



TOWARDS A NEW PHILOSOPHY AND MODEL FROM THE SAMURDHI MOVEMENT FOR THE NEW MILLENNIUM

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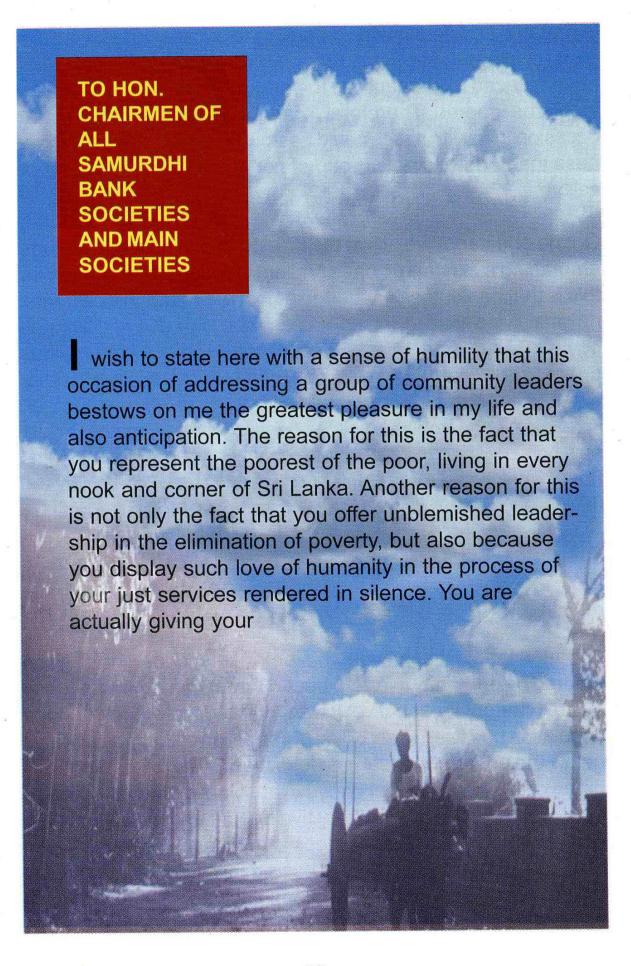
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leadership and dedicating yourselves to successfully facing the moral challenge of sweeping away from the face of this earth, the poverty faced by humanity in the new millennium which can no longer be ignored. Therefore, I cannot contemplate of another occasion in my life which could bestow upon me, greater happiness than addressing a group of community catalysts of your calibre.

On the one hand, we are at the threshold of a new millennium, embracing a cluster of hopes and anticipations. The reason for this is that banking has acquired a host of great achievements, no other living creature could ever achieve. Science and technology has elevated man and his capabilities to such marvellous and fruitful heights. The television, computer, internet and other electronic media have brought mankind closer to one another. They have chaperoned us to a global village. From another angle, new banking systems and other international monetary institutes have been able to reserve capital on giant scale. The capital and the marker earlier limited to a village, to a region or to a country have now been directed to a vast international market. Yet another outcome of this is the rapid flow of the capital reserve to various regions of the world. This process enhances development.

Although the vast achievements before mentioned have been aquired by humanity, we also hear of great pathos and tragedy from a different perspective. It was reported that while the world population had risen to six billion, three billion of these people live below the poverty line, earning less than \$ 02 US per diem. 1.3 billion of the world population live in absolute poverty. According to UN reports, one out of every five people living in Developing Countries such as Sri Lanka, goes to bed on an empty stomach. One out of four people is denied basic health facilities. One out of three does not have access to clean drinking water. One out of four people does not have a roof over their heads. One out of five



children does not continue their education upto grade five. Child mortality rate per year, of children under 5 years of age due to malnutrition is 13 million. Income disparities in the world are rapidly widening. The very environment created by man is being degraded almost to destruction by man himself in a hitherto un

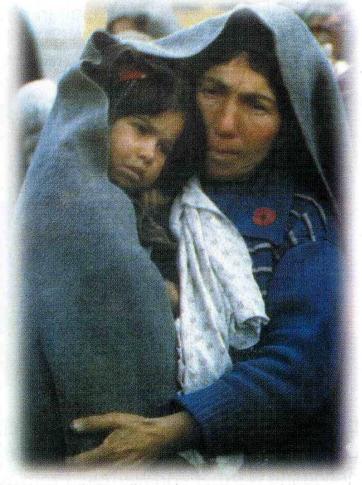


precedented manner; a hole is being created in the ozone layer, high up in the sky. The destruction of trees is resulting in the earth becoming warmer and warmer. From another dimension there is increased desertification. As a result glaciers in the norther npole will begin to melt in the next few decades, threatening to submerge low lying islands the world over. Another aspect of this story is the moral degradation and collapse of age old values of the world. Going after money for money's sake has resulted in trafficking in drugs becoming lucrative business. Countless are the young lives being degenerated and destroyed because of this phenomenon. The AIDS virus is becoming a great menace in de-

veloping countries. In certain African Countries life expectancy has plummeted down due to the terror of Aids. Due to war and fierce battles both between nations and within, countless are the tales we daily hear of the number of young lives being lost, number of people being displaced and also destruction caused to property. Because of this problematic and crisis prone state, the world we are going to step into in the new millennium will not contain any positive characteristics over which humanity can be content

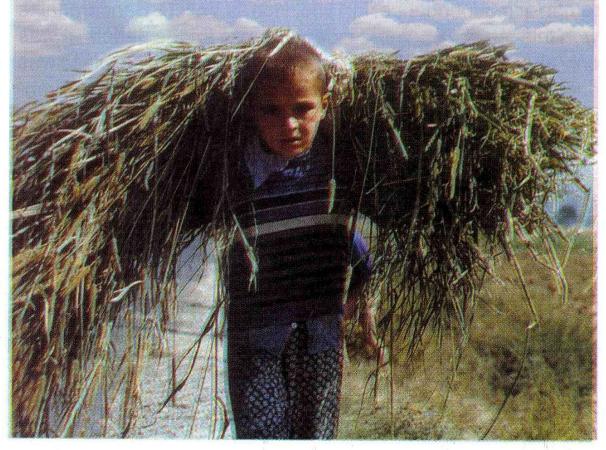
and happy. Perhaps one may argue that the world in which man lived in A.D. 01 or A.D. 1000, would have been more satisfying, pleasant and conducive for human habitation.

My motive in presenting the above facts before you is merely to direct your attention to the situation of the world in the new millennium; to make clear to you how poverty is the challenge staring at the entire world popula-



tion: although there are a number of benefits to be reaped from a free economy and globalization, the world thus emerging will not necessarily result in a being benevolent and an all pleasing one. It is useless creating a possessive image before our eyes and then cursing it later. Nor can we find answers to our problems by embracing on masse the theories propounded by Karl Marx and V.I. Lenin, and putting them practically into effect. However, although the idea expressed by both Karl Marx and Engels on capital, that

"the basic human instincts and aspirations are intertwined with capital" cannot be totally ignored, however bitter and unpalatable it sounds. What is taking place in reality within the free market economy and globalization is nothing more or nothing less than the Lords of wealth shaping the world and controlling it. It is reported that the income of 225 of the world's richest magnates is equivalent to 47% national annual incomes of the lower income groups. This indicates clearly the grave disparity of wealth distribution in the world. The entire World Market is being effectively regulated by these 225 mega capitalists. At the same time, this concentration of the vast bulk of capital in the hands of a few has led to environmental degradation, corruption, drug trafficking and even to certain aspects of political manoeurvring.

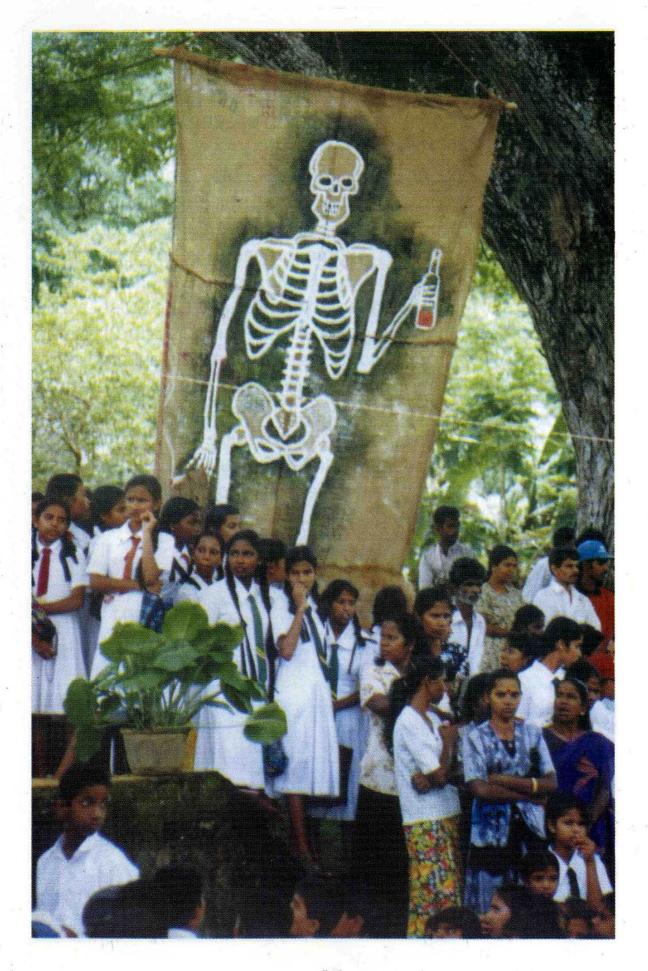


The issue that is now before us, is how to reconcile this paradoxical situation in Sri Lanka. Allowing wealth to continually concentrate in the hands of one class of people would only aggravate the problem. Overcoming poverty is unthinkable, without making arrangements for this concentrated wealth to flow outwards. If at all we want to reasonably remunerate the labor of the poor, it is inevitable that we provide them with access to capital. For this purpose it is necessary to evolve some mechanism through which wealth would be made to flow to the poor as well. What have all of you been trying to do so far? Weren't you only making an attempt to merely turn upside down the possession and use of wealth concentrated in hands of the privileged few?

In 1948 we won our first tinge of freedom, political freedom. This gave us the power to govern our own country with our own leaders. However, due place for the language of our own people, for our own customs and conventions and also for our artistic and aesthetic endeavors was denied. This precipitated a second attempt for independence. In 1956, Hon. S.W.R.D. Bandaranaike won this phase of second independence for the people. It was only after winning this second independence that due place was accorded to our own languages, religions, customs and conventions and also to our own artistic and aesthetic endeavors. It was also as a result of this second independence that offsprings of ordinary parents gained high appointments in the state sector and were also able to enter the political arena and end up as members of parliament and ministers. Despite all this, we had to stage yet another battle for independence. This need was expressed by means of the youth insurrections of 1971 and 1987, and also through the civil wars of the north. The essence of these, was the need for economic independence of the poor; the need to transfer the possession of capital to ordinary people. The essence of this struggle was the demand to link the poor to the mainstream of the developmental process. Winning of this third stage of independence is already taking place without much ado, in villages as well as in the remote hamlets under your able catalyst leadership, through the Samurdhi movement. Poor people are now beginning to enjoy the benefits of banking and insurance systems and are the beneficiaries of their profits. Already the poor have collected more than 5000 million rupees as compulsory savings. A sum close upon one thousand million rupees has been accumulated as voluntary savings by means of your Samurdhi banking systems. Very soon I hope to take steps to release all the compulsory savings in the conventional Banks to the Samurdhi banking system. Hereby we are only trying to lay the basic foundation for the economic independence of the ordinary folk the silent masses who hitherto were denied such independence. In the future, when the capital gets slowly but steadily accumulated in the Samurdhi banking system, a massive giant would be created, the stature of which can be likened to Hercules who befriended and helped the poor as in Greek Mythology. Then the poor people too would certainly be able to compete with the so called privileged classes in the free market mechanism, claim and possess their part of the share and also equip themselves with the stamina and strength necessary for lobbying and bar-

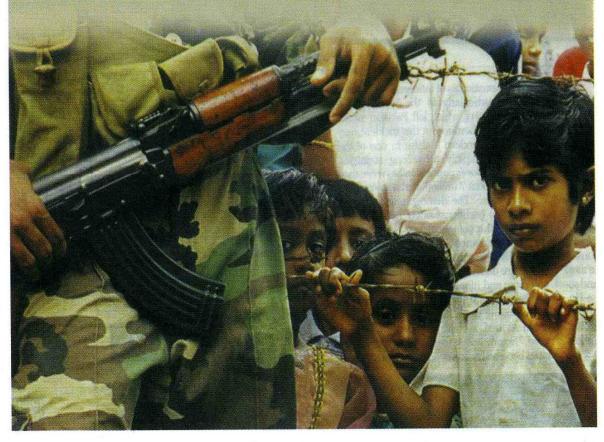
gaining power.

Another important feature within the organizational structure of the Samurdhi banking system you give leadership to, are the small groups of people as well as village societies. Through this means, people who had hitherto been alienated and unorganized, are in the process of being or-



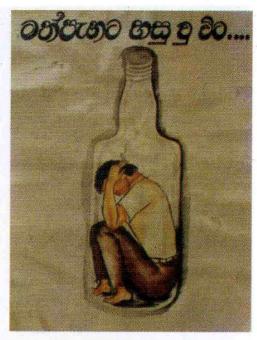
A SOCIETY
FREE OF
POVERTY
AND
DEPENDENCY

All of you know that the Samurdhi Movement was built for the poor. It is now a national development movement militating against poverty. It was in the early years of the ninetees, or during the time we were striving to form a peoples political alliance, that a national development programme. to free the poor from poverty was focussed.



Leaders of diverse political tendencies, outspoken academics and specialists in different fields, discussed this issue with Us.

Any programme for eradicating poverty should proceed by making the poor conscious of their capacity to free themselves from poverty, and of the fact that poverty is not something inherent or that it is the causal effect of Karma. Such a psychological environment is the



proper starting point for our struggle against poverty.

In this regard, we felt that it was necessary to go into the problem of how to approach the poor. Poverty breeds all kinds of vices, such as, gambling, addiction to liquor and living by falsehood. These in turn make them backward, and tend to be drawn by reactionary pursuasions.

Eventually we came to realize that in this complex social setting if the attention of the poor is to be drawn towards us, we should take control of the welfare programme. We identified it as the best and only means of forging links with poor communities. However, we were convinced that welfare alone cannot deliver people from poverty. We also realized that welfare is not a progressive measure, but that it is a reactionary programme which creates in people a dependent mind-set.

In order to salvage the poor from such a situation it would be necessary to have a 'bottom-up' mechanism and a group of full-timers to go to them, to speak to them, to organize them and to mix with them. Today we have been able to develop and maintain such a situation through the performance of Samurdhi animators and Samurdhi Development officers. Our president Chandrika Bandaranaike is firmly commmitted to this concept.

Specialists in Africa, India, Pakistan, Bangladesh, who make profound statements about poverty, held the view that in no country in the world could a youth movement play a role of poverty alleviation. According to their view youths being rebeliously radical, will not be effective in launching and carrying out a poverty alleviation development programme. That was the held view of the above groups.

Financial institutions, such as the World Bank and the IMF, maintain even today that a poverty alleviation programme can be successfully implemented not by the government but by NGOs.

Our own view is that success can be achieved through a NGO type organization together with the use of state power.

In any case, it has today been possible to create an institutional framework by extending relief for the poor and building links. At the same time,



on a full-timer has been employed for each area of operation to inspire the poor and awaken them to the fact that freedom from poverty is feasible, and to organize them. They have to be made accustomed to conduct mini transactions through savings and to form mini groups.

One of our aims is to develop mini groups and mini societies in which to transact credit business as in banks, leading

to a massive banking movement. We are today taking off into that journey.

The poor who are drawn into this movement sometimes fall into unforseen difficulties with disastrous consequences. We had to infervene in such eventualities in order to stop them from going to money lenders who charge exhorbitant interest rates, to prevent them from morgaging property, to prevent them from selling their 'home silver' and to prevent them from falling into the abyss of poverty. Our Initial decision was to work out a programme jointly with the Insurance Corporatiopn. However the Insurance Corporation failed to come up with such a programme and we were really stranded.

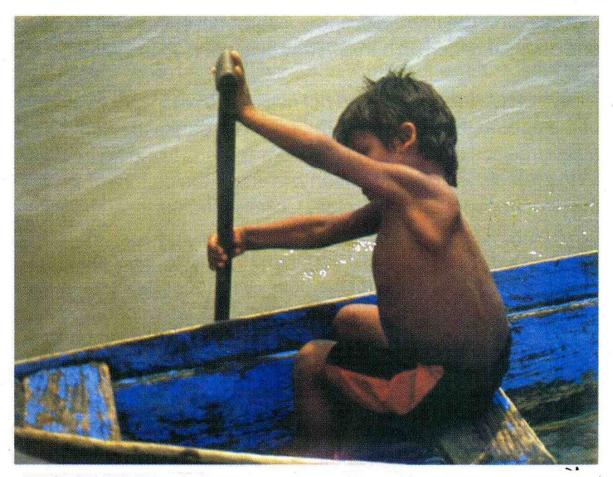
It became quite clear that insurance schemes were created to provide security for the rich and not to protect the poor. Insurance arose to complement the advent of capitalism, and obviously therefore, no one was interested in, nor did the need arise, to insure the proletariat.

We were thus compelled to work out our own insurance scheme, along with this new movement. It is now possibly to offer insurance payment to all Samurdhi recipients in such events as child birth, sickness, marriage and death. This we consider to be a commendable achievement.

We also felt the need to introduce a credit scheme for especially talented children, mothers, and fathers in Samudhi recipient families.

A scheme has been worked out with the Bank of Ceylon and the Peoples Bank to introduce a credit scheme to assist those who have the ability interest and dedication to be free from poverty.

Discussions with banks on the issues of loan grants and recoveries were so confusing and dubious that Samurdhi officers,



Managers, as well as Pradesheeya Secretaries, lost interest in the whole project. We actually tried to find the causes for such a situation as this. Our conclusive finding was that banks are fashioned to serve not the poor but exclusively the rich.

Banks evolved in the course of the industrial revolution, in order to accumulate capital for large scale industrialists, and the poor received no benefits from them.

The few capitalists in the world realized that there is more money in the possession of the poor living in all parts of the world than their millions. They also realized that the poor outnumbered them by millions and millions. If all the little monies in their possession were to be accumulated, the aggregate would be much greater than those of the rich. It was to accumulate this enormous amount that banks were created. They told the poor, 'deposit your money with us. We will protect them for you, and even an interest

can be paid.' The unsuspecting poor brought out all their monies and deposited them in banks. They also got a good interest.

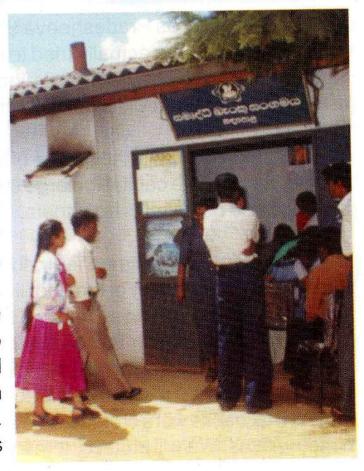
However, bankers did not hesitate to place those savings of the poor at the disposal of the rich. The banks that helped to build large scale projects, gave billions in loans to the rich, did not fund projects to alleviate poverty. In short, the culture of saving the poor from poverty was totally lacking in banks.

It was left to Mr. T.B. Ilangaratne to realize this iniquity and initiate the Peoples Bank for the poor. The Cooperative bank, the only existing financial institution for the poor, was absorbed into the Peoples Bank. The Main Co-Operative building Colombo, then worth a few millions, was acquired by the Peoples Bank at a concessionary price.

Despite such an origin, the Peoples Bank failed to formulate a poor-friendly programme. No bank in the Island was

able to operate a banking service of the poor and for the poor.

The Samurdhi Movement was born out of this crisis. The Samurdhi Bank has provided credit access to the poor and exposed the way to eradicate poverty. Approximately Rs. 60 billion from relief given to the poor have been saved as compulsary savings in Samurdhi banks. Members of Mini Groups



have saved their rupees and cents aggregating to about Rs. 100,000,000/-. Savings of the poor amounting to Rs. 4 billion have been deposited in banks with the earlier mentioned attitudes. They speculate that this enormous sum would be withdrawn. Indeed they have to be withdrawn, because, that money is owned not by the Bank of Ceylon or the Peoples Bank, but by the people. These are the monies of relier recipients; monies of Samurdhi banks opened on behalf of the poor.

That money has to be gradually transfered to our bank. They have to be invested in sound ventures. More poor will have access to credit and dedicated people will return their loans on schedule. In this way a path will be cleared for the poor to free themselves from poverty and, in turn, the Samurdhi banks too will prosper.

In this way Samurdhi banks are proliferating throughout the island, and their number has reached one thousand. However, this movement being still in the infant stage, we continue to pay salaries to employees, provide stationery and other major requirements.

Any bank should have the capacity to maintain itself with its own resources. We have the capacity to ensure that all Samurdhi banks maintain themselves.





Since our relief scheme cannot be taken to the estates we are trying at least to take the social security scheme. Although estate workers get a regular income, their economic, social, health and living conditions in general are worse than those of relief recipients in rural areas, Being non-relief recipients, they cannot be drawn into the compulsary savings scheme. Nor could recoveries be made from their wages. Attempts to make them join mini groups have so far failed.

It is, however, not an impossible task for Samurdhi Development officers to forge links with estate employees. It can be done through a social security scheme to meet contigencies like child birth, death, illness and marriage. Such a link can be the catalyst for them to form mini groups and societies. It is our conviction that such a programe will serve as the bridge to mobilize estate people within the Samurdhi movement, thereby enhancing the latter, and social security will be further strengthened.

Since the relief allowance to a poor family has risen from Rs. 250/- to Rs. 400/- per month, we can be certain that the social security scheme will evolve into a massive movement encompassing the whole island.

Relief-recipient small people avail of a small loan to commence a small venture. We in the Samurdhi movement are obliged to find a good market for their products.

One such effort is the Samurdhi weekly fair. It is significant that 264 weekly fairs out of a total of 720 in the Island are conducted by the Samurdhi Movement.

Weekly fairs have proliferated throughout the Island, enabling poor people in rural areas to make weekly visits to these fairs and return home with adequate provisions untill the next fair day. Consequetly, these fairs offer market access for agricultural products. A Samurdhi fair is a buoyant market place for both buying and selling.

Within the village itself, Samurdhi recipients undertake various activities from building the village road, the irrigation tank, channels, anicut, a meeting hall, a flight of steps, bathing spot, to fixing a water-tap. These activities will enhance their experience and make them capable of forming larger companies to undertake large scale projects.

This scheme was innovated to draw the poor into the world of business and we have been able to provide extensive credit for the pupose.

External Managers and administrators have been recruited to put these projects on an even keel. Hanguranketha garment factory is a typical example. It is being run very successfully. A fibre plant-pot manufactory in the Kurunegale District, which exports its products to Japan, is yet another example.

Our objective is to deliver these unforunate souls who waste their time in lethargy get addicted to liquor and tobacco, and finally bring disaster to their families. This is a difficult task no doubt. But to those who feel the need to get away from the rut, the Samurdhi Movement extends its helping hand.

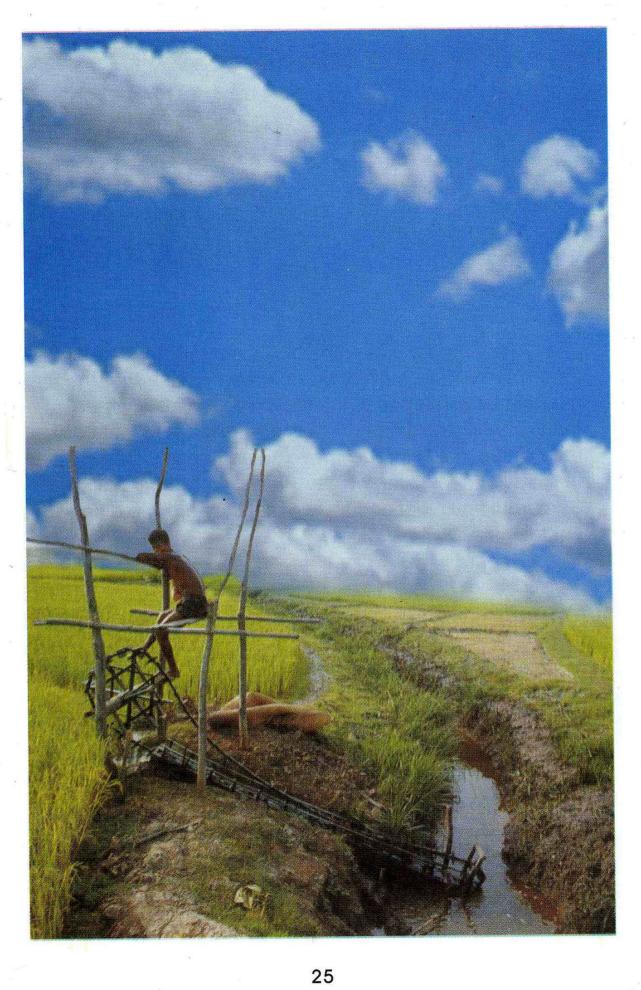
Other than these, there are utterly helpless families. It is our obligation as Samurdhi animators to assist these people. Of the 2 million poor families, nearly 800,000 are in the absolutely poor category. The Samurdhi movement cannot shirk its responsibility of redeeming them of their abject poverty and ensuring a sustainable family income.

It is up to us in the Samurdhi Movement to undertake the task of eradicating malnutrition. Malnutrition among children is still around 30 per cent, and in the plantation sector it is as high as 60 per cent.

Samurdhi Movement should ensure that each and every child attend school. It should be in the front rank in the struggle against crime, liquor, destruction of forests and such other vices in rural areas. The earth, its forest and other natural resources should be conserved for posterity. We should leave for future generations this earth with a little water to drink. And it is the unbounded responsibility of the Samurdhi Movement.

We in the Samurdhi Movement are charged with the responsibility of steering it towards mobilising the poor and their self reliance, so that they could stand on their own feet and live with dignity, free from dependencey.

Let me end by expressing my hope that the Samurdhi Movement will be further strengthened and inspired to proceed towards the achivement of the noble mission of raising the standard of the poor in this country •

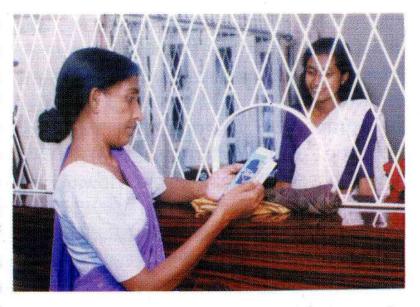


SAMURDHI MOVEMENT AN OVER VIEW

The Samurdhi Movement is generally thought of as a mere relief programme. It is no surprise that the average citizen tends to think so. Even our parliamentarians, whenever Samurdhi is discussed, talk only of relief and subsidies. They have no perspective beyond that horizon. However, we have very clearly demarcated Samurdhi and relief and shown that they are two different things.



Let me further elucidate the connection between the two. In the relief programme, we could have amalgamated the Samurdhi Authority and the Poor Relief commissioner's Department. But we



did not do so, and that was deliberate. The relief scheme is continued as a separate poor relief department in our ministry. Relief granted under the Poor Relief Department and Samurdhi have been clearly demarcated.

There was good reason for this separation. We have consistently held the view that the mere grant of relief is no solution to poverty. Similarly, relief alone cannot cope with poverty. It is of course, true that relief offers some kind of help to the poor. It is therefore that people tend to think of relief or subsidies as an inalienable right. So, they treat it as a simple thing. On the contrary, however, this is a part of a complex and deep-going process. But, the question that follows is why relief schemes are being continued at all.

Besides helping the poor, relief can be used as a means of developing links with the poor. Indeed, that is our main goal in extending relief, The relief scheme has proved to be a great support, a catalyst, for the Samurdhi movement. We identify the poor through relief measures and build a network with them. We befriend them. From there we move on to organizing them and finally drawing them into a socio-economic development programme.

The effort does not end there. The misconception about relief being a right has to be challenged and people have to be rid of such a mind-set. the Samurdhi Movement has focussed this aspect. Helping people to give up deep-rooted false beliefs, habits and practices is integral to the Movement. The poor cannot continue to be the victims or captives of false and iniquitous beliefs and habits. As the take-off point towards that direction we convey to the poor the message that they should organize themselves, and along with it we seek to inculcute in them the habit of saving. Relief grants serve as an important factor in drawing the poor into our programme.

It would be necessary, here, to elaborate on what we mean by 'saving'. Because, it means more than what we see on the surface. The term 'saving' assumes a deeper meaning that pervades the Samurdhi Movement. There is also a mechanism operating. It is due to this mechanism that compulsary savings of Samurdhi recipients have reached Rs. 6 billion and their voluntary savings Rs. 2 billion. It is not without

significance that of a total of 18 lakhs

of relief-recipients-families, 13 lakhs are contributors to this scheme.

Their accumulated savings have made them clients as well as share holders of the Samurdhi

Bank.

The mechanism of this savings scheme needs a brief explanation. There are several organizations linked through savings of Samurdhi recipient families. There are the mini groups, Samurdhi societies and Bank Unions formed by the amalgamation of societies. Informal loan transactions take place in mini groups and then they join societies and from there they come into the banks, finally, to become share-holders. They thus become owners and clients of bank unions which entitles them to be elected to the controlling boards. In this way the poor become owners and management board members of banks.

The Samurdhi Movement, in its pragmatic approach, came to focus a social security scheme that would enable the poor to meet contingencies. Grave situations like family death, chronic illness and other disasters can push poor families back into debt. Such eventualities will thwart all efforts at poverty alleviation. Forseeing this danger, the Samurdhi Movement introduced a social security scheme. Rural poor rush to the money lender, sell household silver or morgage property, when confronted by eventualities as above. The social security scheme has difused this fear and anxiety in families. Samurdhi recipients throughout the Island benefit from this scheme.

The march against poverty is not along a straight line. It is rather a holistic approach encompassing a comprehensive development. The goal should be the total development of Man. Poverty has led people into drunkardness, addiction to tobacco and general lethargy. Several programmes and social security schemes have been introduced to rehabilitate these unfortunate people. Awareness programmes for environmental protection are being implemented. The more enterprising among the poor are provided with knowledge and technology to commence and maintain income generating projects. With better income and less things to worry about, social vices will gradually wean and families, will charter a better course.

As Samurdhi animators, we are not unaware and unmindful of non-Samurdhi recipients who constitute in the main low income families, both in rural and urban areas. Most of them



have a hand-to-mouth existence and are eternally indebted to atrocious money lenders. A scheme to offer them instant loans has been implemented in which Samurdhi Development officers give them instant loans on trust, so that these low-income groups can engage in their little business ventures. The interest charged is nominal. This has helped low income families to be free of debt and carry out their daily business.

Plantation workers, obviously, fall into the category of the poor, despite the fact that they are regular income earners. Being regular wage earners, they are not entitled to Samurdhi relief. However, their living conditions are low. Therefore, these families are baset with all symptoms of poverty. Following discussions with estate owners and trade unions, we have made arrangements to extend Samurdhi benefits to plantation workers. In addition we are seeking to improve their amenities such as water supply, housing and lavatory facilities through schemes like community projects.

We have, by no means, forgotten the North and the East. Understanably, the protracted war constrains our efforts to implement Samurdhi programmes in the affected areas. However, programmes have been carried to most areas. Group savings, compulsary savings, societies and banks have now started to function. The social security scheme too is being implemented. A great work load awaits us in the North which mainly includes, joining the people through the Samurdhi programme and raising their standards of living.

It may, perhaps, be too early to undertake an evaluation of Samurdhi performance. However, the desirability has been felt to make an external assessment and make recommendations •



