



SESSIONAL PAPER VII.—1937.

Unemployment in Ceylon

Report of an Informal Committee appointed
by the Hon. Minister for Labour,
Industry and Commerce.

OCTOBER, 1936.

Printed on the Orders of Government.

PRINTED AT THE CEYLON GOVERNMENT PRESS, COLOMBO.
May be purchased at the GOVERNMENT RECORD OFFICE, COLOMBO; price 25 cents.

1937.

“ Copy ” received : March 5, 1937.

Proof sent : March 16, 1937.

Proof returned : March 31, 1937.

Published : April 9, 1937.



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CONTENTS.

Chapter I.

INTRODUCTION.

	PAGE
Appointment of the Committee	3
Method of Investigation	3

Chapter II.

UNEMPLOYMENT IN CEYLON.

1.—Extent and Causes	3
(a) Fluctuations in Trade	4
(b) Characteristics of the Ceylon Worker	6
(c) Trade Development	6
2.—Various Classes of Workers	6
A.—Unskilled Labour (Urban)	7
B.—The Artisan Class	8
C.—Domestic Servants, Car Drivers, Hotel Servants	9
D.—Clerks and Persons of Similar Status	10
E.—Juveniles	10
3.—Unemployment in the Villages	11

Chapter III.

REMEDIAL MEASURES—CONSIDERED UNSUITABLE.

(a) Payment of Cash Benefit to the Unemployed	13
(b) Unemployment Insurance	13
(c) Restriction of Immigration	14
(d) Protective Duties	14
(e) Employment Exchanges	15
(f) Relief Works	16

Chapter IV.

REMEDIAL MEASURES—RECOMMENDED.

(1) Settlement of the Unemployed on the Land	17
(2) Educational Reform	19
(3) Educated Youths—Other Lines of Employment	21
(4) Further Employment of Sinhalese Labour on Estates	22
(5) A Public Works Programme	23
(6) Reforestation	23
(7) A Provident Fund Scheme	23
(8) Retirement of Government Officers at 55	23

Chapter V.

CONCLUSION.

Summary of Principal Recommendations	24
List of Witnesses	24

UNEMPLOYMENT IN CEYLON.

Chapter I.

INTRODUCTION.

SHORTLY after assuming office as Minister for Labour, Industry and Commerce, the Hon. Mr. G. C. S. Corea appointed us, as a small informal Committee to investigate the problem of Unemployment in Ceylon and if possible to suggest remedies for it.

The subject was obviously one on which many months, or even years of close study might profitably be spent, and we had before us as an example the exhaustive inquiry into the question of Poor Relief carried out by Mr. Wedderburn in 1934. Unfortunately, however, the time at our disposal was strictly limited, first by the fact that each one of us had the duties of his department to attend to, and secondly by the necessity for producing proposals of practical utility at a reasonably early date. We had therefore to deny ourselves the satisfaction of carrying out a detailed investigation of the problem, for example by touring the Island and inquiring personally into the extent of unemployment in the rural areas. The same limitation of time made it impossible for us to examine more than a small proportion of the many witnesses whose views we should have liked to ascertain, and we had to select a few who seemed to us likely to be most intimately acquainted with our subject.

We were further handicapped by an almost complete lack of statistics, and had to collect most of our facts at secondhand. We cannot pretend therefore that our conclusions rest on any "scientific" basis or are the only ones that can reasonably be deduced from the available data. We can only claim that they have been arrived at after full discussion with witnesses who have special knowledge of our subject and are not merely our own preconceived ideas.

Chapter II.

UNEMPLOYMENT IN CEYLON.

1.—EXTENT AND CAUSES.

We have already mentioned the almost complete absence of statistics bearing on our subject. It is hardly necessary to state that in England and other great industrial countries the volume of unemployment can be gauged with sufficient accuracy through the Employment Exchanges. In England the Unemployment Insurance and Unemployment Assistance Schemes cover practically the whole field of industry. Cash benefit provided by these schemes is paid through the Employment Exchanges. Furthermore when a man who has been drawing benefit becomes re-employed he must hand over his employment book to his new employer and the latter must inform the Exchange that the man has been taken on by him. The Exchanges are therefore able to supply very accurate figures of unemployment in their areas. An arrangement of this kind which on the one hand provides the unemployed workman with the strongest motive for registration and on the other checks the genuineness of his claim, seems to be the only possible way of estimating the volume of unemployment with any sort of accuracy. Obviously a census would be quite unreliable, unless based on laborious investigation. This would require an army of Inspectors who would have to be specially trained for the work. Even then the results would be of doubtful value since everything would depend on the individual judgment of the Inspectors and the accuracy of their methods.

At a later stage of this report we give reasons why in our opinion, Employment Exchanges are not suited to Ceylon conditions. If our recommendation in this respect is accepted it will therefore be necessary to abandon any hope of compiling

accurate statistics of unemployment. There is no necessity however to regard this as a serious drawback. The remedial measures which we recommend at the conclusion of our report would not depend for their efficacy on an exact estimate of the numbers of unemployed and it should be possible to adjust them in proportion to the actual number of applicants for relief. Thereafter they should themselves provide a practical indication of the number of persons really in want of employment.

(a) *Fluctuations in Trade.*

Some degree of unemployment seems unfortunately to be inseparable from modern industrial organization. In the town of Colombo, for instance, the presence of a large force of casual labour in the harbour area and elsewhere must mean that even under the most favourable conditions a number of men are without work on many days of the year. Furthermore ever since Colombo became a considerable centre of trade there has been a steady stream of immigrants from the country districts and from India, looking for employment. (There has never, apparently, been a shortage of unskilled labour.) But until 1930 or about that time, such unemployment as may be taken to have existed was on so small a scale that it attracted little attention and being almost entirely of short duration caused little real distress.

There were however a number of factors which sooner or later were bound to alter this situation for the worse. Ceylon had subsisted for many years on three main industries, tea, rubber and coconuts, together with the shipping trade of the Port of Colombo. Through these it had reached a high level of prosperity; without them it would have remained poor and insignificant. But as a result of the war, the Russian market was lost to the tea trade, which was further called upon to face severe competition from Java and elsewhere, while as regards rubber it became apparent that Ceylon was at a serious disadvantage compared with Malaya and the Dutch East Indies, where the industry was better organized and conducted on more scientific lines. Furthermore the world's supply of raw rubber had come to exceed the effective demand. As to coconuts the soap makers were turning their attention more and more to the soya bean and the whale as sources of raw material in preference to coconut oil.

At the same time the change over from coal to oil as the normal fuel for steamers was adversely affecting the Port of Colombo. The quantity of bunker coal supplied to ships fell steadily from 528,222 tons in 1926 to 213,954 in 1932, and in 1935 after a considerable recovery of trade it had only risen to 238,276. It is true that the consumption of liquid fuel increased during the same period but not sufficiently to offset the decreased demand for bunker coal. (The figures for liquid fuel are 1926, 161,635 tons; 1932, 221,233; 1935, 272,721.) This may be ascribed chiefly to the competition of Aden, which has profited by its proximity to the source of supply at Abadan.

(cp. figures of liquid fuel imported at Colombo and Aden)

			Colombo.		Aden.
1926	..	..	193,347	..	265,679
1932	..	..	247,090	..	543,005
1935	..	..	317,198	..	682,038

It seems therefore that, as far as Ceylon was concerned, the general depression in international trade only accelerated a decline in prosperity which was in any case well on its way. The following figures will illustrate the extent to which the principal items of the Island's trade have actually been affected during the last decade :—

Ton.		Lb.		Value.		Average Price.
				Rs.		Rs. c.
1924	204,931,217	..	214,965,806	.. 1 5
1929	251,588,012	..	205,194,182	.. 0 82
1930	243,107,474	..	182,038,751	.. 0 75
1931	243,969,970	..	138,698,724	.. 0 57
1932	252,823,755	..	107,692,146	.. 0 43
1933	216,060,773	..	117,909,769	.. 0 55
1934	218,694,956	..	145,062,972	.. 0 66
1935	212,153,102	..	145,763,782	.. 0 69

UNEMPLOYMENT IN CEYLON.

5

Rubber.		Lb.	Value. Rs.	Average Price. Rs. c.
1925	..	102,185,442	169,492,247	1 66
1929	..	180,632,140	86,630,874	0 48
1930	..	170,946,243	47,158,226	0 28
1931	..	138,004,736	19,841,665	0 14
1932	..	111,241,860	13,232,696	0 12
1933	..	142,317,027	22,995,245	0 16
1934	..	178,556,182	56,615,226	0 32
1935	..	120,478,543	38,393,614	0 31

Copra.		Cwt.	Value. Rs.	Average Price. Rs. c.
1926	..	2,419,398	39,848,478	16 83
1929	..	2,042,488	26,315,987	12 88
1930	..	1,812,601	18,028,725	9 95
1931	..	1,877,303	12,715,258	6 77
1932	..	913,987	8,284,294	9 6
1933	..	1,286,791	6,828,435	5 31
1934	..	2,109,379	9,244,405	4 38
1935	..	975,213	7,818,398	8 2

Coconut Oil.		Cwt.	Value. Rs.	Average Price. Rs. c.
1925	..	616,917	16,812,750	27 25
1929	..	878,523	18,024,359	20 52
1930	..	763,779	13,189,849	17 27
1931	..	962,774	12,130,476	12 60
1932	..	1,025,040	14,475,109	14 12
1933	..	1,061,394	10,800,402	10 18
1934	..	1,396,865	10,460,714	7 48
1935	..	1,109,353	13,646,579	12 30

It is apparent from these figures that there was a severe depression in 1930-1932. In the latter year the average price of tea fell to 43 cents and for a time it looked as if the Island was faced with a disaster of the first magnitude. The situation was saved mainly by the tea and rubber restriction schemes which were introduced in February, 1933, and June, 1934, respectively, but in the meantime large numbers of men and women were thrown out of work. Fortunately for Ceylon the bulk of these were Indian estate labourers, who returned to India and thus relieved the local Government of the necessity for providing for them. Over 100,000 left Ceylon in the years 1930-33. In addition to these labourers the Administration Report of the Controller of Labour for 1932 gives the following estimate of persons connected with estates who were then unemployed :—

Superintendents and Assistant Superintendents	..	434
Conductors	..	550
Clerks	..	334
Dispensers	..	159

The general volume of unemployment was increased, perhaps unavoidably, by Government's policy of retrenchment. The total number of persons employed directly by the various departments was reduced from 69,287 in 1930 to 60,553 in 1933, but more impressive than this are the figures of expenditure by the Public Works Department. These show a progressive reduction from Rs. 24,111,295 in 1928-29 to Rs. 4,919,643 in 1933-34. This drastic economy can hardly have failed to have a profound effect on internal trade and employment.

In 1931 the Employers' Federation estimated that about 10 per cent. of the total number of employees working under firms belonging to that association had been discharged,—that is to say about 2,500 persons.

It is generally admitted that there has been a definite improvement in trade since 1932. This must have reduced unemployment to some extent and indeed it is a matter of common knowledge that the situation is somewhat easier than it was a few years ago. The recovery is however still incomplete, as the following figures indicate :—

Total revenue of Ceylon—		Rs.
1928	..	134,134,953
1932	..	84,843,207
1935	..	98,993,552

Exports—				Rs.
1929	..	..	..	407,372,810
1932	..	..	..	170,309,678
1935	..	..	..	235,606,135
Expenditure on Public Works—				
1928	..	..	..	24,000,000
1933	..	..	..	5,000,000
1935	..	..	..	6,400,000
Number of persons in Government employment—				
1930	..	..	..	69,287
1933	..	..	..	60,553
1935	..	..	..	62,747
Total number of Indian labourers employed on estates—				
1929	..	..	..	562,553
1933	..	..	..	434,230
1935	..	..	..	465,711
Total number of non-Indian labourers employed on estates—				
1929	..	..	..	56,787
1932	..	..	..	46,927
1935	..	..	..	54,955

Moreover the depression has left behind it a certain lack of confidence among the wealthier classes and a more material legacy in the form of increased taxation. What is of greater significance is the fact that such revival of trade as has occurred is almost entirely due to the tea and rubber restriction schemes. The position is thus fundamentally unsound.

In the coconut industry the loss of European markets has been partially balanced by a large increase in export to India. This is a welcome and unexpected development but the danger is that the new trade (which is highly speculative) will be unable to survive competition from the Philippines, where enormous crops are expected to come into full bearing about 1940.

(b) Characteristics of the Ceylon Worker.

Consideration of the causes of unemployment would be incomplete without some reference to certain characteristics of the Ceylon worker. It must be admitted for instance, that his low standard of industry is largely responsible for a low standard of production which in turn restricts employment. Lack of work is often due to lack of enterprise. This is not to imply any sort of moral censure. On the contrary when due allowance is made for the depressing influence of climate, disease and malnutrition, the wonder is not that labour in Ceylon is often unsatisfactory but rather that it is occasionally efficient.

(c) Trade Development.

There is little reason to suppose that the trade of the Island will expand much beyond its present limits in the near future. It would no doubt be favourably affected by a general improvement in international relations, and an all-round reduction of tariffs. But there seems to be no indication that any such reasonable development is likely to occur. We cannot then look to trade improvement to provide more employment and the conclusion seems inevitable that unless remedial measures are introduced unemployment will get progressively worse.

2.—VARIOUS CLASSES OF WORKERS.

We will now try to estimate in further detail, so far as this is possible, the extent and causes of unemployment as exemplified in various classes of workers.

In Colombo the Charity Commissioner has since 1931 registered the names of all persons professing to be unemployed and applying to the Municipality for relief. In May, 1936, there were 6,655 names on the waiting list but only a small proportion

of these has been systematically checked and judging from past experience Mr. Nathanielsz considers that not more than 2,000 are genuinely unemployed. An analysis of the names included in the list is given below :—

Trades or Occupations.	Number.	Trades or Occupations.	Number.
Blacksmiths ..	54	Overseers ..	57
Carpenters ..	260	Typists ..	18
Compositors ..	69	Bookkeepers ..	23
Chauffeurs and cleaners ..	135	Jail Guards ..	25
Cooks and waiters ..	136	Traders ..	120
Canvassers ..	27	Building contractors ..	29
Constables ..	7	Own businessmen ..	78
Domestic servants ..	129	Seamen ..	34
Draughtsmen ..	3	Tinkers ..	37
Electricians ..	92	Painters ..	283
Gardeners ..	60	Porters ..	17
Welders ..	52	Attendants ..	22
Tailors ..	38	Inspectors ..	14
Fitters ..	213	Watchers ..	21
Boilermen ..	82	Engine drivers ..	36
Labourers ..	2,915	Salesman ..	97
Peons ..	184	Moulders ..	13
Rattan workers ..	40	Clerks ..	266
Masons ..	305	Miscellaneous workers ..	491
Binders ..	54		
Machinemen ..	100		
Estate superintendents ..	19		
			6,655

A.—Unskilled Labour (Urban).

The following are some opinions as to the extent of unemployment in this class :—

Mr. G. T. Nugara, Secretary, Colombo Friend-in-Need Society, states :—

“ Judging from personal experience I am unable to say that unemployment is a serious problem among unskilled labourers. Their physical condition is not so bad and they have some method or other of obtaining temporary casual employment. When work is offered to them some of them will not take it. Since 1929 over 1,000 persons of this class have applied to my society for assistance. We offer them work, chopping firewood—yet only eleven out of a thousand have taken it up. It is hard work, but not beyond their strength and a man who really works at the job can earn 70–80 cents a day—one man actually earned Re. 1·60. Moreover if a man has a family dependent on him the Society always supplements his earnings.”

Both the Mayor of Colombo (Mr. W. L. Murphy) and the Charity Commissioner (The Rev. C. E. V. Nathanielsz) were sure that unemployment among this class had greatly decreased since 1931 when it was really serious. The latter estimates that about 45 per cent. of the unemployed on the Municipality’s waiting list are unskilled labourers.

Other views expressed to us were as follows :—

(a) *Mr. H. K. de Kretser (Director of Public Works).*—“ As far as the Public Works Department is concerned I cannot say that the unemployment position is acute, *i.e.*, with regard to unskilled labourers. Nevertheless it is true that with the advent of modern methods of road improvement, *e.g.*, tarring of roads, the employment of unskilled labour has been considerably reduced There is also the system of cut-throat tendering among contractors the result is much sweating of labourers and fewer labourers are employed than are required to do the job properly ”

(b) *Mr. W. G. Hills (Acting General Manager, Railways).*—“ I think the unemployment problem is serious in Colombo Unemployment is prevalent among the unskilled labour class. We receive about 3,500 applications for work from such persons every month ”

(c) *Mr. W. A. Smyth (Mechanical Engineer, Ceylon Government Railway).*—“ There are no less than 12 applications for jobs daily at the Ratmalana Works The people of the neighbouring villages such as Attidiya try to get employment at the Railway Workshops. Formerly they were doing casual work in the villages or were employed on coconut estates ”

(d) *Mrs. E. F. Marshall (Social Service League)*.—"Unemployment is getting worse and worse every day".

(e) *Mr. G. S. Wodeman (Principal Collector of Customs and Chairman, Colombo Port Commission)*.—"There is unemployment among the labouring class—among men who were formerly employed on work connected with the Harbour. Certain firms which used to employ a large labour force have had to reduce it and some have gone out of business altogether".

(f) *Mr. Leonard Peiris (President, Social Service League)*.—"I would not call it (unemployment among unskilled workers) a serious problem, though it is sure to become serious in time to come, because employers will take on fewer and fewer men. They have learned that they can carry on with less than they formerly thought necessary".

(g) *Mr. A. E. Goonesinha, M.S.C. (President, Ceylon Labour Union)*.—"In Colombo there are a good number of unskilled labourers who are unemployed. I refer in particular to—

Store workers
Dockyard labourers
Coal coolies
Harbour coolies

Among these unemployment is indeed very great".

It would seem at first sight impossible to make any valid deduction from these conflicting views. We suggest however that there are certain considerations which, if they do not establish uniformity, at least tend to reduce the more outstanding discrepancies. In the first place much must obviously depend on the special point of view of each witness. Thus the Secretary of the Friend-in-Need Society, long practised in the wiles of the "old lag" is naturally impressed with the almost unanimous refusal of 1,000 applicants for relief to earn a living by wood-chopping. Such an attitude, however, does not really prove that the 1,000 applicants were not genuinely "unemployed". It only goes to show that they were lazy and unreasonable. On the other hand when a leading member of the Social Service League stated that unemployment was getting worse and worse every day, she was no doubt basing her opinion on cases dealt with by the League. These are of a somewhat abnormal type. Direct assistance is rarely given to men. The League's clients are nearly all women. Each case is investigated and a note made on the card assigned thereto if the woman's husband is unemployed. It seems probable that such unemployment is not always what is called in England "inevitable" and that many of the "unemployed" husbands are really of the vagrant type. This is confirmed by the fact that many of these men are said to have deserted their wives. The actual number reported as unemployed out of 1,000 cases investigated is 279.

As regards the evidence given by Heads of Government Departments we have to remember that all applicants for a vacancy are not necessarily unemployed though doubtless many are so. There is a strong and widespread desire to get into Government service and there will always be many prepared to give up private employment for the sake of the security offered by a Government post and the pension attached thereto.

Lastly, unemployment is largely a matter of degree. In Ceylon an able-bodied man can nearly always find some sort of casual work, enough at any rate to keep him from starvation. The problem is thus more one of under-employment than complete unemployment.

B.—*The Artisan Class.*

(23 % of the Charity Commissioner's waiting list.) The Mechanical Engineer, Ceylon Government Railway, states: "some time back we wanted a few carpenters at Ratmalana. Somehow or other this information leaked out and we had over 250 applicants in two days—before we had even advertised. We tested 60 men for 10 posts and everyone of them was found to be a skilled carpenter. They were Moratuwa men, previously engaged in making furniture".

Unfortunately this high standard of craftsmanship is rarely found among other classes of skilled workers. In the opinion of the engineers who gave evidence before

us there is no lack of opportunity in engineering for a really skilled man but only a small proportion of those who apply for jobs as trained mechanics have any real claim to be so called. For example Mr. R. J. Salmon, Chief Engineer, Colombo Commercial Company, states: "The general standard of the so called skilled labour is very poor. A large quantity of up-to-date machinery has been installed by firms in workshops and factories. We aim at replacing inefficient labour by machinery. We consider that the labour used at present is very expensive because of the poor output. When I started work originally I found that there were quite a number of very good men. Now I find that the number has dwindled".

A similar view is put forward by Mr. F. J. de Saram (Chairman, Ceylon Motor Employers' Association): "With regard to skilled labour I consider that at the present time the average so called 'skilled labourer' is very much below the standard of the 'skilled workman' available sometime back. Difficulty is experienced in getting really skilled men".

The deterioration of the skilled mechanic to which these and other witnesses testify is a most disturbing feature of industry in Ceylon. One would have thought the improved standard of education would have assisted young men to become proficient mechanics, and that engineering, especially electrical engineering, and the motor trade would have provided just the outlet required by those who find the legal and clerical professions hopelessly overcrowded. But it would seem that they have not the necessary strength of character to face the monotony and exertion of a long apprenticeship, with the result that only a few of them really learn their job. Not only are employers thus compelled as Mr. Salmon points out to introduce more and more labour-saving machinery but the volume of employment is curtailed by the low rate of profit provided by an inefficient labour force.

In the planting districts many skilled labourers have been thrown out of work by the policy of retrenchment adopted by the great majority of estates. Thus the Assistant Superintendent of Police, Kegalla, states: "There is no development or opening up of estates now and this has been so for the past few years. This has rendered masons and carpenters out of work. A mason who did work at Re. 1 a day would do so now at 50 cents. On one estate alone 160 such people are unemployed". So also the Assistant Superintendent of Police, Galle. "There are a number of artisans who in good times earned Re. 1.50 or Rs. 2 a day are now unemployed or employed at a very low rate". Much the same can no doubt be said of most of the planting districts.

Bricklayers on the other hand are finding plenty of employment. Even in the worst years of the depression the number of building applications allowed by the Colombo Municipality showed only a slight decrease and in 1935 it was well up to the average. One reason for this seems to be that the wealthier classes are now investing their money in house property instead of in rubber or coconut lands. Another cause no doubt is the cheapness of building material.

C.—*Domestic Servants, Car Drivers, Hotel Servants.*

(10.55 per cent. of the Charity Commissioner's list). This class was severely affected by the depression of 1930-1932. In prosperous times many householders had been accustomed to employ a larger staff of servants than was strictly sufficient for their needs. It was an obvious economy to cut down the number by one or two. In this way private car drivers in Colombo were particularly hard hit, when the owners took to driving their cars themselves. It is estimated that the introduction of income tax alone threw about 800 of these men out of work. Only a few of them managed to get back into regular employment.

Domestic servants have apparently been more fortunate. It is at any rate the opinion of the Registrar of Servants that any good man can still get a job. It is sometimes stated that the Ceylon born men are being ousted by Indians but the truth seems rather to be that the Sinhalese have taken a distaste to this kind of work. The appu's son now wishes to be a clerk, and unfortunately the appu abets him in this mistaken ambition.

The Superintendent of Police, Western Province, considers that there is actually a shortage of domestic servants.

D.—*Clerks and Persons of Similar Status.*

(6·94 per cent of Charity Commissioner's list.)

All our witnesses agreed that unemployment is specially severe in this class. The Colombo Friend-in-Need Society has 600 clerks on its register. Of these men Mr. Nugara states: "Their case is a very sad one. Once a clerk loses his job he will not get another one, as a rule, for months or even years. The policy of certain business firms during the last few years has been to get rid of the senior and highly paid clerks. One reason for this is that many senior clerks have been found to be too old for their work and have been kept on out of charity. Also the firms have found they can get better work out of youngsters".

Mr. Leonard Peiris.—"As time goes on employers are taking on fewer and fewer men. They have learned that they can do with less The introduction of labour saving machines in offices has reduced the number of clerks required".

Mr. G. S. Wodeman.—"We had 750 applicants recently for one post of sanitary overseer in the Colombo Port Commission".

Mr. Hills.—"We had recently 3,800 applications for 4 vacancies for ticket examiners: salary Rs. 420—720 per annum".

Sir Herbert Dowbiggin.—"It is the clerks who have suffered most on account of the depression".

This unfortunate situation is largely due to the reluctance of educated men to take up any kind of manual labour and to the social advantages which are supposed to attach to a clerical employment. "This class provides the most unemployed, due almost entirely to the fact that work on the land is not considered as being of such high standing as in an office" (Superintendent of Police, Southern Province). While the demand for their services is steadily decreasing the output of potential clerks increases every year. Every town, one might almost say every large village in the Island, has its "English" school which provides an education predominantly literary, and there is a constant migration of boys from such schools into Colombo in search of jobs, which are rarely found. Since these schools subsist largely on grants for higher education it is difficult to avoid the conclusion that Government is itself encouraging the overproduction of clerks, and must to some extent admit responsibility for unemployment among this class of worker.

Jaffna has its own problem in the large number of clerks who have returned from Malaya in consequence of retrenchment carried out by the rubber estates.

E.—*Juveniles.*

There is always a large number of boys loitering about the streets of Colombo, apparently without any sort of employment. Some of them have been born in the city, the children of parents who could not afford to go on paying their school fees, but most have filtered in from the country districts. As Sir Herbert Dowbiggin states: "In many cases the boy has been practically driven from his home, in this sort of way—the father took on a new mistress and became more interested in the mistress than his children, with the result that the latter were neglected and had to eke out a miserable existence. The boy drifted into Colombo, by walking or by train or bus, thinking that he could get employment there. Such boys simply hang about the streets of Colombo. Their case is very pathetic. They have no roof over their heads, no address in the world, but drift hither and thither, without food or clothing or any way of getting proper nourishment". These unfortunate children are practically driven into crime in order to keep alive. Very often they are recruited by the organizing agents of the drug trade, or hawked round by pimps among the sailors of the port.

Mr. Nugara states: "There is a great deal of exploitation of youth both in the drug traffic and for immoral purposes. For the last two or three years I have had far more cases of this type than I ever had during the past 15 years".

3.—UNEMPLOYMENT IN THE VILLAGES.

In considering this question it is as well to distinguish at once between the wet zone and the dry zone. The former is that part of the Island which gets the benefit of both monsoons. If we draw a line on the map from Chilaw to Rangala and thence south to Hambantota we have approximately the northern and eastern boundaries of this area, the other boundaries being of course the sea. It includes nearly the whole of the planting districts and is the most fertile and densely populated part of Ceylon. At a rough estimate its extent is about 6,000 square miles with a population of 3,000,000 (deducting the City of Colombo and the Indian labourers on the estates). This gives a density of 500 per square mile, a very high figure for a purely agricultural area. It is here that the population is increasing most rapidly and the land still available for cultivation is least in extent. This latter statement requires some explanation, for there is in fact plenty of land still unoccupied, but it is relatively inaccessible and much of it has in the past been reserved for the conservation of the rainfall and for other reasons. It remains substantially true that most villages of the wet zone have no further room for natural expansion. One consequence of this is that the village lands are being constantly subdivided into smaller holdings—so small that they cannot be worked economically, at any rate by the only methods which the villager understands.

The pressure of population on the land is thus becoming more and more severe. Landless villagers in the area of which we are speaking had until recent years, no difficulty in finding work on neighbouring tea and rubber estates. But the advent of restriction and the policy of retrenchment adopted by most of the estates have greatly reduced this source of employment. An example of this may be found in the Kalutara District, where villagers are said to be offering to work on estates for 10 cents a day, or a little rice, or in Tumpane where the Government Agent, Central Province, estimates that there are at least 150 families out of work.

While the large estates are providing less and less employment, the small land-owners with a few acres planted in tea or rubber having sold their coupons and spent the proceeds with all possible expedition, now find themselves hard put to it to get a living. Moreover large numbers of villagers, who formerly worked for wages on these miniature estates, have lost this means of livelihood and are now reduced to casual labour in the villages, or depend for their existence on the cultivation of small vegetable gardens and the like. Such men are not completely "unemployed", but their earnings are insufficient to provide them with a decent living. As in other parts of the wet zone, the available employment is being shared out among the increasing number of workers, and the standard of living is proportionately declining.

Mr. E. H. Lucette, Registrar of Co-operative Societies, has given us definite information collected by his Department as to unemployment in certain rural areas. The figures given are not put forward as if they were based on an accurate census but rather as an approximate assessment of unemployment. They were however compiled after careful inquiries from the villagers in the villages by officers of the Department, and in some cases by the Registrar himself.

District or Province.		Village.	Number of Unemployed.
Matara	..	Belideniya	.. 35
Do.	..	Tangalla	.. 20
North-Western Province	..	Halpanwila	.. 22
Kalutara	..	Uggalaboda	.. 70
Western Province	..	Arukwatte	.. 18
Do.	..	Remunugoda	.. 15
Do.	..	Boralessa	.. 15
Do.	..	Hapuwalana	.. 18
Do.	..	Talwatugoda	.. 45
Matale	..	Kangamuwa	.. 25
Do.	..	Owale	.. 25
Do.	..	Koswana	.. 20
Uva	..	Kalupahana	.. 25
Do.	..	Kadurugamuwa	.. 25
Do.	..	Ettalapitiya	.. 50
Do.	..	Irabedde	.. 25

Mr. Lucette's general conclusion is that there is considerable unemployment not only in these particular villages but throughout the districts to which they belong. In the main he agrees with the view which we have taken of the causes of such unemployment, that it is chiefly due to the pressure of population on the land "at present reckoned cultivable" combined with certain consequences of the two restriction schemes. Restriction is putting a premium on bad cultivation and a supine acceptance of things as they happen to be. It has caused a dislocation of labour, particularly unfortunate because it is mainly found in the small estates, and these employ more labour in proportion to their size than the larger estates which can be more economically worked. Thus although it may be possible to alleviate the situation by a redistribution of surplus labour the problem cannot be completely solved by this means.

In those districts where there is a large acreage under coconuts there appears to be less unemployment than when the principal products are tea or rubber.

Mr. Lucette illustrates the pressure of population on the land by the following figures :—

		<i>Total Population of Ceylon.</i>	
		1911.	1931.
		4,106,350	.. 5,312,548
		<i>Land under Cultivation.</i>	
(1) Chena	.. .. .	96,984	.. 105,000
(2) Paddy	.. .. .	644,763	.. 850,000
(3) Rubber (village)	.. .. .	184,551	.. 534,000
(4) Vegetables	.. .. .	26,223	.. 32,000

The increase in the acreage under rubber has been completely offset by restriction and the sale of coupons. The other increases are obviously inadequate in comparison with the large increase in population.

He makes an interesting reference to the influence of religion on the villagers' attitude towards work. "The good Buddhist will not, if he can help it, accept work which involves taking any sort of life. I found a curious example of this in the coastal district of the Southern Province. In some villages all the men were fishermen and fishing was their sole means of livelihood, but all said they disliked it on religious grounds and would rather work on the land. Similarly the wives would not make nets for their husbands. Nets were sent to Moratuwa to be repaired—an expensive proceeding. Again in Uva I found that villagers preferred to see their fields ravaged by wild pigs rather than offend against their religion by shooting the pigs.

"In general the Buddhist villager has a low standard of living and a high standard of leisure. It is a mistake to ascribe the villagers' love of leisure merely to indolence".

It is only fair to add that the villager is prepared to relax this high standard of leisure in the case of his wife.

In the dry zone, apart from the Jaffna peninsula (where there is a plentiful supply of water underground) the deficient rainfall usually admits of only one cultivation season in the year. Thus there is chronic under-employment and since the area of irrigable land is very limited, there are many landless men who have to depend for their livelihood on their chenas. The number of such landless men is said to be increasing. Even in the irrigated areas crops are often ruined by drought and it is hardly an exaggeration to say that the dry zone villager normally lives on the edge of destitution. In a good year he can hold his own, in a bad year he starves.

Chapter III.

REMEDIAL MEASURES—CONSIDERED UNSUITABLE.

We now turn to the question of remedial measures, and it may be convenient if we deal first with a number of proposals which for various reasons we are not inclined to recommend.

(a) PAYMENT OF CASH BENEFIT TO THE UNEMPLOYED.

Our witnesses were almost unanimous in their opinion that "the dole" was thoroughly unsuited to Ceylon and would do more harm than good. An experiment in this direction was actually made by the Colombo Municipality in 1931. Payments were made through the Friend-in-Need Society and it is worth while quoting the Secretary's account of what occurred. "In 1931 when the giving of doles was started 1,971 people registered their names with us. When they were offered work in October, 1931, only 300 of them turned up. I accordingly visited several work-shops and factories in the neighbourhood. I found that a number of men who were drawing the dole were employed in garages. As a direct result of this inspection there was a drop in the number of applicants for the dole. It was then insisted that the men drawing the dole should do 2 hours work for the Society. This requirement had the effect of reducing the number still further". The scheme applied only to clerks and skilled workers. It was discontinued after a few months. There are two points to be noted about this experiment. Firstly that the number of applicants for relief was very large (considering the limited class from which they were drawn) and secondly that this number was not materially reduced until the "dole" was superseded by Relief Works. It may be presumed that if the scheme had been extended so as to include all types of labour the cost would have been prohibitive. On financial grounds alone therefore we agree with the majority of our witnesses in condemning the dole, but we hold that an equally strong objection lies in the inclination of the poorer classes in Ceylon to put up with a very low standard of living rather than make the necessary effort to improve it. This is already a main hindrance to progress. The free distribution of cash would only encourage a lazy acceptance of poverty and perpetuate unemployment.

At the same time we suspect that few of those who disapprove of the "dole" while advocating Unemployment Insurance, recognize that the latter is only a palliative designed to alleviate temporary unemployment and that some form of "uncovenanted benefit" is its natural complement.

(b) UNEMPLOYMENT INSURANCE.

Certain of our witnesses were in favour of this expedient, but there seemed to be some degree of misunderstanding as to what an Unemployment Insurance Scheme really implies. It may therefore be of some assistance if by way of example we give a brief account of the scheme now obtaining in England.

(1) *Scope of Scheme.*—Includes all industry except domestic service, Government servants, and persons in analogous employment.

It aims at providing for temporary and inevitable unemployment only.

(2) *Contributions* are on a system of "equal thirds", e.g., a man over 21 and under 65 pays 10*d.*, his employer 10*d.* and the State 10*d.* Contributions from employer and employee are collected by means of stamps which have to be bought at a Post Office and affixed to a card.

(3) *Benefit.*—17*s.* a week for a man.
9*s.* a week for a woman.
3*s.* a week for a child.

(4) *Qualifications for Benefit.*—Thirty contributions in the two years preceding unemployment plus "additional days" calculated on benefit and payments during the last five years. The result is to give a man 165 days to get back into employment.

(5) *Finance.*—Supervised by a special committee which has to report once a year to Parliament. There is no provision for borrowing on account of the Fund, but if there is a deficit or surplus the committee has to make suggestions for dealing therewith and its reports have to be laid before Parliament.

Besides the $\frac{1}{2}$ contribution on account of every insured person, the State bears the whole cost of administering the scheme—this amounts to about 6 per cent. of the annual income of the Fund. The actual cost of the scheme to the State at the present time is about £26,000,000.

There are two features of the above scheme which we think require to be emphasized should there be any suggestion of applying it to Ceylon—

- (a) that it only claims to deal with temporary unemployment, and
- (b) the heavy cost to the State.

Incidentally these are features common to all Unemployment Insurance Schemes with which we are acquainted.

A recent analysis of claims for Unemployment Benefit in England showed that only 23 per cent. of the claimants had been unemployed for over one year, 56 per cent. for over six months, 50 per cent. for less than three months, and 44 per cent. for less than six weeks, so that the 165 days benefit provided by the scheme covers the great majority of cases. But our discussion of the causes and extent of unemployment seems to indicate that this would certainly not be the case in Ceylon. We found that unemployment is on the increase and that the situation is likely to get worse rather than better. It is therefore not a question of helping those out of work to tide over a period of unemployment between two jobs, but of finding some entirely new field of work for them. Generally speaking an insurance scheme would merely postpone for a short time the necessity for finding some other solution for the problem.

The cost of such a scheme would in our opinion be prohibitive. Supposing for instance it were designed to include 500,000 workers—only a small proportion of the total working population—and the tripartite contribution were fixed at 50 cents a month, then the annual cost to Government (including cost of administration) might be estimated at Rs. 3,360,000. Such an increase in the public expenditure would hardly commend itself to the Government's financial advisers at the present time. It may be presumed too that 50 cent contributions would allow only a meagre rate of benefit and that there would be a constant demand for larger and larger contributions from Government.

Again with the majority of workers illiterate and many of the employers not much better the difficulties in administration would be immense. A further obstacle is the instability of labour in Ceylon. As Mr. C. H. Collins, Deputy Financial Secretary, remarks—"If you take the case of the ordinary villager, you will find that practically all his work is spasmodic. He will work on an estate for a month or two, then he will leave it and work on his own land. As far as the Sinhalese villager is concerned I do not think there is any possibility of making such a scheme applicable to him". We would add that a great part even of factory labour is no less irregular and the following quotation from the report of the Whitley Commission on Labour in India is equally relevant to conditions in Ceylon:—

"We cannot regard any national system of insurance with which we are familiar as feasible at present in India. With the existing turnover and in the absence of an industrial population which is both permanent and regular the risk is not a calculable one. Therefore even if the workers were able and willing to contribute there is no basis on which a scheme could be built".

(c) RESTRICTION OF IMMIGRATION.

As this subject is being considered by a special Commissioner appointed by the Governor we do not feel called upon to deal with it.

(d) PROTECTIVE DUTIES.

Until recent years the Ceylon Customs Tariff was, as Tariffs go, a very low one and was designed solely to raise revenue. Since the war the general rate has been progressively raised, so that it is now high enough to make a very material difference in the cost of living. A new principle has also been introduced, that of raising duties to protect certain local industries which could not otherwise withstand the competition of imported goods. A first attempt has also been made at a protective quota system, by restricting the number of live goats which may be imported from Aden.

There is a strong tendency to proceed further with this policy, but very little consideration appears to have been given to its necessary consequences.

Ceylon is in the exceptionally fortunate position of being able to supply certain agricultural products, particularly tea, for which there is a demand in the international market. Admittedly this demand has decreased in recent years, but it is still sufficient to sustain an export trade which many countries of the same size might well envy. On the other hand it is doubtful if Ceylon can ever become a manufacturing country. The local supply of capital is insufficient to finance industry on any considerable scale, and labour though nominally cheap, is extremely expensive in regard to output. It is no doubt expected that cheap power will be supplied by the Hydro-Electric Scheme, but this is as yet only a possibility.

It is evident then that protective duties will have to be very high, if they are to keep out imports from countries more favourably situated. The consequent increase in the cost of living will of course fall on the consumer and since local industry cannot hope to compete with imported goods in point of quality, the burden will fall most heavily on the buyer of low quality goods, *i.e.*, the poor man.

Another way in which the price of protection will be paid must be by a decrease in our export trade. Any considerable exclusion of foreign goods is bound to mean a corresponding reduction in exports since the countries to which our produce is exported can only pay for it by sending goods in exchange.

As regards employment the most that protective tariffs can be expected to do is to, provide employment in one direction while proportionately decreasing it in another. But the result is more likely to be a net loss than an equalized balance.

Some of our witnesses went so far as to advocate a heavy duty on imported rice in order to encourage the local cultivation of paddy. This of course would hit the whole population very severely, except perhaps the actual growers of paddy. Such a policy can only be defended as a precaution against the country being starved out in time of war. This may or may not be regarded as a likely contingency, but in any case it is as well to realize the price which must inevitably be paid in the shape of restricted trade and consequent reduction of employment.

(e) EMPLOYMENT EXCHANGES.

It is often said that employment exchanges cannot affect the volume of employment, but can only increase the mobility of labour. This statement needs some qualification. If for example by a system of exchanges vacancies can be filled more promptly than would otherwise be the case, then obviously the total volume of employment, measured say over a year, is thereby increased. Indirectly too exchanges ought to be able to increase employment by making labour more efficient. In England they do a good deal in this direction by presenting the employer with a selection of the best men on their list, or by bringing in suitable men from another part of the country (through the Divisional Offices or the National Clearing House Gazette). They should also be able to improve the efficiency of certain classes of labour by a process of "decasualisation".

It seems very doubtful however whether a system of exchanges would be feasible in Ceylon. The employers whom we consulted seemed to have little enthusiasm for the idea. They can get all the labour they require so readily that the interposition of an exchange seems to them superfluous and there is little chance that they would make any considerable use of such machinery if it were set up. The only result then would be disappointment on the part of applicants who would soon cease to register their names.

The stabilization of casual labour would only be effective if it were made illegal to take on labour except through an exchange. This would involve a drastic change in the present custom for which the country is hardly ready, and would be very difficult to enforce.

At a later stage in our report we refer to the formation of co-operative societies for supplying local labour to estates. If this experiment proves successful, then it may be possible to arrange a simple form of exchange limited to this particular class of labour but for the rest we do not consider that the expense of setting up either local exchanges or a central employment bureau is at all likely to be justified by results.

We have considered the desirability of starting Instruction Centres for the unemployed, whether to be carried on in connexion with Exchanges or otherwise. The proposal is on the face of it an attractive one and in England some of these centres are undoubtedly doing very valuable work. For instance at Birmingham 500 men at a time are taken on for a six months' course of instruction in various forms of craftsmanship and as many as 95 per cent. of them are being placed in permanent employment. But while there is a strong demand for skilled or semi-skilled labour in the Birmingham district, in Ceylon there is, broadly speaking, no demand at all. We doubt therefore whether a training centre would really assist men to find employment and unless it can do this, any such scheme is worse than useless, since it must lead to disillusionment and despair.

(f) RELIEF WORKS.

After a brief experiment with "the dole", to which reference has already been made in this report, the Colombo Municipality decided to provide relief work for the unemployed within its area. This was in 1931 and relief works of some kind or other have been carried on in Colombo ever since. The cost has been met by the Municipality and the Central Government in a proportion varying with the benefit expected to accrue to either party from the particular work undertaken. In many respects these relief works have been very successful. They have for instance provided a very large amount of employment for unskilled labour in comparison with the total cost. They have been useful works in themselves and have been carried out economically. In addition the unemployed have undoubtedly benefited by regular work under strict discipline and are reported to have become an efficient labour force.

On the other hand the policy pursued is open to a good deal of criticism. After the original selection in 1931 no attempt was made to investigate the claims of other men who from time to time applied for relief work. The names of these latter were added to the "waiting list" and the matter ended there. Those who were fortunate enough to be included in the original list are therefore in a privileged position, not only with regard to other "unemployed" persons, but, since regular employment is found for them at the market rate, even with regard to unskilled labour as a whole. At the present time about 800 of the original 1,200 are still employed on relief work. It can hardly be pretended that the former figure represents more than a certain proportion of the entire body of unemployed in Colombo.

Apart from this there are strong reasons why the present policy should be discontinued. So long as these men are maintained in Colombo at the public expense they will make no effort to find work for themselves, nor (so long as they remain in Colombo) is there much chance of their being reabsorbed in industry. The most they can hope for is to continue at their present level of subsistence for the rest of their lives. Moreover it is becoming increasingly difficult to find work for them in or near the city. It is therefore in their own interest as well as Government's that the younger men should be induced to settle on the land, where each one of them will have a chance of improving his position by his own efforts.

As regards the general efficacy of relief works it is in the first place hardly necessary to remark that they can never touch the underlying causes of unemployment. The most they can do is to alleviate to some extent the human suffering which results from it. Even to this extent their effect can only be temporary; for sooner or later there is no more work to be found. Usually too they prove to be a very expensive method of distributing relief. If the works are such as would in any case have had to be undertaken, then the cost of relief may be reckoned as the difference between the cost of carrying out the work on contract and the cost actually incurred using "unemployed" labour. In the Colombo relief works this has hitherto been a very moderate figure. If on the other hand works are undertaken solely to give employment to a certain number of men then the cost of relief must be reckoned as the whole cost of the works. On this basis it may well be found that it costs Rs. 3 to give a man 50 cents. Not a few of the works carried out during the malaria epidemic of 1934-35 are open to serious criticism on this account.

The main advantage usually claimed for a system of relief works is that it is less demoralizing than any other form of relief. It is clear however that whether this is so or not depends entirely on how the labour is supervised. In Colombo special measures were taken to prevent shirking and it may be assumed that the men employed gave a good return for their pay. But if efficient supervision is not available, then it may be questioned whether it is not just as demoralizing for a man to get 50-cents a day for pretending to work, as to get it as an outright gift.

For these reasons we consider that relief works should be undertaken only in the case of temporary unemployment affecting a limited area and even then only if adequate supervision can be provided.

Chapter IV.

REMEDIAL MEASURES—RECOMMENDED.

Having dealt thus far with remedies which seem to us either unsatisfactory in themselves or unsuitable to Ceylon, we now turn to others which in our opinion promise some real advantage.

(1) SETTLEMENT OF THE UNEMPLOYED ON THE LAND.

The Land Commissioner has supplied us with the following particulars of certain colonization schemes undertaken in recent years:—

Name of Scheme.	Year of commencement.	No. of Colonists recruited.	No. remaining on the Land in 1935.
1. Nachchaduwa Colonization Scheme, North-Central Province ..	1932	104	104
2. Tabbowa Colonization Scheme, Puttalam ..	1928	251	219
3. The Malay Colonization Scheme, Hambantota..	1930	63	63
4. Derangala Colonization Scheme, Matara ..	1934 (November)	21	20
5. Pasdun Korale East Colonization Scheme, Kalutara ..	1930	706	515
6. Urugaha Colonization Scheme, Galle District ..	1931 (October)	972	769
7. Minneriya Colonization Scheme, North-Central Province ..	1933	253	175
8. Kahagama Colonization Scheme, North-Central Province ..	1932	226	75

It must not be presumed of course that the numbers shown as "remaining in the land" all represent original colonists. There has been much change of personnel and in some colonies only a few of the original settlers are still in possession of their allotments. From one point of view this is not a matter of very great importance, for it may be claimed that so long as cultivation is kept going, something definite has been accomplished. But as regards relief of unemployment it is obvious that merely temporary settlement is of little value: it may, in fact, be worse than useless if it means that the number of men in casual employment is being increased. It can be presumed however that there has been at least some permanent settlement and that the colonies have provided an outlet for a limited number of landless villagers. Attempts to recruit settlers from the urban unemployed have however ended in complete failure.

A good deal of criticism has been directed against these schemes, mainly on the score of expense, but the real objection to them in our opinion is that their ultimate aim is a mistaken one. All alike are designed to create a number of small holdings. But to create small holdings is only to perpetuate and extend the sphere of poverty. It may be possible for the Department of Agriculture to improve the standard of cultivation to some extent, but as far as modern methods are concerned the small holder must always be at a disadvantage compared with the large estate. It would seem too that over much attention has been paid to colonization in the dry zone where conditions are specially arduous, while the unoccupied areas of the wet zone have been comparatively neglected.

We are convinced that the only satisfactory method of bringing new areas of land under cultivation is that to which the planting industry has already shown the way, and we would aim not at increasing the number of small holdings, but at opening up suitable country in large estates. The following would be the general outlines of such a scheme as we have in mind. A fairly large area, not less than 1,000 acres to start with, should be selected in the unoccupied part of the wet zone, for instance in Pasdun Korale East. In order to ensure continuity of policy the estate should be managed by an independent Trust, to which Government should make a grant sufficient to defray the cost of clearing jungle, opening out roads and building temporary lines. Assistance and advice should of course be sought from the Medical, Agricultural, Irrigation, and Veterinary Departments: An experienced Manager should be appointed and he should be expected to organize and run the estate as a business concern. The crop should be fruit or other products suitable for local consumption or for export or both. There should be a dairy farm and poultry farm attached.

After repayment to Government of the initial outlay profits should be shared among the workers. The latter should be selected primarily from unemployed villagers of the wet zone, but there should be a farm school connected with the estate, where unemployed men from urban areas should receive instruction enabling them to take up work on the estate.

There are evident advantages in a scheme of this sort. For example at the preliminary stage of jungle clearing it would be possible to enforce proper terracing and contour drainage, so that the land would not be ruined by soil erosion, as has happened in at least one of the "peasant proprietor" schemes. The water supply could be protected and adjusted to avoid waste. Adequate precautions could be enforced against malaria and other diseases. Crops could be selected according to the demands of the market instead of at the individual caprice of an ignorant colonist. If found advisable, an up-to-date canning factory could be installed, under skilled management. The health and efficiency of the labour force could be improved by an intelligent supervision of their diet. Idle or undisciplined workers could be promptly dismissed.

For unemployed clerks and others who are not fitted for heavy manual work, we recommend that Government should start a horticultural settlement where these men could grow flowers and vegetables for the Colombo market. An arrangement might be made with the Superintendent of an adjacent tea estate to organize the settlement and supervise it. The settlement should be under the control of a manager and conducted as a joint enterprise, *i.e.*, the settlers should not be allowed to acquire rights over any particular plot of land. There is a large extent of unoccupied patana in the Nuwara Eliya District very suitable for this purpose.

It has been suggested to us that some of the larger public schools would be willing with Government assistance, to open up farms to which their boys could be sent on leaving school. The idea seems to be worth pursuing but we think it would be a somewhat simpler and more economical arrangement if such boys were trained at a Government Farm school; such as the one which we recommend should be set up near the proposed estate in Pasdun korale east. After completing their course these boys should be assisted in starting a farm on their own, to be conducted as a common enterprise under suitable management.

A special farm should be started for the instruction of vagrant boys from Colombo, and the law should be amended so as to allow magistrates to send boys to this school for a sufficiently long period of training after which they should be drafted to one of the Government estates which we have proposed for the adult unemployed.

The Director of Irrigation explained to us a number of schemes which he has under consideration for opening out large tracts of land in the Eastern Province and elsewhere. If carried out, any one of these should afford employment to a large number of workers for some years to come. They are boldly conceived and seem to promise a greater measure of success than has attended many large irrigation schemes in the past. Here again we suggest that the eventual disposal of the land should be on "estate" lines, such as we have recommended above.

Among the villages of the dry zone the problem presented seems to be two-fold—

- (a) to provide more regular employment under normal conditions,
- (b) to provide relief during periods of exceptional drought.

As regards the first of these, attempts to induce the landless villagers to settle in the tank colonies have not been very successful. The colonies are populated mostly by immigrants from the wet zone. The dry zone villager is very reluctant to leave his native village, however miserable may be his existence there. What seems to be required is some sort of home industry which will give the cultivator something to do during the long gap between the time of harvest and the next rains, and enable him to supplement his scanty income.

Distress due to exceptional drought is usually alleviated by relief works. As we have already indicated these are far from being an ideal remedy, but there seems to be no alternative in the sort of case with which we are now concerned. We would however urge that relief of this kind should be given only when it is absolutely essential and that the applicants for relief should really be made to work. We are told that an unfortunate result of the relief work given on a large scale during 1934-35 has been that at least in some districts the villager has come to look on Government as a dispenser of charity and is prone to demand relief as a right whenever he feels that it would be convenient to get it.

(2) EDUCATIONAL REFORM.

Although one of our witnesses considered that the problem of unemployment should be tackled without any relation to education, his views were not shared by others who felt that the educational system could help in the relief of unemployment.

The problem of the relationship between education and employment is difficult. In a recent essay on "Education and the Vocational Crisis" (Year Book of Education 1936), the author has written "Every plan for the increase of teaching institutions should be accompanied by a second, more important scheme, opening for youth the ways into occupations and professions. And this more important scheme can only be formulated in the social or economic sphere. It lies with these two spheres to solve the main problems". And again "an increase in education, if not accompanied by an increase in economic opportunity and by an accordance established with social actualities, can lead only to further catastrophe".

In contrast to this opinion a writer in The Times Educational Supplement asks "why should the economic activities of the nation wholly control the curricula of the rising generation. Is it not right that the genius of that generation should to some extent determine the economic activities?"

It is becoming increasingly evident that there are many economic and political factors that influence education and that require exact knowledge as a basis for thought. Professor Clarke, writing in this Year Book, says, "If there is any controlling science for education as such, there is good reason for maintaining that it is neither psychology nor biology but sociology".

A number of our witnesses offered as a solution of the unemployment problem the establishment of industrial schools in different parts of Ceylon. At the present time there are, in addition to the Ceylon Technical College, 140 schools providing courses of instruction in various forms of industries, the chief of which are basket and mat weaving, carpentry, spinning and weaving, printing and bookbinding. There are 75 industrial schools giving their pupils full time occupation in 20 types of industry.

We do not consider that the establishment of weaving schools more than the present 30, is likely to create employment unless a prohibitive tariff is placed on imported articles which are to be woven as a home industry or unless a demand for a particular form of artistically woven article is created.

Neither does it appear to be wise to suggest an increase in the 39 carpentry schools when one witness has noticed a number of carpenters who are unemployed and another witness states that Moratuwa carpenters have been hard hit owing to insufficient

work with the result that some have migrated to Jaffna. In passing, it might be mentioned that a boy who has had a three years' course of training at a well equipped Jaffna carpentry school prefers to earn his living by distributing newspapers than by carpentry. Distributing newspapers appears to have a higher social status. In order to encourage the attendance of pupils at the Jaffna carpentry school it has been suggested that the pupils should be provided with a free midday meal.

A witness suggested as one of the remedies for unemployment the training in industrial schools of boys as mechanics, and yet this witness had earlier in his evidence stated that many skilled mechanics were out of work.

Another witness, who suggested restricting the importation of certain articles which could be made locally, said that men who had learned a trade, like blacksmiths and carpenters, were forced to seek employment as farmers.

We do not, therefore, advocate any wider extension of industrial schools until the economic position demands such an extension. Nor do we advocate that schools should give a specific training in industries. We do, however, consider that every boy at school should be given the chance of handling tools. It will then be possible for schools to discover which boys have an aptitude for working with their hands, and in English schools, at all events, the activities of the pupils will not be confined exclusively to a training which gives the majority of them no outlet except the clerical service.

The curriculum in Sinhalese and Tamil schools is turning the attention of the pupils to rural work. The Rural Scheme has been introduced into many of these schools and is being extended to more. It has a beneficial effect in directing the attention of pupils to village activities and village needs. The scheme has not made much progress in English schools, many of which have not the school gardens and the access to paddy fields which the village school has. But the experiments in farming by one or two of the large Secondary English schools situated in towns should encourage other schools to give their pupils an opportunity of showing that they are fitted for occupations other than clerical.

If more attention is paid to handicrafts and to rural work in the English schools, and if a working knowledge of English is given to pupils of Vernacular schools in connection with their gardening, health, and village activities, we consider that the tendency of the village boy to drift into the towns, especially if he has a knowledge of English which his fellows do not possess, and the tendency of pupils in English schools to think of nothing but clerical work may be checked.

To counteract the tendency of the English schools in Ceylon to give a very narrow vocational training on clerical lines, we suggest that small workshops should be attached to schools where pupils may exercise their skill in turning out models for the geography and history lessons, materials for the science laboratories, properties for the school plays, rebinding of books and binding of magazines for the library. This training will give the pupils a chance of finding where their tastes for future employment lie and may divert many pupils from the overstocked clerical market.

We further recommend that the number of boys attending English schools should be brought at least into an approximate relation to the employment which is likely to be available for them.

The fees charged for English education in most of the important Secondary schools are low when compared with the quality of the instruction given in these schools. It is the comparatively low fee which tempts the poor parent to send his child to an English school although he may be unfitted to get the best out of such an education. At the end of his school career, after his parents have sacrificed everything to pay his school fees and buy his books and his clothing, he joins the crowd of those who have gained a Cambridge Senior or London Matriculation Certificate; he has no special aptitude and no idea of his future career except a vague hope that he will get some form of clerical appointment. His parents are unable to pay the fees for him to enter a profession or to be apprenticed to a trade. When there is a little money the boy sometimes enters the University College where he stays probably for one session and then is unable to continue his studies owing to lack of funds.

The well-to-do parent, on the other hand, pays less than he can afford to do. During the past few years the number of free or part-free paying scholars in our English schools has increased, but in most cases such scholarships are given on grounds other than intellectual ability. Many pupils are unfitted for a course of work at an English Senior Secondary school, but some Principals are afraid to refuse admission to such pupils lest they be admitted to some neighbouring rival school.

There is a regrettable tendency in many Ceylon schools to aim at quantity rather than quality. In several of the small towns of the Island there are a number of English schools belonging to different religious denominations although one school would suffice to serve the educational needs of all the boys studying for English examinations in the upper classes. We consider that the system of small English schools is uneconomic and that better results would be gained if scholarships were given to the best pupils to enable them to continue their higher education in one of the larger schools belonging to their religious denomination in Colombo, Kandy, Galle, or Jaffna.

We accordingly recommend that the amount of the Government contribution towards the cost of education of pupils, who are over the age at which attendance at school is compulsory, should be reduced, and that the money thereby saved should be devoted to the provision of scholarships for exceptionally intelligent children of poor parents.

It may be objected that our proposal would merely transfer a certain quantity of employment from one class to another, without increasing employment as a whole. We regard this as a fallacious argument, for the volume of employment can be increased by enterprise and energy and the scholarship boys should be intellectually fitted to strike out on lines of their own. Moreover if 20 per cent. of unemployment is inevitable for boys on leaving school, it is better that this should be apportioned among the sons of the well-to-do, who are at least assured of subsistence, than among the poorer boys to whom unemployment may mean destitution.

A somewhat similar problem concerns admissions to University College. Here again the number of students is greatly in excess of the ultimate demand for their services. This applies not so much to those who pass out as graduates as to the very considerable number who fail to complete their course. There is no entrance examination and the authorities are allowed no discretion in admitting entrants, provided they have passed the elementary test of the Senior Cambridge or London Matriculation. A number of young men thus become members of the College who lack the intellectual capacity to profit from the tuition which it affords. As Professor Pakeman remarks "they waste their time and ours as well". Others fail to complete their course because they find they are unable to continue paying the fees. In either case these young men are probably in a worse position when it comes to looking for employment than if they had never entered the College. We consider it urgently necessary that the intellectually unfit should be excluded by means of an entrance examination, and at the same time that sufficient scholarships should be provided to enable the brilliant but impecunious student to take up and complete a full course of study. In other words numbers should be reduced but quality improved.

The same policy might well be applied to the Law College.

(3) EDUCATED YOUTHS—OTHER LINES OF EMPLOYMENT.

While we consider that the only general cure for unemployment among educated youths is to divert them to the land (or prevent them from leaving it) there are, according to the evidence given before us a few lines of employment of which full use does not yet appear to have been made.

(a) Dr. Ellison, Registrar of the Ceylon Medical College, suggests that there is room for qualified men as private practitioners in the smaller towns and country districts, where they should be able to earn a decent living and to do valuable work. "For a doctor to say that it is impossible to compete with a village vedarala is a reflexion on his own ability".

(b) About 20 students are taken on every year at the Medical College to be trained as apothecaries. The number is limited in accordance with the vacancies likely to occur in Government employment. Dr. Ellison suggests that the number of these students might well be increased and that those who are not absorbed into the Government medical service should be able to get a living by starting pharmacies on their own. The extra cost of training, say, 50 students instead of 20 would be negligible.

(c) There is said to be a definite shortage of men capable of repairing watches, ticket punching machines, and instruments. The number of such men required in Ceylon is of course very limited but we suggest that Government should arrange for, say, 20 or 30 young men to be trained in this kind of work in India.

(d) There is said to be a shortage of good draughtsmen. Suitable men should be taken on for training at the Government Technical College.

(e) We are informed by a leading firm of solicitors that they have great difficulty in getting good legal clerks. This would seem to indicate an opening for young proctors who are unable to earn a living at the courts.

(f) There would appear to be an opening for well-educated young men to work as salesmen in the co-operative stores which have been set up on estates.

(g) There is a prospect that science graduates may be able to find employment as tea makers. Tea making is becoming a more and more intricate process, and there is little doubt that in future the larger estates will look for a more educated type of man than the ordinary tea maker of to-day. One estate has already led the way in this respect by importing an Oxford Honours man to take charge of the factory. In order to give Ceylonese a start in this direction a proprietary planter has definitely offered to take on a science graduate from University College to be trained as a tea-maker. Arrangements might be made for a number of such graduates to be trained at the Tea Research Institute.

(4) FURTHER EMPLOYMENT OF SINHALESE LABOUR ON ESTATES.

The Tea and Rubber industries were built up by means of Indian labour, and at the present time there are some 600,000 Indian labourers employed on tea and rubber estates, compared with 55,000 Sinhalese (23,000 resident and 31,000 non-resident). The difficulty in the way of employing Sinhalese has always been the irregularity of their attendance. This was remarked on as long ago as 1847 by Sir. Emerson Tennant (Despatch of August 21, 1847, to Mr. Gladstone).

There are however indications that the Sinhalese villager is becoming more inclined to take up estate work and to work more regularly when such work is given to him. This may in part be a temporary phase due to the sale of rubber coupons, but in so far as it can be ascribed to the increase of population in the wet zone, it may be taken to be a permanent development and should certainly be encouraged.

The Registrar of Co-operative Societies explained to us his scheme for supplying labour to estates through Co-operative Societies. Two such societies have actually been registered and are at work on estates. Others have been organized and are ready to take on work as soon as it can be arranged for them. The scheme presents many advantages. It means for instance the elimination of the contractor and his immediate profits and what is more important, it should provide a method of teaching the villagers that good work creates a demand for itself and commands good wages.

After explaining his proposal to a large number of villagers Mr. Lucette has found a ready response, particularly in the Southern, Central, and Western Provinces. He asks for a small increase of staff to enable him to organize labour societies without neglecting the credit work with which his department is principally concerned. In our opinion the scheme deserves every encouragement that can be given by Government. The present time is opportune for the experiment since most of the larger rubber estates are taking up a programme of replanting with budded rubber which should provide work for a number of years. On the other hand its development must be and is intended to be a gradual one and consideration must be given to the fact that many estates have a full complement of Indian labour for which they have to find work.

(5) A PUBLIC WORKS PROGRAMME.

This expedient as is well known has been adopted with a great measure of success in the United States of America, in Poland, and other countries where unemployment is very severe. The object is not, as in Relief Works, to provide direct assistance for a definite number of unemployed, but rather to stimulate trade and thus relieve unemployment indirectly, by the expenditure of Government funds on a large scale. There is certainly no justification for such a policy at the present time in Ceylon, but we suggest that it would be a wise precaution to have plans in readiness for a number of large public works which should be put into operation on the arrival of a severe depression in trade. Such an event as the failure to renew the Tea Restriction Scheme in 1938 might lead to unemployment on a scale hitherto quite unprecedented in this country. A Public Works programme would appear to be the best method of alleviating a situation of this sort. But if works are to be put in hand promptly and carried out economically they must be carefully planned in advance. Preliminary surveys should be made and in some cases land acquired. We suggest that consideration should at once be given to the following schemes :—

- (a) Reclamation of the Bloemendahl Swamp, Colombo.
- (b) Widening of the Colombo-Kandy road.
- (c) Land reclamation, Jaffna Peninsula.

In particular we recommend the early acquisition of the Bloemendahl Swamp area, as a preliminary step towards Scheme (a).

(6) REAFFORESTATION.

For some years the work of the Forest Department has been severely restricted. We suggest that a more progressive policy would play a useful part in alleviating unemployment. The development of new plantations and the improvement of those already in existence would appear to offer a type of work for which the villager is well equipped.

(7) A PROVIDENT FUND SCHEME.

We have given reasons why in our opinion Unemployment Insurance is not a suitable measure for Ceylon. We suggest however that the same purpose might be served to a limited extent, by other means. Many of the Colombo firms have provident schemes for their salaried employees. We understand that the usual practice is for 5 per cent. to be deducted from the monthly salary of each employee, the employer adding an equal amount thereto, interest being paid on the whole sum. Employees are usually allowed for special reasons to borrow money against the amount standing to their credit in the fund. Applications for loans of this sort are apt to become very frequent and cause a good deal of trouble to the employer. Employees are even known to resign their jobs as soon as they have got a fair balance to their credit in order to draw out the whole amount and spend it.

We suggest that it would be of advantage to all concerned if Government were to start a Provident Fund Scheme for employees of private firms on a monthly salary. We do not consider that such a scheme should be compulsory, but that all firms who wished to join it should be allowed to do so. Government would contribute a small percentage of all contributions made to the fund, would keep its accounts and have the right to regulate payments. Benefit would be paid in case of "inevitable" unemployment, sickness and old age in the form of monthly instalments. No loans should on any account be allowed.

(8) RETIREMENT OF GOVERNMENT OFFICERS AT 55.

There are at present in Government employment about 340 persons over 55 years of age. We suggest that Government might make a useful contribution to the solution of the problem of unemployment among the educated classes by insisting on the retirement of all officers at 55 unless there should be some very strong reason for retaining them in service.

Chapter V.

CONCLUSION.

SUMMARY OF PRINCIPAL RECOMMENDATIONS.

1. The unemployed should be settled on the land.

In this connexion we recommend *inter alia*—

- (a) Government estates in the wet zone,
- (b) Farm schools to train unemployed from the towns in agriculture,
- (c) Horticultural settlements for educated men among the unemployed.

2. Admission to English schools and to University College to be restricted to those likely to profit therefrom.

3. A wider basis to be given to education both in English and Vernacular schools, by the inclusion of handicrafts and agricultural training in the normal curriculum.

4. Employment of Sinhalese labourers on estates to be encouraged by the formation of Co-operative Labour Societies.

5. A Public Works programme to be prepared to be put into operation in the case of severe depression in trade.

6. A progressive policy in the Forest Department.

LIST OF WITNESSES.

In conclusion we would express our gratitude to all those witnesses who have been good enough to give us their views, whether orally or in writing—we are particularly indebted to the following :—

A.—Officials.

- Mr. R. M. M. Worsley, Government Agent, Western Province.
- Mr. T. A. Hodson, Government Agent, Central Province.
- Mr. E. T. Dyson, Government Agent, Northern Province.
- Mr. G. S. Wodeman, Chairman, Colombo Port Commission.
- Mr. C. H. Collins, Deputy Financial Secretary.
- Mr. E. Rodrigo, Acting Director of Agriculture.
- Mr. W. R. C. Paul, Divisional Agricultural Officer, Northern Division.
- Mr. C. L. Wickremesinghe, Land Commissioner.
- Mr. W. L. Murphy, Mayor of Colombo.
- Rev. C. E. V. Nathanielsz, Charity Commissioner.
- Mr. H. K. de Kretser, Director of Public Works.
- Sir H. L. Dowbiggin, Inspector-General of Police.
- Mr. J. S. Kennedy, Director of Irrigation.
- Mr. W. G. Hills, Acting General Manager of Railways.
- Mr. W. A. Smyth, Mechanical Engineer, Ceylon Government Railway.
- Prof. S. A. Pakeman, M.A., Acting Principal, University College.
- Prof. F. O'B. Ellison, M.D., Registrar, Ceylon Medical College.
- Mr. E. H. Lucette, Acting Registrar of Co-operative Societies.
- Mr. R. H. Bassett, Marketing Commissioner.
- Mr. W. M. McNeill, Development Officer, Forest Department.

B.—Employers.

- Mr. M. J. Cary
 - Mr. J. A. Clubb
 - Mr. R. M. Salmon
 - Mr. F. J. de Saram
 - Mr. T. W. Hardstaff
 - Mr. R. P. Gaddum, Chairman, Planters' Association of Ceylon.
- } representing the Employers' Federation.

UNEMPLOYMENT IN CEYLON.

25

C.—Labour Representatives.

Mr. A. E. Goonesinha

Mrs. Naysum Saravanamuttu.

Mr. Robin Rutnam.

Dr. Colvin R. de Silva

Dr. S. A. Wickremesinghe

Mr. Leslie Goonewardana

} representing the Lanka Samaja Party.

D.—Social Workers.

Mr. G. T. Nugara, Secretary, Friend-in-Need Society, Colombo.

Mr. Leonard Peiris

Miss Cissy Cooray

Mrs. E. F. Marshall

Mr. R. O. Buell, Secretary, Young Men's Christian Association.

Lt.-Col. H. G. Bowyer

Major H. Nicholls

} representing Ceylon Social Service League.

} Salvation Army.

E.—Others.

Mr. H. R. Freeman, M.S.C.

Rev. R. S. de Saram, Warden, St. Thomas' College.

W. E. HOBDAY (Controller of Labour).

L. McD. ROBISON (Director of Education).

H. P. KAUFMANN (Acting Commissioner for Local Government).

Colombo, October 21, 1936.
