

Poverty and Development: The Sri Lankan Dilemma

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Poverty is multi dimensional according to the recently developed Human Development Index. Conceptually, poverty can be approached through four different facets: the human development dimension (education, health etc.), the socio-cultural dimension (dignity, culture, religion etc), the political dimension (power, empowerment and equal voice) and the protection dimension (associated with issues such as conflicts, natural disaster, risk of eviction).

When viewing Sri Lanka and its development programmes from this multi dimensional approach, it is patent that the country has launched many initiatives to reduce poverty and promote social development since the late 1930s. Thus, universal suffrage in 1931, the free education act of 1945, establishing a department of social services in 1948, the health act of 1953, and the different village expansion schemes can all be seen as development initiatives.

Sri Lanka has also invested billions of rupees on social development and poverty alleviation. This investment has proved successful with respect to key indicators of social development such as low infant mortality, high life expectancy and high literacy rates for both men and women. Unfortunately, successive governments have not been able to achieve greater equity in development, and imbalances persist in rural areas, economically disadvantaged communities and among women and children.

For example, out of a selected 119 Divisional Secretarial divisions (DS divisions), literacy rates of 96 are below Sri Lanka's national average of 91.1%. The highest Ordinary Level examination pass rate is 14.6% and over 10% of the children in the 6-14 age group do not attend school. Additionally, 36.4% households do not receive electricity. Among the 119 DS divisions, 4 have more than 55% of the "good" schools and 24 DS divisions have less than 75% proper toilet facilities in schools. Moreover, the economy of Sri Lanka has not reached a satisfactory level with a per capita income of only \$1 188 and 41.6% of the population earning a daily income below \$2.

What obstacles therefore has Sri Lanka faced in reducing poverty and promoting social and economic development?

The prolonged North-East conflict is a major reason for poverty and economic under-development in Sri Lanka. There are more than 300 000 to 400 000 people displaced and deprived of economic activities. Children growing up in the North and East are not able to attend school regularly or sit for examinations properly. Thus deprived of the right to education, they are not able to secure decent jobs and this impedes social mobility.

Living in temporary residences (camps) also impairs social integration and social cohesion. Internally displaced people in camps are vulnerable to epidemics and the poor health facilities available to them negatively impact their health. Bad maternal health and malnutrition are very high in the North-East region due to the lack of proper food supply. Development and industrial establishments have not been established in these areas. Hence the people in the North and East are deprived of economic opportunities.

Being disadvantaged in terms of job opportunities, even within the agricultural sector, they become dependent on the state and lose their sense of dignity.

The North-East conflict also affects Southern development and therefore the whole country's development. The liberal open economic policy introduced in 1977 made great progress in the industrial and service sectors possible. At the time, the international media hailed Sri Lanka as "the new investment centre of Asia"; the tourist industry picked up and tourist arrivals exceeded 400 000 in 1982. There was also acceleration in export growth, with the garment sector contributing much of the momentum.

In fact, the only five year period since independence in which Sri Lanka's average growth rate exceed 6% was the period from 1977-1982. All economic indicators during the 1977-1982 period showed that even though Sri Lanka had not shown a satisfactory growth performance in comparison with the high performing East Asian countries during the 1960-1977 period, it was now on course for rapid economic development. Many economists believed that Sri Lanka would be able to catch up to some of the high performing East Asian nations by the early 1990s. This, unfortunately, was not to be.

'Eelam War 1' which started in 1983 came as a major internal shock to the economy and decelerated the liberalisation process initiated in 1977. The economic cost of the war has been calculated as more than 4-8 % of the GDP every year from 1982. Manpower strength in the armed forces increased from 37 660 in 1986 to more than 300,000 by 2007 (including Home Guards).

If the human resources and money spent on the 'war effort' had been invested in education, infrastructure development or in agriculture our gross domestic product would have increased ten-fold. The increase in defence expenditure has had an overall adverse impact on the country's investment levels. The uncertainty created by the war was the main deterrent to foreign investment, which in turn acted as a catalyst to arrest economic growth.

Two examples will suffice to indicate the implications of these missed opportunities. Two major electronic multi national companies – Motorola and Harris Corporation – had finalised plans to establish plants in the export processing zone prior to changes in the political climate, in 1983. The entry of the multinational companies would have meant new job opportunities and may also have encouraged other multinational companies to invest in Sri Lanka.

This however did not materialise due to the unstable political climate in the country post 1983. Thus a political solution to the North-East war is essential for the development of the country as the prolonged war has an impact on many other aspects of development.

Just as the North-East war has become a deciding factor when considering the economy and development of Sri Lanka, the rural economy is of central significance because 72.5% of Sri Lankans live in rural areas. Consequently, diversifying the rural economy and enlarging capabilities of rural people are necessary factors in poverty alleviation and development.

The rural economy is mainly based on three pillars, migrant labour and garment factory workers, youth in armed forces and agriculture. Agriculture is the most important factor among them because 32% of the labour force in Sri Lanka is involved in it.

Therefore, the problems associated with agriculture such as lack of credit facilities and fertiliser subsidies, land fragmentation, problems with land ownership, low productivity and marketing problems should be addressed in partnership with the private sector. The government should establish labour intensive industries in rural areas that will help decrease rural unemployment. Further, special attention should be paid to rural areas that are isolated from development initiatives and the facilitation of their social mobility should become a priority.

Systematic planning makes possible sustainable development and ensures the success of envisaged future plans in any country. The planning process is supposed to establish macro economic goals and ensure social stability with a vision of the country's well being. It is vital that development planning in a country is nationally recognised and accepted.

India's development agency is known as the National Planning Commission. Since its establishment in 1950 it became a permanent institution with a mandate to produce national five year plans, which it continued to do regularly with minimal setbacks and delays.

However, Sri Lanka has had no continuity in national planning from the time of independence. Successive governments since 1948 have changed policies and abandoned the development activities of the previous regime. New governments set up new development bureaus but the end of the government's term spells the end of these organisations too.

Thus, if we look at the 1950-1977 period, there was the Planning Committee and Secretariat in 1950, the National Planning Council in 1956, the National Department of Planning in 1960, the Ministry of Planning and Economic Affairs in 1965, the Ministry of Plan Implementation in 1970 and the National Department of Planning in 1977.

Hence understandably, the country was not able to reap the full benefits of any of its development programmes. Additionally, the setting up of different agencies and the introduction of new policies resulted in a wastage of billions of rupees. Sixty years after independence it is now perhaps time to set up a national planning body that will be recognized by all parties – in the government as well as the opposition.

Government partnership with civil society organisations is also important for development and it helps ensure the continuity and sustainability of development initiatives. At present, different agencies repeat the same job in the same community. However, creating partnerships with the different agencies will enable the government to share the responsibilities of community development and create a more efficient development network.

Also, most pro-poor micro credit facilities are carried out by NGOs. A large number of NGOs also work on human rights, good governance, women's rights, gender issues etc. The government should assist these organisations in their programmes, as a partnership with these agencies may enable the government to raise living indices more efficiently and effectively.

Furthermore, poverty alleviation and welfare programmes should be targeted and operational costs should be minimised. However, the welfare programmes, which have been conducted since independence, were not targeted.

For instance between 1947 and 1977 rice was subsidised for all. However, most economically secure people did not need this subsidy and the government spent more than 6% of the GNP on a subsidy that at least a section of its recipients did not require.

Some other policies introduced by subsequent governments that were also not targeted include the scheme to provide primary and secondary school children with school uniforms, the programme giving the mid-day meal to all school children and Janasaviya. The coverage of the samurdhi income transfer programme stands at 46% of total population and is twice the estimated percentage of poor people in the country.

Thus, most welfare programmes appear to be conducted more for political ambition than poverty alleviation and social development. Moreover, the operational cost was very high in all welfare programmes. For instance, the samurdhi development programme work-force is more than 25 000 and the expenditure for their maintenance is more than Rs 5.7 billion annually.

Although social welfarism is necessary for countries like Sri Lanka, there should be planning on the part of the state so that the welfare programmes and poverty alleviation programmes are targeted to assist needy people.

Furthermore, the methods used to select beneficiaries should be transparent and based on a scientific method based on poverty assessment. If programmes have mere political intentions as well as only the interests of the ruling party at heart, they may not prove successful. Ensuring people's participation and recruiting able and qualified operational staff are also important factors in social development.

As far as the development programmes we had thus far are concerned, there has been minimal participation on the part of the people. All these programmes adopted a similar top to bottom approach. So, for instance, people living in rural areas might have valuable insights on issues of (rural) development and how it is to be achieved but their needs and ideas are seldom reflected in the country's programmes adequately. There must however be a way to allow these people to contribute to development.

Viewed through the multi dimensions of poverty, the development that Sri Lanka has achieved is satisfactory with respect to some key indicators of social development such as low infant mortality, high life expectancy and high literacy rates even though there are some internal disparities.

Economically however the country is far behind the other countries in the region. There are numerous reasons that have led to the current situation and the path to future development lies in learning from past mistakes and moving forward with vision and long term development goals that consider the needs and aspirations of the entire nation.