

Library & Documentation Division
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Need for a credible economic vision for SL

By the Friday Forum

Many economic problems have not been addressed in the parliamentary election campaigns and debates. The Friday Forum raises some concerns relating to an egalitarian and viable economic vision for the voters to consider.

The three decades-long war curtailed public discussion of economic priorities. The post-war years characterised by an authoritarian development push further constrained the space for democratic and participatory economic development. While corruption is debated in the election campaigns, addressing corruption has become politicised for narrow interests rather than as an issue of public accountability. In any event, the economic future of the country cannot be reduced to a debate on corruption. In this context, the parliamentary election campaigns are an opportunity to question the political parties on their social and economic vision for our society. Even though re-charting the path of economic development is a longer-term task, elections and post-election moments are important milestones on that path.

Infrastructure and priorities in state spending

The distinguishing feature of government investment expenditure during the last decade was the high priority given to physical infrastructure including harbours and airports, railways and highways and roads both urban and rural. The value of these investments to the economy is yet to be estimated. Political parties contesting the election are under obligation to give the public estimates of value for money spent on these projects.

The high priority accorded to physical infrastructure required the relative neglect of social development sectors, health and education, precisely at a time

when these services required re-assessment and new policies. The 2011-2012 Census of Population gave us a new age composition of the population. Along with that high aging population, rising standards of living and an increase in unhealthy food consumption with reduction in physical activity have produced new morbidity patterns requiring new directions in preventive and curative health policy.

Our society was truly mobile in that, though yet poor, it enrolled all children in schools. However, the problems of educational access of children in plantations remain unaddressed. Overall, children in the country stay in school longer and flow into universities in larger numbers. Here, changes in knowledge production and developments in technology require the re-evaluation of curricula, syllabi and school text books; revisions essential to learn to live together in our diverse society. Also essential is that political interference in educational institutions, which undermines the environment for teaching and learning, must stop. All political parties should inform the public of the policy directions to meet these challenges of sustainable human development.

Revenues, expenditure and fiscal policy

The outstanding feature of fiscal policy in the recent past has been the failure of the government to raise revenue and curb uncontrolled expansion in government expenditure. Not only does Sri Lanka have one of lowest revenues as a ratio of GDP, much of the revenue comes from regressive taxation with a large burden on the economically deprived. In this context, there is a need for a more progressive and direct taxes, the implementation of policies to curtail tax evasion and a review of tax concessions to "investors" and their benefits to the country and society at large.

On the other hand, expanding expenditure has been met by rapidly rising



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borrowings from the public and lenders overseas. Large scale budget support from other economies come with their economic and political costs, particularly given exigent austerity policies. The mounting public debt and the current policies cannot go on without meeting disaster. It behoves all serious political parties contesting the election to announce to the public their priorities to meet these exigencies and avert disaster.

Migrant labour, investment and local employment

Much of the country's foreign exchange, is earned by migrant labour overseas often in exploitative and harrowing working conditions. Nor are the garment industries and tea plantations providing the workers with a fair wage. Women who work in these sectors in particular face serious financial challenges of sustaining their families given the meagre incomes. Furthermore, rural women and low income urban women face arbitrary and discriminatory policies relating to employment resulting in precarious conditions. De-

prived women in particular are continuing to produce much of the country's wealth, but they have gained little by way of social and economic benefit. Any new economic policy vision needs to consider these concerns of labour.

In recent years, while increasing amounts of foreign capital are flowing into the country, very little of it can be considered Foreign Direct Investment leading to production and employment. In fact, much of the capital is merely channelled into speculative investments further aggravating the conditions for economic crisis. Therefore, political parties should state how the Government can channel foreign investments towards employment creation and address some of the economic aspirations of our youth.

Vision for reconstruction and development.

Over the last many decades economic policies and the war have contributed to uneven development and rising inequalities. The war-torn regions in particular continue to be mired in a social and economic crisis characterised by falling incomes and rising indebtedness. We are yet to see a meaningful reconstruction vision from the Government or the political parties.

The rural people and the urban poor are increasingly neglected, with little investment in their productive capacities. In fact, the marginalised sections of our society, and particularly women, are further exploited through cycles of debt by unregulated and high interest levying financial institutions. Next, there needs to be a comprehensive review of agricultural and fisheries policy and possibilities of greater productive investment needs to be considered. The need of the hour is a just vision for reconstruction and economic development that must emerge in tandem with reconstructing a democratic political culture.

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