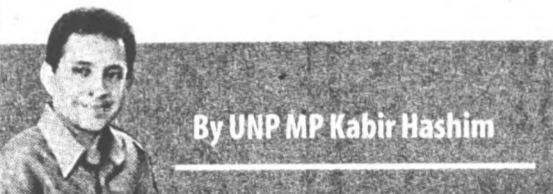


THE BARCELONA CONSENSUS

MAHINDA CHINTANAYA OR NEO LIBERAL CHINTHANAYA (Part 3)



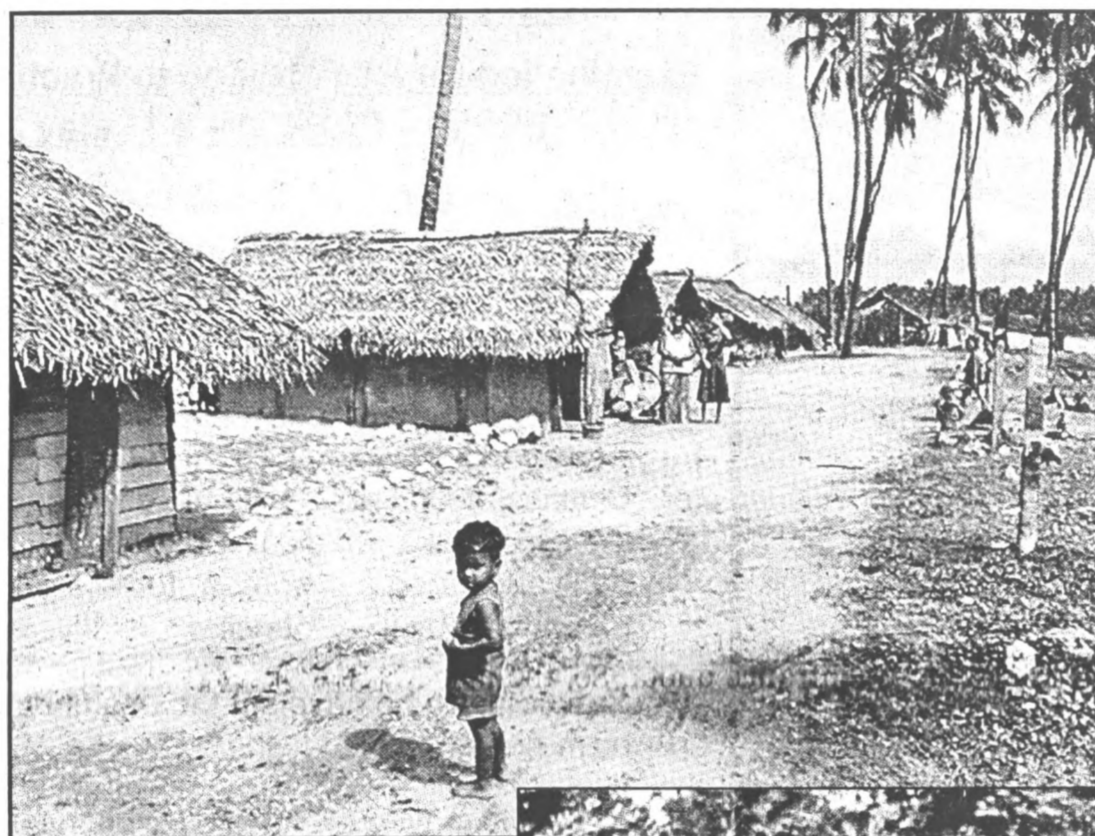
By UNP MP Kabir Hashim

With the economic crises in USA and the world economy and policy failures, the Barcelona development Agenda was formulated in 2004. As against the Washington Consensus which believed in the market mechanism in total, the Barcelona Consensus emphasized a balance of market and government economic roles. It also emphasized on an increased role for sustainability and equity in governance. Economists such as Jeffrey Sachs and Joseph Stiglitz led the way forward in moving to allow human rights to be an integral part of development, to ensure equity with growth and to have sound fiscal management.

Is Sri Lanka concentrating on Equity and Sustainability?

Today out of Sri Lanka's National Income, the richest 20% of the population receive 52% of the National income and the poorest 20% receive a meager 4.7% indicating widening disparities in income distribution. In 2010 the Per Capita Income of Sri Lanka was recorded as US\$2399. But over 40% of the population has an annual income of only US\$730 which is only Rupees 6813 per month. A new elite super rich class is emerging after the war whilst the middle class are finding it hard to keep up to the same standards of living. Whilst the super rich youth have a Lamborghini, the village youth have a Bada Gini.

The Government is saying that Poverty has reduced. But some government statistics provide conflicting evidence. According to Central Bank reports, poverty has reduced to 7.6%. But according to the Sa-



murrdhi Commissioner's report the figures reveal a different picture altogether. According to that report in 2010, 1.6 million families have been given Samurdhi benefits and a sum of Rupees 9241 million has been distributed. Then 1.6 million families as a percentage of total families in Sri Lanka work out to 30%. Whilst the Central Bank report says poverty has come down to 7.6%, the Samurdhi Commissioner's report says that 30% of the families in Sri Lanka are receiving Samurdhi. It would be ridiculous to think that rich families are given Samurdhi! This clearly indicates contradicting evidence on poverty related issues. Who is fooling whom? The Central Bank and the Government are bragging about increased incomes and reduced poverty in their reports. But the Human Development Index for Sri Lanka has been on the downward slide. The Human development Index has a more comprehensive measurement of growth and development than other



measurements such as Per capita etc. The Human development Index in addition to economic indices, also embodies education indices, health indices etc. This is a more realistic measurement of people's standards of living.

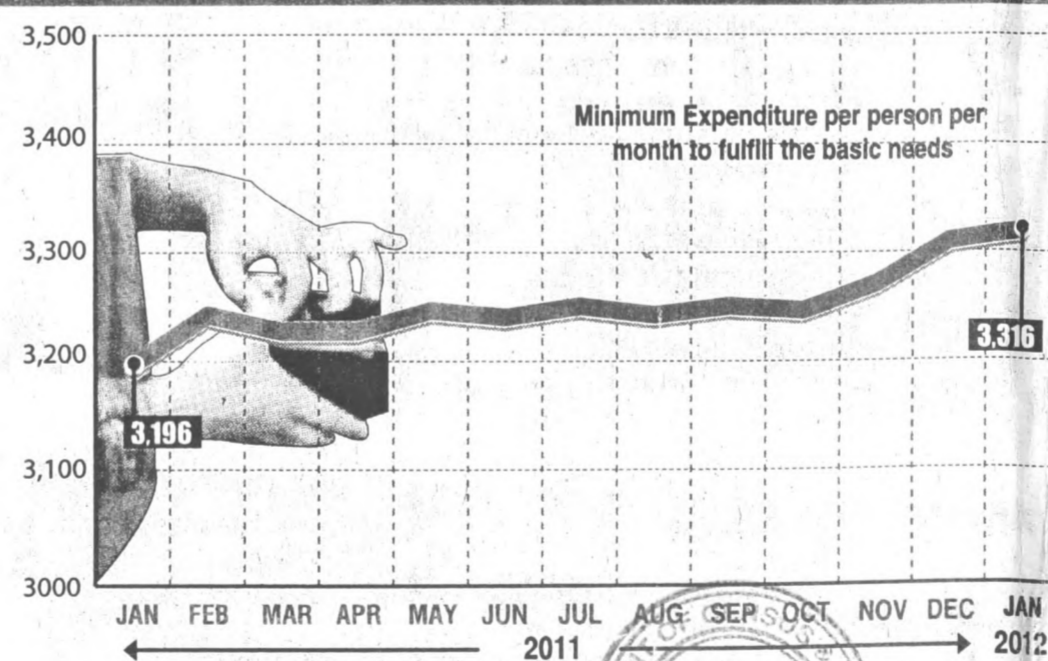
The percentage of expenditure set aside for education as a percentage of the Gross Domestic Production, is a valuable social development index.

In 2009 this government spent only 1.5% on education as a percentage of the gross domestic Product. The worst part is that in 2010, even after the war had ended, the government's allocation for education came down further to 1.3% of Gross domestic Production.

Similarly in the Health sector, in 2009 the allocation was a mere 1.0% of the Gross Domestic Product and by 2010 this was further reduced to 0.98% of the Gross Domestic Product. There is inequality and disparity under this regime and the gap widening. So much so for a Nationalist people's government.

This article is open for online discussion at www.dailymirror.lk

National poverty line - 2012



Source: Department of Census and Statistics

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