806 in Malabar, returning to Ceylon in 1807. In 1809 he was sent back to India. He served as Deputy Quarter-master General in Java from 1811 to June 1813 when he was promoted major and sent as Political Agent and Commissioner in Palembang, Sumatra. He returned to Java in 1814 and thereafter to India in 1816 where he participated in the Maratha and Pindari Wars, (G. C. Mendis, ed., *The Colebrooke-Cameron Papers*, Vol. 1, (O. U. P., London, 1956) p. xxxii fn.

11 See J. Bastin, *The Native Policies of Sir Stamford Raffles in Java and Sumatra: an economic interpretation* (Clarendon Press, Oxford, 1957) *passim*.

12 See CO 54/121, Colebrooke to Hay, 24 December 1832 and his memorandum of 1 May 1832.

and the doctrinaire. In his fiscal proposals the mixture was muddled and not wholly integrated, while the weightage was on the side of the doctrinaire. His theoretical premises in this sphere were not, as so commonly assumed, Utilitarian. Vijaya Samaraweera has shown that his inspiration derived from the writings of a relatively obscure political economist named the Reverend Richard Jones.¹³ And Jones, whose most notable work was *An Essay on the Distribution of Wealth and on the Sources of Taxation*,¹⁴ was distinctly anti-Utilitarian in his thinking. On the question of land revenue, for instance, he challenged the Ricardian theory of rent and preferred to limit the demands of the government upon the land, therefore favouring the redemption of the land rents - an argument which has Whiggish overtones.

Turning to Colebrooke's specific proposals, one discovers an antipathy on his part to customs duties. Citing the stimulus which Ceylon's trade in certain products such as coffee had derived from the abolition of the export duties levied on them, Colebrooke sought the "progressive abolition" of customs tariffs. This implied a repeal of the import duties on grain. Facing deficit budgets however, Colebrooke made these an exception and recommended their continuance till circumstances permitted their abolition.¹⁵ He nevertheless perceived that indirect taxation was less burdensome to the inhabitants and less expensive to Government than direct taxation:

when property is minutely subdivided, and the people indigent, the collection of any direct tax from a great number of small proprietors or tenants is attended with greater expense and inconvenience than that of an equal amount by means of duties on the articles consumed by them.¹⁶

His hostility was directed at the paddy tax in particular as being "objectionable from its undue pressure on one branch of agriculture, and that of the first importance to encourage, also from the extensive establishments required for its collection, and from the vexatious interference of the revenue farmers and native headmen". He was wholly opposed to the renting and *aumani* systems of collection and considered that Turnour's commutation system was far too dependent on the zeal of individual civil servants besides being impracticable in districts where the crops were uncertain. He suggested a permissive scheme for redeeming the paddy tax through instalment payments

13 Vijaya Samaraweera, *The Commission of Eastern Enquiry in Ceylon, 1822-1837; A Study of a Royal Commission of Colonial Inquiry*, (Oxford University, D.Phil. dissertation in History, 1969) chapter iv and Vijaya Samaraweera, *Colebrooke's Views on Agriculture and Land Revenue*, mimeographed paper, University of Ceylon, Ceylon Studies Seminar, '69/70 Series, No. 2, pp. 18-26.

14 Only the first part on "Rent" was published (in London, 1831). His collected works have been edited by W. Whewell, *Literary Remains of Richard Jones*, (Cambridge 1859). Two of his pamphlets are also of relevance to our discussion, viz: *A Few Remarks on the Proposed Commutation of the Tithe* (London 1833) and *Remarks on the Manner in which Tithe should be Assessed* (London, 1838). The information above is based on Samaraweera, *ibid.*

15 G. C. Mendis (ed.), Vol. I, (1956) pp. 83, 112.

16 *Ibid.*, pp. 83, 108-13.

over a twenty-year period. In his view redemption had many virtues. Following Jones, he argued that it would encourage capitalists to apply themselves to rice culture and lead to increasing prosperity. In contrast to experiments with commutation settlements and tenurial reform, he felt that it would not necessitate any tinkering with the complex tenurial system which existed.¹⁷ In addition, he noted that he would have recommended a tax on all cultivated lands had he not opted for redemption, for he was against a discriminatory tax on one class of land. This latter comment was not consistent with his opposition to the principle of direct taxation but it was more in the nature of a passing remark. In any event (as he mentioned in subsequent correspondence in England), he saw that the collection of a general land tax from "a mass of very poor occupiers" was highly troublesome and likely to cause hardship.¹⁸ Earlier, he alluded to this point briefly in his Report on Revenues and, in an implied reference to the rebellion of 1797-98, concluded that it would be "unpopular and could not prudently be revived".¹⁹

Redemption received support from the Secretary of State in London as well as the Government in the colony. It was accepted that the paddy tax was discriminatory and unfair in principle and a hindrance to "the natural application of capital to land."²⁰ A scheme permitting a redemption payment of ten times the money assessment under the existing commutation settlement was provided for administratively in 1835. The redemption payment could be made at once or in instalments of not less than one-fourth; if the latter, the annual commutation tax would be levied till the final instalment was paid. The scheme would appear to have been confined to *paraveni* (hereditary) lands. Its application was initially limited to the Central and Northern Provinces, though its wider extension was envisaged.²¹ For a while the redemption scheme received

17 *Ibid.*, pp. 80-85; quotation from p. 82. See also Colvin R. De Silva, *Ceylon under the British Occupation, 1795-1833, Vol. II*, (Colombo Apothecaries Ltd., 1942), p. 383.

18 CO 54/121, p. 537, Colebrooke - Hay, 28 December 1832. The correspondence which the Commissioners had with the Colonial Office on their return to Britain is of great importance but has not been investigated in detail as yet. On the grain tax question, Cameron differed from Colebrooke. He regarded the abolition of Government's salt monopoly as a reform of greater priority. He was against redemption as "an improvident alienation of the public property" and preferred a lightly assessed land tax under a commutation settlement. His thinking would seem to follow orthodox Utilitarian lines. The "controversy" between the two on this subject runs into numerous memoranda. See CO 54/121 and CO 54/145.

19 G. C. Mendis (ed.), Vol. I, (1956) p. 83.

20 *Ibid.*, Goderich - Horton, 23 March 1833, pp. 263-64.

White, *Manual of the Province of Uva*, (Govt. Press, Colombo, 1893) Appendix M, Col. Sec's Circular of 6 April 1834 and Govt. Advertisement of 21 May 1835, pp. 159-60.

21 For the details above see *idem.* and *Sessional paper VIII of 1890*. Alleged Promise by Government to abolish the Paddy Tax, Enclosures 5 to 16 conveying extract from letters and circulars in the years 1834-40. In the Northern Province the operation of the scheme appears to have been limited to the Jaffna District. It did not find favour. Government received only £ 75-17-8 in redemption payments in this district. See *Sessional Paper XXX of 1876*, pp. 13-14, 31.

warm support from important quarters. In 1840 the Colonial Secretary in Ceylon, P. Anstruther, looked on the prospect of the paddy tax being extinguished as a "great advantage to the Colony" because it would bring grist to the Government mill by encouraging agriculture, reducing the costs of establishment, and eventually making good the initial loss of revenue. He also hoped that it would encourage settlers from India. In London, James Stephen and Vernon Smith endorsed this policy without qualification (though briefly).²²

A rough yardstick of the extent to which the scheme of redemption was utilised during its (short) period of operation is the Government yield of £ 18,329.²³ In later years a critic held that only the richer landlords used this opportunity of redeeming the paddy tax but one should be cautious in accepting this statement till the registers are examined.²⁴ One unconfirmed source placed the acreage redeemed at 21,000.²⁵ In the District of Matale 1,662 acres out of a total of 9,761 acres (including 834 acres of temple fields) in the "commutation books" of 1871 are indicated as redeemed; in short, 17 per cent of the paddy land had been redeemed in Matale District.²⁶ This supports a latter-day Government Agent's conclusion that the redemption scheme was adopted only to a limited extent,²⁷ while indicating that the scale of redemption was not wholly insignificant. The *Blue Book* for 1841 has the following note regarding the options given to the paddy landowners of the Central Province at the end of 1835 after the expiry of the previous commutation settlement :

[A] notice was issued that the assessment might either be renewed for a term of twenty one years, or that the tax might be redeemed in perpetuity by paying ten years purchase of the commuted annual tax. The permission to redeem was availed of to some extent in 1836, 1837, and 1838. In 1839 few proprietors had recourse to this privilege. The number has since been on the increase and it is probable that in future the advantage will be duly appreciated and more generally secured.²⁸

The paddy landowners of the Central Province, however, were not given the chance of "securing this advantage" further. Around 1842 Government reversed its policy radically, quickly, and quietly. Redemption was jettisoned.

22 CO 54/185, Anstruther to Under-Secretary of State for the Colonies, 23 November 1840, Encl., Report on the present condition of Ceylon by Anstruther and Minutes by Stephen and Smith, 28 and 30 November 1840 respectively.

23 *Grain Tax Comm. 1877*, Appendix VII, p. clxv.

24 A. M. & J. Ferguson, *Taxation in Ceylon* (Observer Press, Colombo, 1890) Report of a General Meeting of the Cobden Club, 15 February 1890, C. S. Salmon's speech, pp. 5-6.

25 A. M. Ferguson, *The Ceylon Directory*, (Observer Press, Colombo, 1863) p. 88. *British Parliamentary Papers*, [cited as *B. P. P.* hereafter], Reports from Committees Vol. XII (1850), Second Report from the Select Committee on Ceylon, Capt. J. Forbes's evidence, para. 6826.

J. H. Starey, *The Paddy Tax in Ceylon* (Colombo, 1890) p. 4.

26 *1871 Administration Reports*, Matale, R. Massie, Appendix A, p. 59.

27 *Sessional Paper VIII of 1890*, *op. cit.*, G. A., C. P. - Col. Sec. No. 33, 10 January 1890.

28 *Ceylon Blue Book 1841*, introductory note on land revenue under "Revenue".

It was found "very impolitic," said Philip Wodehouse a few years later.²⁹ This was a vague and tactful way of saying that it was found "to diminish the revenues" Government received.³⁰ The origins of this important reversal of policy remain clouded. It would appear to have been done without reference to London, a remarkable step if it were true. In later years it was stated that the decision came from London itself.³¹ In view of Stephen's comments in 1840 this is surprising, though the decision was applauded in the mid 1840's by a metropolitan committee styled *The Committee appointed for the Review and Consideration of the Colonial Reports on the Finance and Commerce of Ceylon*. It is probable that the initiative was taken by the administrators in Ceylon. A decade later Ward was entirely convinced that the redemption scheme had been "a grave error."³²

There are other signs of a hardening attitude in the 1840's. There was an inclination to build up a rationale for the grain taxes and the import duties. Tennent utilised the idea of state-overpropriatorship, saying that "a land tax [was] but the realisation of a principle with which the Cinghalese [*sic*] universally [were] familiar - that the soil [was] the undisputed property of the Crown," that both chena land and mudland were cultivated "on sufferance," and taxes on them were but rents.³³ C.R. Buller argued that the paddy tax was "entwined with the peoples] prejudice" and accepted as "just fair and reasonable"; more paddy would not be grown if the tax was abolished; on the contrary, it was a "stimulus to action".³⁴ By some queer logic Wodehuse supported the paddy tax by arguing that unless Government had an "immediate interest in the extension of cultivation or in the proper management of the land, the natives themselves [would be] very great sufferers [because they] could do nothing in common".³⁵ But the needs of revenue were clearly the main consideration. Faced with a demand from some doctrinaires in the early 1840's for the immediate abolition of the import duties, a Select Committee of the Legislative Council rejected the idea on the ground that the revenue was necessary for the extension of public works. They pointed, quite validly, to the fact that costs of transport raised

29 *B. P. P.*, *op. cit.*, Wodehouse's evidence, 21 June 1849, p. 132. Wodehouse was a senior Civil Servant.

30 *Reports on the Finance and Commerce of the Island of Ceylon and correspondence relative thereto*, [hereafter abbreviated to *R. F. C.*], C. R. Buller [G. A., Central Province] - Col. Sec., No. 577, September 1846, p. 134.

Buller's letter indicates that further redemption was prohibited in 1842 and this is supported by R. W. D. Moir's statement that no (new) redemptions appeared to have been effected later than 1843, (*Sessional Paper VIII of 1890, op. cit.*). Also see T. A. P[ieris], "The History, Topography and Statistics of Kandy", *Young Ceylon*, Vol. III (January 1852) p. II.

31 *Ceylon Hansard, 1876-77*, 20 December 1876, The Governor, Gregory's speech, p. 218.

32 *Sessional Paper VIII of 1890, op. cit.*, Encl. 16, Col. Sec. - G. A., C. P., No. 219, 9 June 1856, p. 7.

33 *R. F. C.* [Tennent's Report], 22 October 1846, pp. 92, 98, 99.

34 *R. F. C.*, C. R. Buller - Col. Sec., No. 577, September 1846, p. 134.

35 *B. P. P.*, *op. cit.*, p. 132.

the price of rice in the interior far more than did the import duties or the paddy tax. They agreed that the paddy tax had a discouraging effect but considered abolition an impossibility unless one substituted a land tax to provide for the loss of revenue.³⁶

The anti-abolitionists of the 1840's also took the obvious step of attacking the theoretical nature of the abolitionist viewpoint by stating that European ideas did not hold true in Oriental countries. Nevertheless, the Colonial Office had its doubts. When it was suggested (from Colombo) that an assessment should be levied on town-dwellers so as to finance urban police forces, its officials noted that the cumulative effect of taxation in Ceylon "implied a pressure which according to European views [was] fatal to the accumulation of Capital, to the growth of industry and to the improvement of the people". They were ready to admit that such conclusions might be wrong, but requested "a distinct explanation of the compatibility of such public burthens with the great ends of good Government".³⁷

By the time this directive reached Ceylon, a comprehensive review of Ceylon's fiscal structure was under way. Officials considered the existing system a hindrance to the development of the colony. A land tax was to be the basis of the new changes and "the grand source of future revenue".³⁸

The chief apostle of reform was James Emerson Tennent. His scheme of taxation received strong support from the new Secretary of State, Earl Grey. Though food taxes were anathema to Britons of his day and though he was himself an ardent free trader, Grey denied that direct taxation was injurious in its effects in Eastern countries: the masses needed and consumed so little that it was the only method of taxing them; such taxation was necessary if they were to support "those institutions and that machinery of government . . . (so) essential to progress, and even to the maintenance of civilized society"; direct taxation was "conducive to [the] true welfare" of the native peoples in that it served as a means of prodding them into exertion.³⁹ Less theoretical in their premises than those of the doctrinaire abolitionists his views were nevertheless oversimplified and carried too far. And far too rigidly held.

In pressing for a land tax both Whitehall and the Government of Ceylon were clearly mindful of the fact that land revenue was the backbone of Indian finances. But there was a substantial body of reasoning behind this proposal,

36 CO 54/198, Campbell - Russell, No. 129, 1 September 1842, Printed Encl., *Report of a Select Committee of the Legislative Council appointed to report on the Expediency or otherwise of reducing the Import Duty on Grain.*

37 CO 55/85, Stanley - Campbell, No. 435, 11 November 1845.

38 CO 54/226, Campbell - Grey, No. 60, 4 November 1846.

CO 54/203, Campbell - Stanley, No. 34, 16 February 1843; and Printed Encl., *Report of a Select Committee appointed by the Legislative Council to report in what manner the necessary funds for the extension of roads within the colony can best be raised*, 9 December 1842. This report is also available as *Sessional Paper VI of 1862*.

39 CO 55/91, Grey - Torrington, No. 305, 24 October 1848.

a blend of Liberal principles and practical considerations. Some followed Colebrooke in protesting that a tax on paddy alone was unjust and restrictive: "a rent charge falling exclusively, or most heavily, on paddy must check the [extension of] that cultivation", argued William Strachey of the Colonial Office;⁴⁰

A land tax [had] ever been the foundation of Eastern finance and [was] never objected to by the people; and . . . a fair . . . land tax [based] upon sound principles would not only, in all probability, admit of the abandonment of many objectionable taxes but would conduce in other ways to the prosperity of the country,

said the metropolitan committee reporting on the finance and commerce of the island.⁴¹ The tax was to be an acreable tax and Tennent sang the praises of a fixed and uniform tax as "the best stimulus to exertion by securing to [the cultivator] the benefit of his own capital and improvements".⁴² Though they implied that the cry against food taxes was an European concept alien to the tropics, it is evident that those who favoured a land tax were prone to rely on theoretical premises themselves.

There were also arguments based on conditions in Ceylon. One concerned a vital problem of the day. Confronted by numerous claims to forest and *chena* land⁴³ on the part of villagers, besides surreptitious or barefaced encroachments, Government was struggling to preserve its title to extensive areas of land. It was felt that a general land tax would discourage such claims as well as the speculative land-buying by European capitalists, thus achieving two goals at one stroke. Eyeing the tax-free lands of the headmen, Government also saw in the proposed general land tax an ideal cover under which to bring these lands within their financial fold. There were genuine humanitarian considerations as well. Officials were convinced that the peasants suffered great oppression under the renting system and sought to free the peasantry from their burdens by substituting the land tax, which was to be collected by Government officials.⁴⁴

40 CO 882/1, No. I, *Memorandum on the Land Revenue of Ceylon*, William Strachey, 29 April 1847, pp. 8, 11. Strachey was appointed Precis Writer at about this time. Having had experience with the East India Company he was consulted on many subjects. As precis writer he was supposed to cull the essence of problems recurring in a mass of papers, but his initiative and ability soon led him to assume the role of general adviser, particularly on financial matters.

41 R. F. C., [Colonial Office Committee Report], 13 April 1847, p. 19.

42 *Ibid.*, [Tennent's Report], 22 October 1846, p. 92.

43 *Chena* or *hena* or *hen* is land on which a form of shifting cultivation on the slash and burn method is practised. It is non-irrigable and not mudland. Those who resorted to it were generally not nomadic but had settled villages and often possessed arable land as well.

44 *Ibid.*, pp. 67-68, 91-92, 96.

CO 882/1, No. X, *Commercial Policy, Abolition of Export Duties, Imposition of New Taxes*, (by Tennent), n. d., p. 13. These citations are largely from Tennent whose views represent the consensus of Government thinking in the 1840's. Many of these points had been raised by officials before he arrived in Ceylon. Not all officials were agreed. "I would remove the taxes on grain of every kind", wrote the Treasurer, (R. F. C., *Observations on the present taxes and those proposed to be substituted*, F. J. Templer, July 1846, p. 132).

Middlemen-farmers-of-the-revenue were never a popular breed with Britons of the age; there was ample evidence of renter misdeeds; but they were also disliked on principle. There was also a desire to balance Government favour. Tennent felt that undue attention had been paid to the European commercial interest and wanted to redress the balance. Convinced (falsely) that a reduction in the import duties would automatically reduce the cost of living for the masses by reducing the price of rice, he wanted a land tax substituted for the import duties. The Committee appointed by the Colonial Office even strayed into illegality: a land tax would necessitate a survey and settlement of boundaries and titles; such measures would be a great boon; one must therefore establish a land tax.

Though the difficulties of imposing a land tax were manifold (and, one should have thought, obvious) the administrators of the day had few qualms about imposing one. They disagreed with Colebrooke's belief that it was not prudent to reintroduce a land tax. Not that they ignored the presence of local prejudices. They merely waved them aside: Government had only to handle the measure "with great firmness and delicacy" and there would be little difficulty.⁴⁵ The authorities in Colombo were patently optimistic as to its acceptance and even more so with regard to its practicability. The Colonial Office showed relatively greater realism in raising doubts about its practicability while giving assent to the general principle.⁴⁶ This was probably due to William Strachey who viewed Tennent's Report with caution: "The report neither rightly estimates the force of usage in Ceylon, nor the extent of innovation it proposes to introduce. Usage must be held to have the force of law in an Asiatic country, and in matters of taxation more under a despotic than a representative government".⁴⁷

Optimism in Ceylon was seen at its worst on the crucial question of a survey which few considered difficult or costly. Events were to prove otherwise. It is a measure of local incompetence that so much time and labour was spent on considering general principles without exploring the ground first.

In other respects too, the correspondence reveals a striking ignorance of local conditions by the men on the spot. Tennent's Report was marked by

45 CO 54/226, Campbell - Grey, No. 60, 4 November 1846.

In imposing several new taxes such as the dog tax, gun tax, etc., two years later they acted with such "firmness and delicacy" that a minor rebellion broke out in Colombo and a few Kandyan Districts. When this burst on the surprised officials, they reacted by suppressing the rebellion with undue firmness, if not wantonness. During the inquiry that followed Tennent and Wodehouse showed little delicacy in the manner in which they maligned each other. See K. M. de Silva (ed.), *Letters on Ceylon 1846-1850, The Administration of Viscount Torrington and the "Rebellion" of 1848.* (K. V. G. De Silva & Sons, Ceylon, 1965), *passim*.

46 CO 54/226, Campbell - Grey, No. 60, 4 November 1846, Minute by Strachey, 14 January 1847.

47 CO 882/1, No. 1, Memorandum on the Land Revenue of Ceylon, *op. cit.*

several factual errors.⁴⁸ He (and others) laid great store on a fixed acreable land tax rather than a graduated one. But as Strachey pointed out, there were a great many differences in the forms of land tenure, besides other problems, and to rely on "one uniform and unqualified answer" to such problems, as Tennent proposed, was clearly impossible.⁴⁹ Much stress was laid on the fact that the paddy interest would be benefited by the abolition of a vexatious impost. Yet Tennent planned a land tax of 2s. 9d. to 3s.⁵⁰ This would apply to paddy lands as well. It is hard to see how the peasants would have benefited. True, they would not have had to cope with renters and fluctuating demands, but the tax was not lighter and they would have had to pay up in bad years as well. What was worse, garden produce and coconuts would also bear the tax, and so - to use a phrase that was current in the 1870's - the land tax represented a tax on the villager's curry as well as his rice. Neither would planters have taken kindly to it. The abolition of the import duties might possibly have reduced production costs but a land tax was a more obnoxious burden than an export duty on coffee, especially as it would tax uncultivated lands. It is not surprising that some planters opposed the scheme.⁵¹ It could also be argued that Tennent and others were reasoning on inapplicable European premises in believing that abolition of the import duty would reduce the market price of rice and increase its consumption. As official defenders of the import duties in the 1870's argued, the rice trade was monopolised by the Chetties who would maintain the price at existing levels and pocket the difference.⁵²

Within a couple of years circumstances in Ceylon forced Torrington to admit that Government had under-rated "both the difficulties of such an undertaking and the time necessary for its accomplishment".⁵³ He had treated Simms

48 This is evident to any modern student. But it says much for Strachey's perception that he noticed some of them. Tennent complained that Strachey felt "that a project of so great an importance as a land tax had been rashly suggested upon crude and incorrect data", and found "unbecoming pretensions to novelty, merit and superiority, and ignorance of the Indian system on which it professes to be modelled and a still more culpable ignorance of the actual condition of Ceylon", [CO 54/238, Torrington - Grey, No. 98, 9 September 1849, Encl., Tennent - Grey, 8 September 1847]. Tennent reiterated some of his erroneous facts and Strachey again disproved them, [*Ibid.*, Memo by Strachey, 1 November 1847].

49 CO 882/1, No. I, Memorandum on the Land Revenue of Ceylon. *op. cit.*

50 *R. F. C.*, [Tennent's Report], 22 October 1846, p. 98;

51 CO 54/247, Torrington - Grey, 8 March 1848, Encl., Ackland - Grey, 11 February 1848. For the views presented by the European unofficials in the Legislative Council, the newspapers (particularly *The Ceylon Times*), and such institutions as the Ceylon Chamber of Commerce see K. M. de Silva's "The Abortive Project of a Land-Tax for Ceylon, 1846-8. A Study in British Land Policy in Ceylon" in *JCBRAS*, Vol. XI (1967) pp 66-69.

52 *Sessional Paper XXIX of 1878*, Papers re Grain Taxes, No. 1, Gregory - Carnarvon, No. 15, 9 January 1877, pp. 4-5.

Other officials were also convinced that reduction of the duty would not effect either consumption or wage rates, for e.g. *R. F. C.*, Report on the Revenue & Taxation of Ceylon by the Auditor-General, H. Wright, 3 August 1846.

53 CO 54/247, Torrington - Grey, No. 57, 16 March 1848. Torrington was Governor from 1847-1850.

lightly when the Surveyor-General stated that with a staff of fifty it would take thirty-two years to complete a detailed survey for revenue purposes,⁵⁴ but he was forced to admit that "a general Survey and Settlement of Ceylon" was very difficult. The biggest obstacles were "the peculiar features of the country", "complicated tenures and infinite subdivision of properties," and confusion and contests regarding ownership.⁵⁵ Besides, the coffee depression of 1847-48 put additional burdens out of the question. Government even abolished the export duty on coffee so as to aid the coffee interest. The application of a land tax was postponed for the future.⁵⁶

1848 - 1876

In the 1840's, then, an assortment of theoretical and practical considerations influenced discussions on the paddy tax and the import duties. This mixture of considerations continued to influence individuals in later decades as well. Abolitionists in Britain usually argued on theoretical premises. Those in Ceylon had practical considerations in support of similar arguments. The issue was *not* a struggle between the men on the spot and those in Britain. Differences of opinion existed within each quarter and also between each group of reformers. The supporters of the land tax, those in favour of redemption schemes, and those for the total abolition of food taxes had some common ground, but also differed in approach and objective. The advocates of the land tax were abolitionists with regard to the import duties but not with regard to the paddy tax; they sought to extend the assessment on paddy land to all lands. Colebrooke's scheme of redemption, on the other hand, pertained solely to the paddy tax and implied gradual abolition with compensation to Government; but the universality of abolition depended on the ability of landowners to meet the demands of redemption and it is probable that in practice the scheme would, even if it stood for long, only have reduced the area under the paddy tax. The total abolitionists were of the root and branch school and directed their fire against both imposts; but it is noticeable that they made their principal target

54 CO 54/240, Torrington - Grey, No. 150, 8 November 1847 and Encl., Simms - Torrington, 6 October 1847.

55 CO 54/252, Torrington - Grey, No. 221, 11 December 1848. These arguments were foreshadowed in a speech made by the Auditor-General, C. J. MacCarthy, in the Legislative Council on the 5th November 1847, itself a reflection of previous discussions in the Executive Council. For these reasons K. M. de Silva contends that the Government of Ceylon had been moving towards a postponement and abandonment of the scheme well before the opposition of the European commercial interest was aroused. In short, their criticisms were, at best, of secondary causal importance in the decision to shelve the project of a land tax, [K. M. de Silva, *op. cit.*, pp. 65, 69].

56 The policy discussions on the question of a land tax are treated in much greater detail in K. M. de Silva's paper in the *JCBRAS* cited earlier, an article which appeared in print subsequent to the drafting of my essay. There is no fundamental difference of opinion in our views on this subject.

the repeal of the import duties rather than the paddy tax. Individuals in both the mercantile and official sectors belonged to this school of thought.⁵⁷ The animus against the import duties reflects the strength of free trade principles.

For all the support they were able to muster, the efforts of the abolitionists came to grief on the rock of revenue-needs. A practical-minded and active governor, Sir Henry Ward, for instance, agreed that the import duties were "bad", but wondered how Government could give up £ 80,000 annually at a time when large additional expenditure on roads, wharves, steamers and railways was called for. He argued that even in England the needs of the State were such that taxes on articles of general consumption had to be retained and that rice was the equivalent of these articles in oriental countries from which little could normally be drawn through indirect taxation.⁵⁸ At this time, the import duties were yielding more than the paddy tax and Government was not disposed to part with this source of revenue lightly.

In 1864 the Government Treasurer, of all people, thought otherwise and attacked the paddy tax as well as the import duties. In his view the grounds on which both imposts had been defended on earlier occasions were nullified by the prosperous state of the finances; while the recent and extraordinary rise in the cost of living had not been followed by a proportionate rise in wages, so that these taxes pressed severely on the poorer classes.⁵⁹ His was a minority voice in the Executive Council of the day. The acting Governor agreed that the staple food of the people should not be taxed unnecessarily but defended the imposts vigorously. He argued that wages were continually increasing, that only small sums were taken from each individual and that it was inexpedient to relinquish the only means by which Government taxation reached the mass of the people.⁶⁰ Throughout this period, articulate opinion believed that the people of Ceylon were lightly taxed, the *per capita* taxation being variously calculated at around 3-6s. per year.⁶¹ These computations may well have been true

57 CO 54/315, Anderson [Governor from 1850-55] - Grey, No. 15, 13 January 1855. *B. P. P.*, Reports from Committees, Vol. VIII, (1851) Third Report, Anstruther's evidence, 5 July 1850, paras 736-37.

CO 54/315, Elphinstone - The Secretary of State, 15 March 1855, Encl., Memo on Ceylon. CO 54/409, East India and China Association - Cardwell, 27 February 1865.

58 Department of National Archives, Ceylon, Lot 4/58, Grey - Ward, No. 2, 19 April 1855, Minute by Ward, n. d.

CO 54/315, Ward - Russell, No. 15, 8 June 1855.

59 CO/394 O'Brien - Cardwell, No. 265, 30 November 1864, Encl., [Dissenting Minute on para. 21 of the Executive Councillor's Minute of 28 November 1864], F. Saunders, 28 November 1864. The Minute of the Executive Council pertained to the constitutional agitation of 1864 following upon the question of Ceylon's military contribution. It was a reply to the arguments of the un-official Councillors who had resigned in a body from the Legislative Council. For reasons which need not be specified here, the question of the extent to which the people were taxed was brought into the controversy.

60 CO 54/394, O'Brien - Cardwell, No. 265, 30 November 1864.

61 *Overland Ceylon Observer*, 24 January 1871.

CO 882/1, No. X, *Commercial Policy, Abolition of Export Duties, Imposition of New Taxes*, (Tennent). n. d., pp. 6, 8.

CO 54/457, Robinson - Granville, No. 184, 17 August 1870, Encl. 4, Minutes by the Col. Sec. (Irving) and Queen's Advocate (Morgan), July 1870.

(though even 4s. was probably a big sum for an indigent peasant).⁶² It was also a convenient belief for those who wished to retain the paddy tax and import duties.

In 1867-68, having tolerated these sources of revenues for two decades, Strachey suggested that they should be reduced. This was not due to sudden pangs of conscience. In previous years the need for public works and the attempt to make the island bear the whole of its military expenditure had been responsible for his acquiescence. The question of the military expenditure had been a particularly vital consideration. The British Treasury could not have found a more ardent defender of its military economy than Strachey. He was instrumental in implementing a newly formulated imperial policy to reduce military expenditure by getting colonies to take on as much of the responsibility as possible; and he was behind the pressure for a larger military contribution from Ceylon.⁶³ That task had been completed in 1867. The finances of the island remained buoyant. Ergo, a reduction of taxes was called for. An "abundant revenue furnishes no argument whatever for liberal expenditure so long as that revenue is raised by objectionable modes of taxation"; said the despatch to Ceylon.⁶⁴ The objection was of patently English texture. The authorities in Ceylon picked on this at once and made the obvious point that such principles were not applicable to Ceylon. Robinson said that the question was how to reach the people by way of taxes and how the authorities were to provide for their "government and improvement" if the people were exempt from taxation. The grain taxes, the import duties and the salt monopoly together (£ 302, 402 in 1866) formed one-third of Ceylon's revenue. The paddy tax was traditional and acceptable to the people. There was no feasible equivalent. Government had been searching for an alternative for the last thirty years. A land tax "would be wastefully expensive in consequence of the minute subdivision of property amongst the Cingalese (*sic*)", was likely to "give rise to much dissatisfaction and opposition throughout the country"; and was not feasible without a time-consuming and costly survey.⁶⁵ The import duties had little bearing on the price of rice in comparison with the costs of transport to the interior, and it would be far wiser for Government to try and reduce the price by improving communications.

62 In the absence of detailed village-level studies I make no comment on the views expressed at various times on the relative weight of taxation on the people, beyond indicating its influence on policy.

63 CO 54/367, MacCarthy - Newcastle, No. 37, 13 February 1862, Memo by Strachey, 1 November 1862.

64 CO 54/415, Robinson - Carnarvon, No. 228, 12 October 1866, Draft [by Strachey] of despatch, Buckingham & Chandos - Robinson, No. 70, 17 March 1868. Also see Strachey's minute dated 27 January 1867. It is relevant to note that in 1865 Strachey had met a petition objecting to the import duties, grain taxes and the military contribution with the point that the "grain taxes" were retained on "purely colonial grounds" and were not considered obnoxious in Ceylon, [CO 54/409 East India & China Association - Cardwell, 27 February 1865, Minute by Strachey, 4 March 1865].

65 CO 54/438, Robinson - Buckingham & Chandos, No. 118, 23 May 1868.

Many of these arguments had been paraded by officials in earlier years and remained highly relevant. But what was particularly perceptive was a point raised by Robinson:

It appears to have been generally taken for granted that the import duty on rice is the first tax which should be remitted or reduced, but I am unable to acquiesce in the fairness of such a conclusion. If both the import duty on rice and the tithes on grain of local growth could be reduced together it would doubtless be a great boon, but if this were impossible I should be disposed to give priority of relief to the local cultivator.

The Colonial Office did not press the issue further.

Surprisingly, Strachey forgot about this correspondence and raised the whole issue again in 1870, concentrating once more on the import duties rather than the paddy tax and reasoning on much the same lines.⁶⁶ Robinson retorted with a lengthier report backed by individual minutes from members of the Executive Council, which included at this stage three able men in Morgan, Douglas and Irving. The latter two were fresh to the colony and could not be accused of having any ingrained prejudices in favour of the imposts. Most members were adamant that any reduction of the import duties would have little or no influence on the price of rice and that even if this occurred only the townsfolk, the immigrant estate workers, and the planters would benefit from such a reduction. John Douglas felt that it was wiser to prevent famine through irrigation works rather than be obliged to work out palliative measures after such occurrences, while Major-General Rennie argued that money was being used on reproductive works which would boost revenue so as to enable remission later.⁶⁷ For the rest the arguments were similar to those employed in 1868. Robinson's Minute included a sharp rebuke to the Colonial Office for their "total misconception of the conditions and requirements of the Colony and a forgetfulness of the obligations contracted by the local Government with the full knowledge and sanction of the Secretary of State". The shafts went home. Herbert and the Earl of Kimberley were completely satisfied. Herbert was convinced that there was no large financial surplus that could be spared, that taxation was not oppressive, that it was not practicable to replace the paddy tax and import duties with a tax that was

66 CO 54/453, Robinson - Granville No. 54, 9 February 1870, Minute by Strachey, 20 April 1870 and draft [by Strachey] of despatch, Granville - Robinson, No. 121, 21 May 1870. This was occasioned by the large surplus of 1869. Sometime prior to this date, he criticised the import duties as bearing on the "Ceylon labourer's wages" and calculated that the labourer paid 10s. 6d. a year or roughly 4 - 5 weeks wages because of this tariff, [CO 54/450, Treasury - Sandford, 14 May 1869. Memo by Strachey, 9 July 1869]. His calculations and premises were erroneous but his humanitarianism cannot be denied.

67 CO 54/457, Robinson - Granville, No. 184, 17 August 1870; and Enclosures, Minute by the Governor; Minutes by the Queen's Advocate, Morgan, 2 July 1870; by the Col. Sec., H. T. Irving, 29 July 1870; by the Auditor-General, John Douglas, 20 July 1870; by the Treasurer, G. Vane, 23 July 1870 and by Major-General Rennie, 3 August 1870.

less objectionable, and that a reduction of the import duty "would in effect be a further bonus to the Coffee Planters".⁶⁸ The Earl of Kimberley wrote:

I concur entirely in the views of the Governor and his Council. Where the taxation is not oppressive (which it cannot be said to be in Ceylon) in an Asiatic country, I believe it to be more advantageous to expend a surplus in public works than to reduce taxation. In a country like England where the progress of a nation depends on private enterprise and where Government is not more enlightened than the people, the conditions are wholly different.⁶⁹

Discussion and Amendment, 1876–1878: James Alwis, Landowning Interests, Government, and Colonial Office

The subject raised its head once again in 1876 when the paddy tax and the import duties attracted the criticisms of enthusiasts of the Cobden Club in Britain and also drew comment within the circles of the elite in Ceylon. A British journalist familiar with Ceylon, William Digby, even went so far as to draft a lengthy pamphlet, entitled "The Food Taxes and [the] Revenue Farming System of Ceylon", which does not appear to have seen print;⁷⁰ while the Member for Rochdale in the House of Commons, Potter, raised the issue in correspondence with the Governor, Gregory. An unofficial member of the Legislative Council named James Alwis eventually tabled a motion in the Legislative Council requesting the appointment of the commission to examine the "taxes on food" and to inquire whether a general land tax could be substituted and, if not, whether it was possible to substitute a better mode of collection for the renting system. While phrasing his request thus, Alwis categorically and whole-heartedly opposed a land tax in his introductory speech. His long disquisition is of considerable relevance to the subsequent history of the subject. He argued that a tax on the produce was traditional and acceptable and criticised the two abolitionist arguments that the duties and the tax were unequal in their pressure and responsible for much hardship. European principles were not applicable to Ceylon. He had never heard peasants utter a word against the paddy tax but only against the way it was collected. A land tax, on the other hand, would be objected to. It was a violation of the Proclamation of 1818 which had limited the tithe to lands sown with paddy. It would bring previously untaxed gardens, chenas, etc. under taxation and would, in effect, be a tax on the curry as well as the rice. The force of usage (quoting Strachey) had to be respected in the East. A land tax would lead to a repetition of the incidents of 1797-98 and would only be collected "at the point of a bayonet". The land-tax was impracticable in any event without a survey. Neither was it fair to place additional burdens on the coffee-

68 *Ibid.*, Minute by Herbert [the Permanent Under-Secretary of State], July 1870.

69 *Ibid.*, Minute by Kimberley, 16 October 1870.

70 Part of the Digby MSS unearthed by Mr. James T. Rutnam of Baron's Court, Guildford Crescent, Colombo 7 and available in photostat at the Department of National Archives, Ceylon. The title page indicates that it was intended for publication by Cassell, Pelter and Galpin of London, Paris & New York in 1876, while the author was meant to be anonymous as "A Honorary Member of the Cobden Club". As far as I am aware it was never published but there are some doubts on this point - see *The Ceylon National Review*, Vol. II, No. 6, (May 1908) p. 173.

planters, who had done so much for Ceylon. He agreed with the abolitionists, however, in regarding renting as "utterly indefensible" and proposed that commutation should be substituted.⁷¹

The irony of it is that Alwis raised a question and answered it in the same breath; and that the conclusions reached by Government in the investigation that followed were substantially the same as his. Alwis's role in these few years was of great consequence. He had the esteem of Sir William Gregory, carried weight with the Colonial Office, and was to be quoted as an authority by official defenders of the paddy tax for years to come.⁷² He was a member of the Grain Tax Commission appointed as a result of this motion, the others being A. N. Birch (Colonial Secretary), J. F. Dickson (Government Agent of the North Central Province), Richard Cayley (Queen's Advocate) and several individuals who were not attached to the Public Service: Harry Dias, George Wall, Muttu Coomaraswamy, Mudaliyar J. A. Perera and Loku Banda Dullewe.⁷³ The conclusions reached by this Commission were based on 77 replies to a questionnaire they circulated, the 77 comprising 25 European officials, 3 Ceylonese officials (all named de Saram) above the headman rank, 2 Europeans and 7 Ceylonese who do not appear to have been public servants, and 40 chiefs and headmen. These details are of pertinence because one of the major issues concerns the extent to which the mass of peasantry⁷⁴ accepted the paddy tax and objected to a land tax. This question in turn hinges on the extent to which district officers could discern the feelings of the peasants. Since a hierarchy of headmen and an aura of authority intervened between Government Agents and peasants it is doubtful if many had their ear to the ground. This being so, can the views of the headmen be regarded as a barometer of peasant opinion? That they knew conditions at the grass roots cannot be doubted but how far did interests of their own colour their answers? It is known that they received a commission on the collections of the paddy tax and therefore had a strong personal interest in the retention of the tax;⁷⁵ but this would not affect their advice when the issue was whether a land-tax should replace the existing grain taxes, for they would continue to receive commissions. There was a more potent factor however. Many chiefs and headmen owned property, including much that was not

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- 71 *Ceylon Hansard 1876-77*, 20 December 1876, James Alwis's speech, pp. 209-14. Note that his motion was in lieu of a motion originally proposed by another unofficial Councillor, M. Coomaraswamy, which asked for information on the extent to which commutation had been availed of in the island, (pp. 41-42). Alwis's name is sometimes spelt D'Alwis or de Alwis.
- 72 *Sessional Paper XXIX of 1878*, Papers relating to Grain Taxes, No. 1, Gregory - Carnarvon, No. 15, 9 January 1877, p. 7, and No. 3, Hicks-Beach - Longden, No. 147, 9 July 1877, p. 15.
- 73 C. P. Layard, Government Agent of the Western Province, was also nominated but went on leave soon afterwards and hardly participated in the discussions.
- 74 The term is used generically to refer to the smallholding landowners, owner-cultivators, tenants, cultivators, and other agricultural labour. It does not include the traditional aristocracy and the owners of extensive property.
- 75 *Sessional Paper III of 1892*, Despatches relating to the Proposed Abolition of the Grain Tax, No. 1, Havelock - Knutsford, No. 25, January 1891, p. 4.

paddy land. On the Commission itself Wall, Alwis, Perera, Dias, Coomaraswamy and Dullewe were either large landowners or belonged to relatively wealthy landowning families. As recorded in Ferguson's *Ceylon Directory* for 1880-81 the extent of plantation property in the hands of four of the Ceylonese (or their heirs) named above is illustrated in the table below.⁷⁶

	No. of Properties	Extent	Extent		Coconut	Cinnamon
			Uncultivated	Coffee		
Alwis	19	2,500	?	—	2,250	250
Coomaraswamy	1	200	?	—	200	—
Dias	8	1,711	852	—	697	162
Perera	3	142	?	—	142	—

In the instance of many of the participants in the investigation of 1877-78, therefore, a greater or lesser portion of their family property would have been free of a direct tax. In short, an untaxed indigenous landed interest with ulterior considerations was in a position to influence the findings of the Grain Tax Commission. The categorical accusation made by George Wall in 1891 raises this suggestion to the level of near-certainty. As part of his pungent and brilliant attacks on the paddy tax and the anti-abolitionists, and with reference to the years 1877-78, he accused the "untaxed agriculturists" and Alwis in particular of making "[a]ssiduous efforts" to poison the minds of the people and to make them believe that a land tax would be ruinous in its effects.⁷⁷

In such circumstances a further question arises for debate, though the answer can only be tentative: when the agitation for the abolition of the taxes on grain by substituting a land tax was coming to the force, did James Alwis show Machiavellian skill in assuming its leadership and presenting a motion apparently neutral, if not favourable, which he then proceeded to destroy and re-direct? did he so channel the agitation that the wind was taken out of its sails? A letter sent by Alwis to William Digby suggests an answer in the affirmative. In this letter,⁷⁸ so early as the 13th September 1876, Alwis wrote:

I fear any agitation in Parliament on the food supply will lead to consequences which will not suit the colonists. It is a great Evil; but the remedy will be attended with greater evil.

- 76 Compiled from the Estate Directory by Misses R. Kaleel and M. de Silva working under my direction in connection with a study on elite formation in British Ceylon. The statistics in the Ferguson Directories are not complete or comprehensive. In the section on coconut plantations the extent under cultivation is not always specified. The figures for J. A. Perera are probably an underestimate. The proprietors "J. Perera", "Mudlr. J. Perera" and "John Perera" named in the Directory probably refer to him as well. This would mean an addition of four properties covering 1,045 acres. Coomaraswamy was the brother-in-law of Ponnambalam Mudaliyar of Colombo - a wealthy landowner. Alwis's will indicates that by the time of his death, on the 5th of July 1878, he had an interest in or owned 40 properties, (See copy of will from the District Court, Colombo, No. 1679, Testamentary, with James T. Rutnam of Colombo).
- 77 *Sessional Paper III of 1892, op. cit.*, Wall - Havelock, 15 April 1891, p. 95 and Remarks on the Report of the Select Committee on "The Grain Tax Ordinance, 1878" by Wall p. 136
- 78 Digby MSS with James T. Rutnam, the facsimile of this letter being reproduced in Yasmine Gooneratne, *English Literature in Ceylon 1815-1878* (Tisara Prakaskayo: Dehiwala, Ceylon, 1968) p. 136.

It seems likely that the word "colonists" refers to the European planters and traders in Ceylon, and not to the people of the colony, Ceylon. In contemporary thinking the only "remedy", or alternative, was a land tax. On this reading Alwis appears to be telling Digby, obliquely, that the outcome of any agitation in Britain against "the food taxes" would be detrimental to the British planting interest in Ceylon.

The European planters did not need any advice on this point. With the exception of such individuals as George Wall, they resolutely opposed any meddling with the paddy tax, powerfully assisted in this line by the *Ceylon Observer* run by the Fergusons.⁷⁹ George Wall found very little support when he tabled a motion before the Planters' Association which condemned food taxes as impolitic and the renting system as oppressive, and demanded a more equitable alternative.⁸⁰ In doing so he argued that it was not incumbent on the Association to suggest concrete alternatives and that wrongs had to be condemned on principle. He also made it clear that his motion had deliberately avoided reference to such a debatable point as a land tax. In circumstances in which the Grain Tax Commission had sought the opinion of the Planters' Association on the question whether it was "advisable or practicable to substitute a general land tax for the [existing] taxes on home grown and imported grain,"⁸¹ Wall's detour was hardly realistic. The Planters' Association, modifying a more drastic counter-motion, ultimately resolved that any alteration in the paddy tax would not be feasible or advisable.⁸²

Alwis and the indigenous landlord and plantation interest, therefore, had powerful allies in their resistance to a general land tax. The latter's relative influence on Government policy remains to be seen. Though the European planting interest was an influential pressure group, it should be noted that the formal views of the Planters' Association did not reach Government till mid-August 1877,⁸³ whereas the reasoning which coloured Government's ultimate decision was already foreshadowed in a despatch sent by the Governor, Sir William Gregory, in January 1877. This does not preclude the possibility that, before January, the planters used the channels of social chit-chat open to them to convey their hostility to the measure—unfortunately a line of influence not

79 They were not opposed to alterations in the modes of collecting the paddy tax.

80 *Proceedings of the Planters' Association for Ceylon for the year ending 16th February, 1878*, (Ceylon Times Press Company, Colombo, 1878), pp. 50-60 on a general meeting, 12 July 1877.

81 C. M. Lushington, Secretary to the Commission - The Chairman, Planters' Association, 26 February 1877, (*Ibid.*, App. p. x).

82 *Ibid.*, pp. 57, 59. The first counter-motion read: "That this Association is unaware that the natives of Ceylon complain of hardships imposed on them through the paddy tax, and are unable to recommend any change to Government. They consider that the present import duty on rice is the simplest way of raising revenue from all classes of the community".

83 *Ibid.*, App. pp. xi - xii.

readily susceptible to historical verification. In the second place, one has to ascertain the extent to which practical considerations influenced Government on this occasion. We have seen that such difficulties were of primary importance in the abandonment of a land tax scheme in the late 1840's.

However selfishly motivated, Alwis and the headmen were not misleading in their principal contentions. The land tax schemes proposed from time to time would have imposed an additional burden on all landowners, big or small. To prove this the nature and amount of the land tax has to be elaborated on. The land tax suggested in the 1840's was to be 2s. 9d. or 3s. per acre uniformly on uncultivated and cultivated land. A scheme which the Surveyor-General, Captain Fyers, proposed in 1869 envisaged a uniform rate of 3s. per acre on cultivated land (including pasture), but also mentions the need for different rates between lands cultivated regularly and those cultivated intermittently, besides a lower tax on uncultivated land.⁸⁴ In the mid-1870's however, Government was convinced that a uniform land tax was unfair and that a uniform tax of a sufficient amount to cover the loss of revenue following abolition would injure the peasantry. The land tax mooted under Gregory was to be a graduated one: 5s. on tea, coffee and cinchona land, 3s. on cinnamon, tobacco and coconut land, 2s. 6d. on paddy land and 2s. on gardens and land sown with other grains. In every one of the suggestions paddy land would have continued to bear as much taxation as before.⁸⁵ What is pertinent here is that the cultivators and landowners of 1877 did not comment on the substitution of a land tax in general but on a graduated land tax involving more or less the previous tax on their paddy land plus additional taxes on their gardens, chenas and coconut land. Let us take a simple hypothetical example of a peasant family in the Central Province with an acre of paddy land, half an acre of garden land, two acres of *chena* and a quarter acre of coconut land and compare the manner in which they would have fared under the graduated land tax proposed by Government in 1877 with conditions under the existing commutation system. Assuming an average yield of twenty

84 *Grain Tax Comm. 1877*, Capt. R. E. Fyers (Surveyor-General) - Col. Sec., 21 August 1869, pp. xxxvi - viii. Fyers gave evidence before the 1877 Commission as well and continued to argue for a land tax.

85 Tennent remarked that his land tax was believed to be on par with the average tax per acre of paddy land at that time, [*R. F. C.*, (Tennent's Report), 22 October 1846, p. 98]. Gregory stated that under the existing system the paddy tax averaged about 4-5s. per acre under the renting system and considerably less under commutation, [*Sessional Paper XXIX of 1878*, Gregory-Carnarvon, No. 15, 9 January 1877 p. 8]. One is not certain how these calculations were reached. With uncertain acreage statistics it is difficult for present-day students to compute figures on the taxation per acre without doing intensive regional research.

bushels of paddy at 10-12 fold on the paddy land,⁸⁶ the paddy tax collected through commutation would have been in the region of 5s. 4d. under the rates of commutation prevailing after 1864 (taking the maximum).⁸⁷ Under the land tax contemplated in 1877 the total due from the family would have been 8s. 3d. If the half-acre of garden was solely devoted to native coffee it would have been 9s. 9d. This is what Alwis meant when he used the picturesque shorthand, a tax on the curry as well as the rice. Obviously circumstances would vary according to the individual extents of land: those with little but paddy land would not find the incidence of taxation much different; and those with larger extents of non-paddy land would feel it the most. It is not surprising that the peasantry preferred to retain the paddy tax when confronted with an alternative of this nature. Alwis, then, was not misrepresenting matters on this point. Ulterior interest and the general interest happened to coincide.

Nor was he any less wrong in considering the land tax impracticable. This issue hinged on several subsidiary points, particularly on whether it could be effected without an islandwide cadastral survey. On virtually every one of these subsidiary points, the civil servants presented conflicting opinions. The majority, however, agreed that a land tax was impracticable. It is difficult to conclude otherwise. Rather than enter into a great mass of detail to illustrate such a verdict a few general points should suffice: the prolific number of smallholdings and such complicated tenurial practices as undivided proprietorship posed great problems; precise assessment was impossible without surveys and even then it was difficult in the face of the differences in sowing extent per locality.⁸⁸ Many of these problems applied to taxation of paddy fields as well. But paddy taxation had the immediate past to rely on. It was far more difficult to assess garden and coconut land, especially when such lands were interspersed. Even an uniform land tax was well-nigh impossible without a survey and a survey was expensive and time-consuming.

86 For average yields E. Elliott, "Paddy Cultivation in Ceylon during the nineteenth century", *Tropical Agriculturist*, Vol. 37, (November 1911) p. 394 is particularly useful. Also see A. M. Ferguson, *Summary of useful information regarding Ceylon*, Observer Press, Colombo, 1865) pp. 8-9; and H. T. S. Ward's article on "Irrigation" in A. Wright's (ed.) *Twentieth Century Impressions of Ceylon*, (Lloyd's Greater Br. Publication Co., London, 1907) p. 172. On this subject however one has to have one's fingers crossed because it is beset with pitfalls. For one thing it is difficult to work out averages in a country where the sowing extent varies from locality to locality and product to product. For another the acreage statistics have always been putrid: even today, the tendency is to overestimate the land under paddy from 15-50 per cent in excess; this means that the yields are underestimated, [E. R. Leach, *Pul Eliya A Village in Ceylon* (C. U. P., London, 1961) p. 172].

87 Only the paddy land would be taxed. The acre of paddy included under our example would produce 20 bushels and would have been liable to a tax of 2 bushels. At the commutation rate of 2s. 8d. this equals 5s. 4d.

88 For an appreciation of these difficulties see *Sessional Paper II of 1892*, Report on the Grain Tax Revision of Udakinda by A. M. Ashmore, Grain Commissioner and Gananath Obeyesekere, *Land Tenure in Village Ceylon A Sociological and Historical Study*, (C. U. P. 1966) pp. 114-19.

The report of the Grain Tax Commission, the despatch sent by Gregory in January 1877 after Alwis's motion, that by Longden in connection with the Commission's Report and a memorandum written by A. N. Birch in May 1878 convey the main features of opinion and policy within the Government of Ceylon in 1877-78.⁸⁹ While Gregory agreed that the paddy tax was "indefensible in principle" both he and the others laid a great deal of stress on a theory that had been enunciated by Tennent but had lain dormant since; namely, that the paddy tax was in reality a rent rather than a tax, implying that it was defensible in principle. Birch denied that the paddy tax retarded the cultivation of rice while all were agreed that the repeal of the import duties would only benefit rice-traders and the coffee planting interest. All were convinced that the import duties and grain taxes could not be abolished without affecting Government's programme of public works, especially that of irrigation. Birch added that even if the revenue continued to expand and permitted abolition, it would be better to spend the surplus on irrigation. It was concluded that abolition was not possible without alternative sources of revenue. For some unspecified reason, it was "universally acknowledged" that the only substitute was a land tax.⁹⁰ This was considered desirable in principle but rejected as politically inflammable and impracticable, though considered advisable at some future date. The paddy tax had to remain. But the intolerable system of farming the taxes was to be replaced by a system of commutation. As the revenue from dry grain was small and commutation was not practicable in the case of such crops, the taxes on dry grain were to be abolished.

Alwis had carried all his points.

What is even more remarkable is the tenacity with which the Government of Ceylon refused to look at any alternatives other than the land tax. This was a measure of their diehard orthodoxy. Wall was even more severe in his condemnation and declared that Government made the renting system "a scapegoat to bear all the evils of the tax and . . . to save it from the doom that had hung over it for half a century".⁹¹ This criticism has much truth in it, but Wall fails to explain how he came to add his signature to the report of 1877. It was out of character for him to have abstained from a dissenting minute if he disagreed.⁹² Wall

89 See *Grain Tax Comm. 1877 and Sessional Paper XXIX of 1878*.

90 *Sessional Paper XXIX of 1878*, No. 1, Gregory - Carnarvon, No. 15, 9 January 1877, p. 6 and Encl. in No. 3, Memorandum by A. N. Birch, 7 May 1878, p. 17.

91 *Sessional Paper III of 1892*, Despatches relating to the Proposed Abolition of the Grain Tax, Remarks on the Report of the Select Committee on "The Grain Tax Ordinance, 1878" by Wall, p. 136.

92 In his book, *The Grain Tax in Ceylon* (Colombo, 1890), p. 20, Wall alleges that the official members were instructed "to save the tax for the sake of revenue at any cost", that the officials overawed and persuaded the unofficials through their more intimate knowledge of the subject, and that the unofficials were so anxious to end "the flagrant and demoralizing abuses of the renting system" that they were willing to "concede anything else". This explanation is lame and unsatisfactory.

evidently could not resolve his dilemma. Wholeheartedly opposed to the grain taxes on humanitarian grounds, he never came to grips with the question of alternative sources of revenue and would appear to have been less than lukewarm towards a land tax - not unnaturally for a proprietor of several coffee estates and architect of one of the most notable agency houses of the time, George Wall & Company.⁹³

As remarkable perhaps was the unquestioned manner in which the bulk of opinion within and without the administrative services treated the paddy tax and the import duties as Siamese twins which had to stand or fall together. This was the result of anti-protectionist ideas and (in the 1890's at least) was buttressed by an unshakeable conviction that Free Trade and the Cobden Club so dominated Whitehall that it was futile acting in opposition to their principles.⁹⁴

Officials in the Colonial Office of the day were not that doctrinaire. Their comments reveal a refreshing pragmatism.

The minutes written on the subject⁹⁵ as it moved up the hierarchical ladder of the Colonial Office merit attention. Francis Round, a classics graduate from Balliol and a Clerk of eight years experience, noted that while the total revenue had increased by 40 percent in the last seven years a good proportion of this increase had been used on ordinary expenditure and not solely on public improvements. The buoyant revenue, therefore, had encouraged a lack of economy and the emphasis on maintaining revenue at its existing level was exaggerated. As the revenue yielded by the grain taxes in the past twelve years had remained stationary in contrast to other sources of revenue, they must have retarded the cultivation of grain. Therefore the taxes were not economically expedient. Being discriminatory, neither were they just. But a land tax was not admissible because costly in collection. Round was inclined to abolish the grain taxes, "mere loss of Revenue" being inadequate ground for opposing a change that would give relief where it was due. On the other hand, the veteran Clerk, Cox, was of the opposite view and agreed with the Government of Ceylon on every point. Robert Meade, the Assistant Under-Secretary of State for the Colonies, felt that compulsory commutation amounted to a land tax on rice growing lands and might pave the way for a cautious introduction of a general land tax, and that insufficient attention had been paid to Colonel Fyers'

93 For instance, see columns 3 and 4 in the estate directory in Ferguson's *Ceylon Directory* for 1875; for ownership see pp. 720, 721, 744, 748, 758.

94 *Sessional Paper III of 1892*, Despatches relating to the Proposed Abolition of the Grain Tax, Minute by the Auditor-General, G. T. M. O'Brien, 12 November 1890, p. 48; O'Brien - Havelock, 28 January 1891, p. 81, and P. Ramanathan's speech in the Legislative Council, p. 57.

95 CO 54/509, Longden - Carnarvon, No. 86, 18 December 1877, Minutes by Round, 21 January 1878; by Cox, 22 January 1878; by Meade, 5 March 1878; by Herbert, 8 March 1878; by Hicks-Beach, 21 April 1878.

scheme of a cheaper, rough and ready survey. But while thus inclined to favour a land tax he stated that the Colonial Office could not insist on one when the men on the spot declared that it was politically explosive. He shared Round's opinion that an expanding revenue justified the remission of taxation and on this ground agreed to the suggestion from Colombo that the taxes on dry grain be repealed. In effect he agreed to continue the paddy tax under a commutation system. He was not opposed to direct taxation on principle: "in a comparatively under-developed and uncivilized country it is manifestly impracticable to apply those economic doctrines in their integrity which are applicable to different races and if Mr. Potter were not a man of only one idea he might (?) alter (?) this". R. G. W. Herbert revealed a similar approach in seeing "no well-grounded objection" to taxes on food: if food taxes were heavy they should be reduced just as any other taxes that were burdensome in their incidence should be, but the "taxes on the food of the poorest classes in Ceylon seem[ed] to be very light" and as acceptable and inoppressive a method of taxation as could be devised; the greater part of Britain's revenue and that of other countries was raised by duties and taxes on the solid and liquid food used by the poorer classes; such a fiscal system was quite just; Ceylon had no reasons to be treated exceptionally. He agreed with the recommendations made by the Government of Ceylon and suggested that in the near future they might find it safe and convenient to put a small land tax on some classes of land which were able to bear it as well as the paddy lands. Finally Sir Michael Hicks-Beach minuted: "I see no objection to a tax on food. As Mr. Herbert remarks, much of our revenue here is so raised. But in selecting articles of food for taxation, it is better to take those which are least necessary. Thus the greater part of our taxation on food falls on 'intoxicating liquors'". He accepted the view that the paddy tax could not be repealed without a substitute and that a land tax was not a suitable one, but felt that little attention had been paid to other possible substitutes such as increased taxes on wine, spirits and tobacco. Endorsing previous suggestions that A. N. Birch, who was on leave in England, should be consulted, he proposed that Birch should report on the question of other alternatives. If the grain taxes had to continue, he was in favour of the change in the mode of collection. In contrast to Meade and Herbert, he was against the abolition of the taxes on dry grain because he saw no reason why cultivators of dry grain should have special privileges (forgetting that coffee, coconut and other producers had a like privilege) and why government could not try commutation in this sphere too.

This body of opinion in the Colonial Office presents several features which need emphasis. In keeping with their pragmatic outlook the officials limited their comments to grain taxes and passed over the import duties, which the Ceylon Government had decided to retain, in silence. The silence was significant: the Siamese twins were not inseparable. They also revealed a cautious distrust of innovationism.⁹⁶ In contrast to tendencies so pronounced in

⁹⁶ This was seen a year later as well. In arguing against the repeal of the taxes on dry grain a young Clerk named C. P. Lucas wrote: "in an Eastern community . . . the people themselves too often prefer abuses to which they are accustomed to advantages the novelty of which they are startled", [CO 54/519, Longden - Hicks-Beach, No. 185, 12 May 1879, minute dated 30 June 1879].

the 1830's and 1840's, they were disinclined to make hasty changes and risk doing violence to parochial prejudices. In keeping with such cautiousness, political considerations counted for much. However much Meade desired a land tax, he was resigned to doing without it because the spectre of popular discontent was raised. This was standard reaction: questions of security generally had a pronounced influence on policy decisions in the Colonial Office where new taxes were involved. Indeed, it was perhaps the stronger because fiscal changes in Malta had aroused popular discontent just at this time.⁹⁷ As not uncommon in the case of peculiar local problems, moreover, the Colonial Office was guided by the men on the spot and refrained from pushing its own ideas too far. Nor is it so surprising that they revealed streaks of ignorance. None of them seemed to realise that a commutation system was already in partial existence (Meade certainly did not) or realised its implications, while Hicks-Beach failed to grasp the fact that commutation of the dry grain taxes had been rejected in Ceylon as impracticable. But the main problem was not dependent on local knowledge. It demanded some simple logic. This was provided by Hicks-Beach. He questioned one of the basic assumptions prevalent in Colombo, that the land tax was the only substitute. This was a line of inquiry which could have led to the abolition of the grain taxes. It was largely because Sir Arthur Havelock pursued this route so incisively and resolutely in 1890-92 that the taxes were abolished. It is therefore of considerable significance and is perhaps the most salient feature of the Colonial Office minutes in 1878.

Hicks-Beach's suggestion placed the ball at Birch's feet. Birch resolutely and blindly kicked it out of the ground. In a long memorandum which examined alternative sources of revenue, he contended that there was no substitute which would bring an equivalent amount of revenue⁹⁸ and argued very strongly for the retention of the paddy tax and the extension of irrigation works through the revenues it yielded. In step with the Government of which he was part, Birch insisted on the existing pattern of things. One need only point to the relative ease with which Havelock found alternative sources of revenue thirteen years later to establish this criticism. It is true that Havelock treated the grain taxes and the import duties as separate entities, abolishing only the grain taxes and having to make good the sum £50,000,⁹⁹ whereas Gregory, Birch and their associates

97 See quotation from Herbert's second minute dated 22nd May 1878, *infra*, p. 32.

98 In the Colonial Office minutes references were largely to "the grain tax" though the phrase "taxes on food" was used by Herbert. Indeed, Round referred to the grain grown in the Island yielding approximately £106,000. It is clear that the twins had been parted. In effect, the Colonial Office were only looking for £106,000 from alternative sources. But they did not make this clear. Birch was thinking on the lines of the traditional Siamese-twin concept and seeking £290,000 from new sources.

99 Stamp duties by means of succession and legacy duties	Rs. 75,000
Revised customs tariffs (import duties)	Rs. 285,000
Increased salt duty (at monopoly rate)	Rs. 140,000

Rs. 500,000 = £ 50,000

Accounts were kept in £. s. d. till 1870. Figures from *Sessional Paper III of 1892, op. cit.*, Knutsford-Havelock, No. 45, 12 February 1892, p. 146. Havelock had to raise only £50,000 and not £100-110,000 because it had already been decided (by a Select Committee of the Legislative Council in 1890) that assessments should be pruned; the reduced income from the paddy tax was estimated at £30,000.

sought to make up £290,000 in revenue. But Havelock had originally planned to raise an estimated £110,000 and had up his sleeve, as a reserve source of revenue, the idea of a uniform land tax of 18 cents (roughly 4-5d) per acre likely to yield £100,000.¹⁰⁰

The Colonial Office bowed to Birch's views and accepted most of the recommendations from Ceylon, a decision reinforced by the difficulties encountered by tax reforms in Malta:

I think Birch's minute shows that it would not be expedient to attempt any increase of the import duties for the purpose of providing an equivalent for the Grain duties and taxes.

Looking to what has already occurred in Malta and to the probability that the Ceylon people will be equally indignant if an attempt is made to shift their burdens, I would proceed very cautiously even with the commutation of the Grain taxes. It is not impossible that the nation may mistrust the objects and doubt the beneficial results of such commutation.

. As a matter of policy, I am clearly of opinion that Malta is enough to have on hand at one time and I would temporize by expressing to the Governor the general result of the Sec. of State's consideration of the subject,

concluded Herbert.¹⁰¹ The only change pertained to a relatively minor point: the suggestion that the taxes on dry grain should be abolished was referred back for further investigation – a needless step in view of the consideration given to the subject in Ceylon and the small sum (about £6,000 – 7,000) at issue.

In 1878, therefore, Ordinance No. 11 abolished the renting system and introduced compulsory commutation throughout the island, renewed attempts to abolish the import duty and grain taxes on the part of the Cobden Club being dismissed with the valid observation that they were "distant observers".¹⁰² Under this Ordinance cultivators could choose between annual commutation and crop commutation, the former involving payment of a fixed sum annually, the latter involving payment in those years only in which a parcel of land produced a crop. Once made, the choice was to be final. Assessments were entrusted to specially appointed Civil Servants styled Grain Commissioners who were given the power themselves to make a choice between annual and crop commutation where cultivators hesitated in doing so, and to decide who should be deemed owners for taxation purposes in cases of doubtful ownership. Under annual commutation, assessment was to be based on the average annual yield of a parcel

¹⁰⁰ *Ibid.*, Havelock - Knutsford, No. 25, 18 January 1891, pp. 2, 5-6; and Havelock - Knutsford, No. 166, 6 May 1891, p. 107. As an alternative to the land tax he also considered the idea of a uniform tax of 75 cts. (1s. 6d.) per acre on all paddy lands.

¹⁰¹ CO 54/509, Longden - Carnarvon, No. 86, 18 December 1877, Minute by Herbert, 22 May 1878.

¹⁰² CO 54/517, Longden - Hicks-Beach, No. 32, 27 January 1879.

of land in the previous fourteen years (wherever possible), less ten percent. Crop commutation was to be founded on the averages of those years out of the previous fourteen in which crops had been produced.

Annual commutation under Ordinance No. 11 of 1878 differed from that prevailing earlier in that it was compulsory (and therefore more extensive) and in that assessments were to be based on more detailed investigation in the field by European staff officers. Crop commutation, however, differed in principles. It was more flexible and liberal and did not insist on payment in years when there was no crop or the land lay fallow. Another provision with the liberal intention of protecting the peasantry was the stipulation that parcels of land yielding less than three-fold the sowing extent (8 to 9 bushels per acre) could not be brought under crop commutation.¹⁰³ The rate of commutation was to be based on the local value of paddy in the preceding seven or fourteen years. Appeals against decisions taken by the Commissioners could be made to Government Agents within one month or civil actions against Government could be entered into within six months.¹⁰⁴ Once a district had been brought under commutation in this manner Government intended revising the agreements after seven years but considered that longer periods could be allowed "once a balance (was) struck between not diminishing the revenue and not pressing on the cultivator".¹⁰⁵

Since this system meant detailed assessment work it could only be brought into operation gradually. The change is said to have contributed towards the tragic tales of starvation in certain districts in the early and mid 1880's¹⁰⁶ which in turn influenced the decision to abolish the grain taxes completely in 1891-92. But the distress largely occurred in Nuwara Eliya and Badulla Districts within the Central Province, districts in which commutation settlements were undertaken according to the previous system and not under Ordinance No. 11 of 1878.¹⁰⁷ These issues constitute the final chapter – a complex and long drawn out episode – in the history of the grain taxes and remain outside the scope of this study.

103 In practice it proved "a dead letter", at least in Sabaragamuwa [*Sessional Paper III of 1892, op. cit.*, Encl. in one of Havelock's despatches, Reply of the G. A. Sabaragamuwa, H. Wace, 22 September 1890, p. 33].

104 C. S. Salmon, *The Crown Colonies of Great Britain*, (London, 1886) pp. 140-42. Obeyesekere (1966) pp. 112-14 and Appendix pp. 297-98 which gives Ordinance No. 11 of 1878 in full.

With regard to the dry grain taxes, cultivators had to provide the authorities with 15 days' notice of reaping the crop so that headmen could assess it before it was cut. If no notice was given, a cultivator could be fined the full value of the land so cultivated.

105 *Sessional Paper XXIX of 1878, op. cit.*, Longden - Hicks - Beach, No. 86, 18 December 1877.

106 Obeyesekere (1966) pp. 112-129.

107 *1886 Administration Reports*, Nuwara Eliya, C. J. R. Le Mesurier, A. G. A., [1887], p. 37A.

Sessional Paper XV of 1889, Grain Tax Commutation. Badulla had been separated into the Province of Uva in 1886 and was brought under Ordinance No. 11 of 1878 in 1887. The Central Province was brought under the Ordinance in 1888. after most of the distress had occurred.

Appraisal

While there is much criticism that can be levelled against the renting and commutation systems of collecting land revenue,¹⁰⁸ the very existence of a paddy tax can be questioned, particularly in view of the precarious and unremunerative nature of rice cultivation, a fact known to contemporaries by the 1860's if not earlier.¹⁰⁹ From Colebrooke onwards many contemporaries did challenge the paddy tax. Due to European preconceptions, there was singular unanimity – even among defenders of the tax – in regarding it as abhorrent in principle. The paddy tax withstood all these attacks. Faced with the realities of Government, the authorities in Colombo were not ready to give up a useful source of revenue. Their defence was openly one of expediency. In the 1840's, the revenue was needed for public works, with the accent on roads. In the 1850's and 1860's it was for public works in general. The emphasis was gradually shifting, however, and in 1877-78 and the 1880's it was largely for irrigation works. The Colonial Office, with pragmatism not uncommon to it, followed the lead given by Colombo. The justification was cogent but there were some awkward implications. By the 1880's irrigation works and the "paddy tax" were so linked in the popular mind that ardent defenders of the paddy tax argued that abolition of the tax would justify termination of Government irrigation projects, while Ceylonese came to believe that this would occur.¹¹⁰

While admitting the usefulness of the objects to which the money was put, one can seriously question the assumptions and prejudices under which the authorities (and others) defended the paddy tax. Much of the trouble arose from the fact that the battle was fought in a no-man's land pitted with free trade notions which influenced the forays of abolitionists as much as the crossfire of anti-abolitionists. The former were far too prone to concentrate on the import duties rather than the paddy tax though the latter could be attacked more justifiably on practical grounds. Even more unfortunate was the manner in which Government's line of defence depended on the argument that the two were an inseparable entity. Only Robinson and a few other defenders had the insight to see that it was the paddy tax which should be reduced or repealed first, if it came to a choice. But this smacked of protection and was criticised as such, even by those in the defending camp.¹¹¹ The insistence on treating the

108 See my "Grain Taxes in British Ceylon, 1832-1878: Problems in the Field", *The Journal of Asian Studies*, Vol. XXVII, No. 4 (August 1968) pp. 818-22, 826-29, 833-34.

109 CO 54/404, Robinson - Cardwell, No. 134, 16 September 1865, Encl., 1864 Administration Report, Matara, C. Liesching, A. G. A., 7 February 1865. L. Ludovici, *Rice Cultivation, Its Past History and Present Condition: with suggestions for its improvement*, (J. Maitland & Co., Colombo, 1867) pp. 126-29.

110 John Ferguson, *Ceylon in 1896*, (Observer Press, Colombo, 1896), pp. 12-14 with reference to Gordon's period of administration in Ceylon (1882-90). *Sessional Paper III of 1892*, op. cit., Sub-Encl., Translation of the Leading Editorial of the *Lakrivikitrana* of 17 January 1890, p. 11.

111 A. M. & J. Ferguson, *Taxation in Ceylon with special reference to the Grain Taxes*, (Observer Press, Colombo, 1890), *passim*.

import duties and the paddy tax as inseparables reflects an obstinate capacity to think in blinkers. Neither in their origins¹¹² nor in their effects, as abolitionists argued in the 1890's, did these sources of revenue have any economic relation. The protection which the import duties were said to afford was fictitious: relatively little Ceylon-grown paddy was taken to market: the trade in imported rice was monopolised by the Chetties and the abolition of the tariffs would not have affected the price of rice.¹¹³ Falsely based though it was, this outlook was of some consequence. Taken together the import duties and paddy tax amounted to £230,631 in 1866 and £284,251 in 1876, of which the former represented a much larger portion, £125,457 and £183,953 respectively. It is obviously easier to consider the reduction or abolition of a smaller source of revenue.

This leads us to the defenders' second great fallacy. They believed that there was no other means by which they could raise an equivalent revenue. This was very important because the needs of revenue were a vital consideration and abolition was considered impossible without substitute sources of revenue. The only alternative considered seriously by officials in Ceylon was a land tax. In 1848 practical difficulties forced them to postpone this idea for the future. Thereafter they were firmly convinced that a land tax was not feasible "as yet". Nevertheless it remained a great desideratum in their minds. Even while favouring the retention of the import duties and the paddy tax, the Grain Tax Commission of 1877 stated that a land tax should replace these imposts in the future. On each occasion the future came, languished, and passed on; there was no cadastral survey; the land tax remained a castle in the futuristic air.

As conceived by most contemporaries a land tax was certainly not practicable. Even the light and uniform assessment kept in view by Havelock in 1891 was a doubtful proposition from the operative point of view. But Government could easily have emulated Havelock at an earlier date and looked further. Coffee could have borne an export duty.¹¹⁴ What Lord Salisbury said of India in his famous minute of 1875 is apposite here:

it is not in itself a thrifty policy to draw the mass of revenue from the rural districts where capital is scarce, sparing the towns where it is often redundant and runs to waste; . . . as [the country] must be bled, the lancet should be directed to those parts where the blood is congested, or at least sufficient, not to those which are already feeble from want of it.¹¹⁵

112 See *supra*, p. 110.

113 Also see *supra*, p. 129.

114 There was an export duty on coffee till 1848 when it was abolished during the depression of that year. In 1857 export duties were established to finance the Colombo-Kandy railway and abolished once the debt was met.

James Stuart was talking sense in criticising the fact that the producers and exporters of Ceylon were inadequately taxed [*Notes on Ceylon and its affairs during a period of thirty years ending in 1855*, (Private, London, 1862) p. 75], and it is significant that one or two officials considered that the coffee interest could bear greater taxation, [*Grain Tax Comm. 1877*, Appendix, Nos. 17 and 23, Replies from H. H. Cameron and A. A. King, A. G. A's, pp. xxvii and xlvi respectively]. Once the coffee leaf disease had brought ruin to the industry (1880-85) such an export duty would not have been feasible but, even in 1878, ruling circles had not realised that doom lay ahead.

115 B. M. Bhatia, *Famines in India*, (Asia Publishing House, New Delhi, 1963) p. 23.

Neither was the paddy tax particularly wise from the point of view of Government's time, or its image. Under the commutation system in particular, headmen and staff officers were brought into contact with the peasantry in a manner which bred friction and unpleasantness, even though it helped the staff officers to learn more about the country and its people than they might otherwise have done. This was not a problem peculiar to Ceylon. But the point is that in Ceylon, as in other countries, the European official was supposed to be a paternal despot. Paternalism was difficult to reconcile with that of tax gatherer. Collecting land revenue, moreover, demanded considerable time and attention. Without his land-revenue duties a zealous official would have had that much more time for less odious and possibly more fruitful enterprise.

A case for the abolition of the paddy tax could also be built on its practical effects on the state of paddy cultivation and on the condition of the people. While some abolitionists argued against direct taxation on the theoretical ground that it retarded improved methods of production, some residents in Ceylon went further and attributed the "unsatisfactory state" of rice culture to this tax and its consequences.¹¹⁶ This was wholly denied by such officials as A. N. Birch and Governor James Longden and instances were cited in proof of this contention.¹¹⁷ It is of some relevance that in Madras under the *ryotwari* system high assessments prevented both the improvement and the extension of cultivation.¹¹⁸ But the Indian peasants were generally subject to a tithe of one-sixth to one-half their produce unlike those in Ceylon who were liable to forfeit one-tenth. In Ceylon it is probable that technical factors such as the unsuitable distribution of rainfall, inadequate irrigation works and poor strains of seed paddy rather than the paddy tax were primarily responsible for the stagnant state of paddy culture. Evidence suggests, however, that the tax made an unsatisfactory state of affairs even more unsatisfactory. Paddy cultivation was a precarious occupation in most parts of Ceylon. In several districts the paddy crops were insufficient for subsistence and the populace had "to eke it out" by resort to a form of shifting cultivation, known as *chenaing*.¹¹⁹ Some villages were wholly dependent on *chena* culti-

116 *The Examiner*, 21 September 1867, Report of the Sub-Committee of the Agricultural Society, September 1867.

The Colombo Observer, 8 November 1866, Letter to the editor from "A Colonial Conservative".

117 *Sessional Paper XXIX of 1878. op. cit.*, Memo by Birch, 7 May 1878, pp. 17-18 and Longden-Hicks-Beach, No. 86, 18 December 1877, pp. 11-14.

R. F. C., C. R. Buller - Col. Sec., No. 577, September 1846, p. 134. This was associated with the view that paddy tax was "a stimulus to action". Cf. Madras in the time of Thomas Munro. The authorities believed that high assessment would lead to improved cultivation, N Mukherjee, *The Ryotwari System in Madras, 1792-1827*, (K. L. Mukhopadhyay, Calcutta, 1962, p. 255.)

118 Mukherjee, (1962) pp. 255, 259, 264-65, 269, 278-79.

119 1868 *Administration Reports*, Nuwara Eliya, C. Liesching, A. G. A., 29 April 1869, p. 50. *ibid.*, Sabaragamuwa, Appendix, Extract from letter, F. R. Saunders (Jr.), A. G. A. - G. A., Western Province, No. 411, 26 August 1868, p. 69.

vation.¹²⁰ A district officer named Le Mesurier put the matter succinctly: "the abolition of the inland paddy tax would give the poor agricultural classes so much more rice to eat. They do not grow enough for their own consumption, much less for sale; and the share they now give the Crown would then go into their own stomachs".¹²¹ As several Ceylonese who favoured its abolition argued, paddy culture generally left no margin for profit or taxation and the paddy tax ate into a peasant's capital, leaving little room to build up reserves.¹²² It would appear that it also compelled the cultivator to sell his paddy far below its price while he was pressed for money to pay the tax.¹²³ It was a tax on the producer and not on the consumer. Making every allowance for exaggeration in the picture drawn by George Wall in his book, *The Grain Tax in Ceylon*, there is little doubt that the tax aggravated peasant indebtedness and undernourishment, both of which existed in the 1870's though the extent and degree is uncertain.¹²⁴ Several witnesses before the Grain Tax Commission even stated that certain mudlands were left uncultivated partly because of this impost and because their owners lacked capital.¹²⁵ Under the commutation system there was the further influence of evictions, which led to the abandoning of certain fields that had been regularly cultivated.¹²⁶ The paddy tax, therefore, had a pernicious influence.

This meant that the paddy tax worked against one of the prime aims in Government policy of the time, the policy of providing the peasantry with stimuli towards increased agricultural output.

It should be the study of the Government to render paddy cultivation as attractive, lightly burdened and profitable to the mass of the people as possible. The advantages accruing directly and indirectly to the State both in a political and social point of view, from the extension of cultivation, are not commensurable by a mere money standard,

wrote a district officer named Thomas Steele in 1872.¹²⁷ This survey of government policy has shown that officials sought to make the paddy tax lighter and more attractive. The commutation system was undertaken with this idea. The

120 *1870 Administration Reports*, Service Tenures Commission, J. F. Dickson, 29 April 1871, p. 286 fn.

121 *Sessional Paper III of 1892, op. cit.*, Havelock - Knutsford No. 114, 5 April 1891, Encl., C. J. R. Le Mesurier (A. G. A., Nuwara Eliya) - Havelock, 3 April 1891, p. 91. Havelock called special attention to this paragraph.

122 Ludovici, (1867) pp. 125-26.

Ceylon National Association, *Report of the Committee on the Grain Tax*, (Colombo, 1890) p. 7.

123 *Ibid*, p. 6.

124 Wall, *The Grain Tax in Ceylon, being a letter addressed to the Chairman of the Cobden Club*, ("Ceylon Independent" Press, Colombo, 1890) pp. 4-5, 12-15, 19, 29-30, 33. M. W. Roberts (1968) pp. 827, 833.

125 *Grain Tax Comm., 1877* Resume of Answers, Question 3, p. 14.

126 *1886 Administration Reports*, Nuwara Eliya, C. J. R. Le Mesurier, A. G. A., (1887) p. 37A.

127 *Sessional Paper II of 1872*, Reports on the working of the Paddy Cultivation Ordinance (No. 21 of 1867), Report of the A. G. A., Hambantota, T. Steele, 25, July 1872, p. 20.

redemption scheme went further and sought the virtual extinction of the paddy tax. Even the attempts to curb chena cultivation in the 1860's stemmed in part from a desire to force the peasantry to adopt more "permanent" forms of cultivation such as paddy culture.¹²⁸ Nevertheless, the "money standard" intervened harmfully. Some officials were unduly concerned with niggardly accountancy. The redemption scheme was abandoned once Government found itself losing revenue. Inheriting a traditional tax that was acquiesced in by the people, Government was loth to give it up. In other words, reliance on this source of revenue was in conflict with its efforts to encourage cultivation and effect "a vast improvement in the prosperity and happiness of the people."¹²⁹ Thomas Steele sermonised in vain.

It would seem reasonable conjecture to consider that some of the shortcomings in policy arose from the belief that the paddy tax was readily accepted by the people. The fact that the mass of the peasantry were patient and slow to complain was forgotten. The fact that the headmen, for the most part, had an interest in maintaining some form of tax on the land¹³⁰ was lost sight of. Till the 1880's officials remained content with this comfortable fact of seeming acquiescence on the part of the peasantry. They did not probe deeper. They even permitted the notorious defects in the renting system to persist unremedied. They reclined on the deck-chair of tradition. In persisting with a policy *quieta non movere* they failed to see that while the peasants chose to lie acquiescent, some lay prostrate.

128 *Sessional Paper XV of 1873*, Papers relating to the Cultivation and Survey of Chena Lands, Introduction (by Gregory), p. 5.
Governors Addresses, Vol. II, Address of the Legislative Council in reply to the Governor's Opening Address, 24 August 1864, p. 49.

129 CO 54/282, Anderson - Grey, No. 175, 8 November 1851.

130 See especially *Sessional Paper III of 1892*, *op cit.*, pp. 3-4.