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Crises in the Sri Lankan Economy: Need for National Planning and Political Stability

Vagisha Gunasekara

Summary

Sri Lanka's current economic quagmire is due to three overlapping economic crises: a meshing of another long drawn-out global capitalist bust phase (which commenced with the 2007 financial collapse); a domestic economic crisis that has been unfolding since the country's 1948 'Independence'; and the COVID-19 pandemic, which has affected both global and national supply chains. This paper attempts to tease out the domestic economic crisis, touching upon key areas where the current imperilment is most visible. It does acknowledge that, despite the economic downturn, Sri Lanka has been resilient in many ways, particularly in such areas as food production, logistics, construction and infrastructure development, particularly in the face of a global pandemic. The paper argues for the urgent need for national planning and policy stability in Sri Lanka, while offering a few broad points for consideration in this regard.

Introduction

Widely accepted as the worst global economic crisis since the Great Depression, the 2007-09 global financial crisis began in the United States (US) and spread across most advanced, emerging and underdeveloping economies. The recession followed a global capitalist boom period characterised by overfinancing, high commodity prices and large flows of remittances for most countries.[1] The crisis was transmitted to underdeveloping countries like Sri Lanka via declines in trade volumes, official development assistance and private capital flows. The demand in advanced economies for imports from underdeveloping countries reduced – this too at a time when global oil and food prices were escalating.

Although this situation prefigured a foreign-exchange crisis in Sri Lanka, the country was initially able to avoid this trap due to favourable prices for leading exports, increased remittances from West Asia, commercial borrowing of US$500 million (S$672.87 million) by the government in September 2007, and an international inflow of foreign funds to purchase Treasury Bonds and Bills.[2] Nevertheless, with the onset of the crisis, US$438 million (S$589.43 million) worth of foreign funds invested in Treasury Bonds and Bills flowed out from Sri Lanka during the last three months of 2008. Falling commodity prices adversely impacted exports such as tea and rubber, while the government's attempt to borrow US$300 million (S$403.72 million) also failed due to the liquidity crisis in global financial

1 S Griffith-Jones and J Ocampo, *The Financial Crisis and its Impact on Developing Countries* (New York: United Nations Development Programme, 2009).

2 S Kalegama, "Global Economic Crisis and Sri Lanka", Institute for Policy Studies, 2012, https://www.ips.lk/wp-content/uploads/2016/12/cpm.pdf.

markets.[3] These factors led to a significant drop in the country's foreign reserves and set in motion a long-term process of currency depreciation, which continues to date.

Evolving Domestic Economic Crisis

Sri Lanka's vulnerability to global capitalist boom-and-bust cycles has been intensified by its own domestic economic crisis. For reasons ranging from populist electoral politics to inefficiencies in policy implementation across the many levels of governance, to international donor dependence which entails related sets of conditionalities, no successive government after the country's formal 1948 Independence has been able to independently steer the economy with a well-planned, stable, long-term vision. There were glimpses of hope with state-led industrialisation in the 1960s and 1970s driven by national plans; however, these were dismantled in the aftermath of the neoliberal reforms that began in 1977. The onset of neoliberal reforms in Sri Lanka reinforced merchant capital and bolstered a finance-dominated economy. This shift in 'liberating market forces' in turn led to deindustrialisation and discouraged the country from becoming a production-based economy. As a result, the domestic economic crisis has been brewing for nearly eight decades. While it has manifested in different forms in various sectors of the economy, it is most evident in eight areas: government revenue, foreign debt, foreign-exchange reserves, balance of payment, budget deficits, public and private investment, savings rate and foreign direct investment.

In the first three decades, post-Independence Sri Lanka maintained a healthy ratio of government revenue collection to gross domestic product (GDP) – with a long-term average of 21 per cent. This was a direct result of a high rate of tax collection. However, since 1990, government revenue collected via taxes has steadily declined. Currently, it is at an alarmingly low 9.6 per cent of GDP. While the civil war, which began around 1983, may seem like an obvious explanation, it does not explain the tax collection issue. This dramatic decline in government revenue seems to be directly related to a series of policy decisions, continued by multiple political administrations, to grant exemptions from taxes to wealthier people, multinational corporations, local businesses, incomes and assets. These policy decisions are invariably tied with electoral policies and other reciprocal relationships with the bureaucracies and have established a set of political and institutional processes through which the political preferences of the wealthy and powerful are translated into low revenue collection.[4]

Sri Lanka's debt crisis, which has grabbed international attention in recent times, is not new. In 1989, when the country was plagued with both civil war and a violent insurrection, foreign debt amounted to 62 per cent of the GDP. In 1995, it accounted for more than 50 per cent of the GDP, but gradually declined as a result of rapid economic growth. The post-war economic boom in 2009 resulted in a further decline of the debt-to-GDP-ratio to 30 per cent. Since 2014, however, Sri Lanka's foreign debt has been on the rise, reaching 42.6 per

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3 Ibid.

4 M Moore, "The Political Economy of Long-Term Revenue Decline in Sri Lanka"„Working Paper 65, The International Centre for Tax and Development at the Institute of Development Studies, February 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3120545.

cent in 2019.[5] Currently, the country's foreign debt obligation totals US$50 billion [S$67.29 million (61.1 per cent of GDP)], and this has created serious balance-of-payment (BOP) problems. Mainstream global and national media frame Sri Lanka's mounting debt problem as an example of China's 'debt-trap diplomacy'. While an increase in borrowings from China may be observed in the post-war period, the current debt situation directly stems from the country's graduation to a 'middle-income country', limiting access to concessionary loans provided by multilateral agencies and bilateral donors. Subsequently, Sri Lanka has had no option but to turn towards international money markets, and by 2007, issued its first international sovereign bond (ISB) worth US$500 million (S$675.77 million).[6] The country's current foreign debt composition is tilted towards commercial loans, and indicates a growing reliance on ISBs. Speculation by international rating agencies on Sri Lanka's inability to settle foreign commercial debt obligations, especially given the foreign-exchange crisis, led to downgrades at the beginning of this year.[7]

The gradual depletion of Sri Lanka's foreign-exchange reserves reached alarmingly low levels during the pandemic period. By August 2021, foreign reserves were roughly US$3 billion (S$4.04 billion), 43 per cent less than the previous year and US$600 million (S$807.44 million) lower than from June this year.[8] The country depends heavily on the following as main sources of foreign exchange: the remittances of unskilled migrant workers, apparel, tea, rubber and other primary agricultural exports as well as tourism. As a result of the pandemic, innumerable migrant workers have returned to Sri Lanka and remain without employment prospects. Tourism has halted, and other avenues of earning foreign exchange have met with pandemic-related global supply chain issues. This situation is made worse by the country's dependence on imports, which further depletes the remaining meagre foreign reserves. Sri Lanka's import dependency, coupled with its commercial debt burden, has direct bearing on the rapidly declining foreign-exchange reserves. In response, the government has imposed capital controls in a bid to limit foreign-exchange outflows.[9]

BOP deficits are not new to Sri Lanka. However, the BOP deficit of US$2.755 billion (S$3.71 billion) up to July 2021 is a record high, following unprecedented levels of liquidity injected to sustain imports and repay debt, which as a result expanded unsustainable borrowings. By the end of July 2021, Sri Lanka had just US$2.36 billion (S$3.18 billion) worth of foreign exchange, barely enough to cover less than two months of imports, compared to US$6.93 billion (S$9.33 billion) in August 2020. This was accompanied by the depreciation of the Sri

5 Calculated using the World Bank dataset, https://data.worldbank.org/indicator/DT.DOD.DECT.CD?locations=LK.

6 "ISB repayment headaches totalling $14 billion stretch until 2030", *Sunday Times*, 11 July 2021, https://www.sundaytimes.lk/210711/business-times/isb-repayment-headaches-totalling-14-billion-stretch-until-2030-448828.html.

7 "Fitch Downgrades Sri Lanka to 'CCC'", Fitch Ratings, 27 November 2020, https://www.fitchratings.com/research/sovereigns/fitch-downgrades-sri-lanka-to-ccc-27-11-2020.

8 "Sri Lanka's foreign exchange reserves are still low despite IMF SDR: Moody's", *Economy Next,* 16 September 2021, https://economynext.com/sri-lankas-foreign-exchange-reserves-are-still-low-despite-imf-sdr-moodys-86222/.

9 J Selvachandran, "Can the island nation bounce back?", Policy Forum, Asia & the Pacific Policy Society, 1 October 2021, https://www.policyforum.net/the-economic-crisis-endangering-sri-lankas-future/.

Lankan rupee (SLR), which fell by 7.5 per cent against the US dollar this year.[10] A combination of a depreciating rupee and soaring global energy prices added to inflationary pressures[11] Although the government kept imposing price controls on essential items, this had no bearing on the assemblage of trading networks that continue to hoard and mark up prices. The immediate impact was felt by consumers, who have had no option but to purchase gas and essential food items at very high prices.

Responses to curb the spread of the pandemic, such as lockdowns, travel restrictions and social distancing, have further affected private and public incomes. In 2019, with the election victory of President Gotabaya Rajapaksa, the government also reduced tax rates to stimulate the economy, though the slashing of the 'Pay As You Earn' tax was an unnecessary populist move. This had an immediate adverse effect on welfare spending. The government lost over SLR1.5 trillion (S$10.3 billion) in tax revenues alone and the decline of public sector income resulted in a fiscal deficit of over a trillion rupees during the first seven months of 2021. A combination of tax cuts and high expenditures to contain the spread of the pandemic widened the budget deficit to SLR1,014.5 billion (S$6.78 billion), compared to SLR872.6 billion (S$5.83 billion) in the same period in 2020.[12] Sri Lanka's twin deficits – BOP and the budget – are in large part due to the import-dependent, consumption-driven economy that is financed by debt.[13] The twin deficits also tend to drive up interest rates, which in turn discourages private investment.

The growth of an economy depends on a high level of savings (both private and public) that is supposed to translate into increased investment in entrepreneurial activity. While national savings rose from 15 per cent of the GDP in the mid-1970s to 25 per cent in 2010, the trend has tapered thereafter.[14] Currently, the country's gross savings rate is 21.8 per cent. Private investment has been on the decline since the 1990s and contracted sharply by 2001. Although there was an upward trend in private investment immediately after the end of the civil war in 2009, it started stagnating from 2012. This has been mainly due to the lack of policy and political stability of governments since the 1990s, and the monetary policy reforms thus far have not yielded any improvements in private investment.[15] Private sector investment gradually increased from 17.3 per cent of the GDP to 22.4 per cent between 2009 and 2012. Since then, private investment has not responded positively to interest rate cuts. The rise in gross domestic investment, from 28.9 per cent of the GDP in 2012 to 29.2 per cent in 2013, was entirely due to an increase in public investment, mainly on physical infrastructure. Even though interest rate reductions during the pandemic period were once

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[10] Press Trust of India, "Sri Lanka: Cooking gas cylinder cost goes through roof as govt ends price control for essential commodities", *Firstpost,* 11 October 2021, https://www.firstpost.com/world/sri-lanka-cooking-gas-cylinder-cost-goes-through-roof-as-govt-ends-price-control-for-essential-commodities-10045981.html.

[11] *Sri Lanka: Capital Investment as percent of GDP, 1960-2020* (Washington DC: The World Bank, 2021).

[12] Computed using Central Bank of Sri Lanka's Special Data Dissemination Standard Statistics for 2021 and 2020, http://erd.cbsl.gov.lk/erd/presentation/htm/english/erd/sdds/rpt_sdds.aspx#4S.

[13] Dushni Weerakoon, Utsav Kumar and Roselle Dime, "Sri Lanka's Macroeconomic Challenges: A Tale of Two Deficits", No. 63, ADB South Asia Working Paper Series, March 2019, https://www.adb.org/sites/default/files/publication/493451/swp-063-sri-lanka-macroeconomic-challenges-two-deficits.pdf.

[14] Constantino Hevia and Norman Loayza, "Saving and Growth in Sri Lanka", Policy Research Working Paper 6300, The World Bank, Development Research Group, January 2013, https://openknowledge.worldbank.org/bitstream/handle/10986/12206/wps6300.pdf?sequence=1&isAllowed=y.

[15] Weerakoon, Kumar and Dime, op. cit.

again intended to boost private investment, they have not yet yielded positive results. These are commonly attributed to macroeconomic policy inconsistencies, bureaucratic inefficiencies, and technological drawbacks.[16] Taken cumulatively, the eight areas highlighted above indicate that, structurally, the Sri Lankan economy has been in a slow decline, especially after the 1990s. As such, the economic odds were already heavily stacked against Sri Lanka at the outset of the COVID-19 pandemic.

The Pandemic and the 'Periphery'

The COVID-19 outbreak which first emerged as a public health crisis in Sri Lanka and elsewhere, morphed into a global economic catastrophe that severely affected commercial activity, employment and trade. In Sri Lanka, the spread of the pandemic, the government's response measures such as lockdowns and inter-province travel restrictions as well as fluctuations in the global markets have affected businesses across a range of economic sectors. The worst-hit sectors are manufacturing, tourism and the service industry. With nearly 70 per cent of the country's labour force employed in the informal sector, a significant drop in economic activities quickly led to redundancies. Three months into the pandemic, in 2020 Sri Lanka's unemployed population rose by 100,000.[17] By the third quarter of 2020, 1.7 million employees in the private sector were at risk of facing significant wage cuts and layoffs.[18] Daily wage workers, migrant workers laid off by their employers and roadside vendors were some of the worst-hit segments of the population. The loss of income for thousands of households across the country has weakened people's purchasing power. A survey conducted by the United Nations Children's Fund/United Nations Development Programme (UNICEF/UNDP) records that 71 per cent of respondent households representing all districts of Sri Lanka have experienced either total or partial loss in income.[19]

Precarity of income and employment and diminishing purchasing power of the masses are further compounded by price hikes of essential goods. Sri Lanka, despite proclaiming itself as an agricultural economy, annually imports considerable volume of essential food items such as cereals, dairy, vegetables and sugar. A combination of import controls, currency depreciation and food price hikes in the world market, along with the country's foreign-exchange shortage, is driving up the prices of food and other essential commodities. Excessive hoarding by a cartel of importers, traders and commodity-specific oligopolies (such as rice), has exacerbated this situation, putting the masses at severe risk of food insecurity. The UNICEF/UNDP survey found that 30 per cent of the respondents were

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16 S Colombage, "Low interest rates yet to stimulate private investment*", Business Times*, 12 October 2021, https://www.sundaytimes.lk/141012/business-times/low-interest-rates-yet-to-stimulate-private-investment-121645.html.

17 Department of Census and Statistics, "Sri Lanka Labour Force Statistics Quarterly Bulletin", Ministry of Finance, Economy and Policy Development, 2020.

18 P Jayawardena, "COVID-19 and Sri Lanka's Labour Market Gaps: Permanent Protection for Temporary Employees",Talking Economics, 9 September 2020, https://www.ips.lk/talkingeconomics/2020/09/09/covid-19-and-sri-lankas-labour-market-gaps-permanent-protection-for-temporary-employees/.

19 Stephen Kidd, Louise Moreira Daniels et. al, "Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery", UNICEF Sri Lanka Working Paper, June 2020, https://www.developmentpathways.co.uk/wp-content/uploads/2020/06/UNICEF_Brief_SocialProtectionResponseSL_Summary_2020Jul30.pdf.

already reducing their consumption of food by early May 2020, mainly by eliminating more-nutritious food. This may well cause long-term health problems in children – such as iron deficiency, stunting or wasting – with lasting effects on child development. Government intervention to curb food inflation, which reached 11 per cent in August 2021 (well above the general price inflation of 6.7 per cent), has been far from successful.[20] Price controls, raiding and the last resort of declaring a 'state of emergency' for food have only benefitted a coterie of politically connected oligopolists by offering them perverse incentives. The government quickly rolled out a cash transfer programme of SLR5,000 (S$33.42) to households to support food purchases. The cash transfers were made in April and May of 2020 and again in 2021. Although this programme reached a large percentage of the population, continued transfers are required to minimise the severity of the recession. Already, the cost has amounted to SLR55 billion [S$367.59 million (0.33 per cent of GDP)], and the government currently seems to be in a rupee crisis (in addition to a dollar crisis) without sufficient funds to continue the cash transfer programme.

Produce or Perish?

At the time of writing, the Sri Lankan economy is characterised by an import-dependent pattern of consumption that is financed by borrowings. Services make up 60 per cent of the GDP and 47 per cent of employment, which is indicative of an economy overly dependent on non-tradables. While the import bill weighs heavily for foreign fuel, a substantial proportion is also spent on importation of seeds, fertiliser, food and pharmaceuticals, including vaccines. The current government has identified this structural issue and front-loaded economic reforms to transform Sri Lanka into a production-based economy.[21] The ban on the importation of vehicles and inorganic fertiliser are cases in point. The problem, however, is timing. The ban on inorganic fertiliser in particular, rolled out during the pandemic drew praise from some but has also been heavily criticised for being too sudden, disorganised and lacking in strategy in disseminating clear information for poor farmers' awareness.

The production-centric approach of the current government, despite its many critics, has its merits, especially given the wakeup call during the triple crisis on the importance of reconceptualising 'reserves' and extending its current fixation on foreign currency, water, food and energy. However, such a structural shift has arrived decades after Sri Lanka's import-substitution era in the 1970s and would take at least another decade to materialise, if followed through consistently. It would also require concerted efforts by the government to allocate resources towards investment in modernising agriculture and manufacturing. Fundamentally, a long-term stable interest rate and steady exchange rate would be essential to incentivise a production economy. A stable monetary policy would restore confidence in banks to engage in long-term lending for production, particularly in agriculture and fisheries. The banking system has a minimal thrust on development banking, which is a crucial component of a production economy. Even the banks that were established for this purpose, such as Development Finance Corporate Ceylon and National Development Bank have, overtime, transformed into corporate banks that now engage with

[20] "Sri Lanka Food Inflation", *Trading Economics*, 2021, https://tradingeconomics.com/sri-lanka/food-inflation.

[21] Special Press Release, Presidential Secretariat, 13 June 2021.

international money markets. The likes of Sanasa bank, which emerged from the cooperative model of lending and was among the very few borrowing options for micro- and small businesses, have come under immense pressure to deviate from their original purpose. As a result, despite having the largest natural resource base in the country, agriculture and fisheries receive among the lowest proportions of credit from most banks.[22]

In recent months, the Central Bank has come under heavy criticism for printing money. This is not unique to Sri Lanka. Central Banks in most countries across the globe have been injecting record amounts of liquidity into the system. Though it may have been a necessary evil, the ensuing debates and fears about money printing causing hikes in inflation are not merely theoretical. Stabilising the exchange rate will be another challenge for the Central Bank in the coming months. Since 1967, stubborn trade deficits and misguided advice from the International Monetary Fund caused the rupee to depreciate. Today, one US dollar is worth more than SLR200, compared to SLR15 in 1978. Importers and exporters alike are used to volatile exchange rates. The latter are reluctant to convert their foreign exchange earnings and importers bring down much more goods than they need. Together these practices have aggravated the country's foreign exchange crisis. Currently, the government has resorted to buffering foreign exchange reserves via currency swaps with China, India and Bangladesh, a practice that is likely to continue in the next year. The beginning of 2021 saw much speculation about Sri Lanka defaulting on its foreign-debt servicing commitments. These speculations were misguided and eventually proven wrong when the country paid back US$4 billion (S$5.38 billion) this year despite the tremendous strain on the economy due to the pandemic. Similarly, there is a sovereign bond payment due in January 2022, but the Central Bank seems confident about timely repayment.

In the National Budget 2022, it is clear that policy stability would be the top-most priority if the government were to recover from the triple crisis and continue on its production-based trajectory. In September this year, the Central Bank introduced a "six-month roadmap for ensuring macroeconomic and financial system stability", which proposed a three-pronged framework to strengthen the economy and deliver policy stability.[23] The short-term focus of this framework is on creating a stable monetary policy, continued timely debt servicing, increasing foreign-exchange liquidity and supporting enterprises to recover from the pandemic effect. In the medium-term, the thrust is on the recovery of the real economy, improving the debt profile, delivering fiscal and external targets, enhancing ease of doing business and sovereign ratings. The long-term goal of this framework seems to be on strengthening macroeconomic fundamentals to absorb any shock, boosting the production economy, containing inflation as well as achieving fiscal and monetary targets.[24]

Expectations of the National Budget 2022 are also focused on achieving some level of macroeconomic stability. In the area of revenue, a clear, stable policy of taxes and private

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[22] S Illanperuma, "How Sri Lankan Banks are Failing the Production Economy", *BIZnomics*, pp. 8-12, 19 July 2021, https://biznomicsmagazine.com/how-sri-lankan-banks-are-failing-the-production-economy/.

[23] "The Six-Month Roadmap for Ensuring Macroeconomic and Financial System Stability", Central Bank of Sri Lanka, 1 October 2021, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/presentation_20211001_the_six_month_road_map_for_ensuring_macroeconomic_and_financial_system_stability_e.pdf.

[24] Ibid.

capital to reduce public debt and inequality would be a general expectation. On a related note, measures to increase direct taxes and reduce indirect taxes would require particular scrutiny. As far as urgent reforms are concerned, the usual targets – reforming loss-making public corporations (or state-owned enterprises), increasing efficiency, transparency and reducing political influence on public corporations – are likely to surface. Given the impact of the pandemic on the masses, provisions for social protection, fund allocations to health, wages, pensions, essential commodity prices and social security are also expected from the Budget.

The Central Bank roadmap is ambitious and has its merits; but the expectations of the National Budget are reasonable. However, for any of this to yield any meaningful results, it has to be undergirded by a comprehensive national plan. A country's economy is not limited to engineering tweaks and manipulations in fiscal and monetary policies. It requires a broader, more holistic action that offers clarity on the country's development journey for the next four to five decades. One focus of such action would be identifying the main sectors of the economy in which Sri Lanka needs to achieve self-sufficiency in production. For example, water, food, energy and communication could be considered the primary sectors for Sri Lanka to strive to achieve sovereignty without any involvement of multinational companies. Achieving sovereignty does not necessarily mean that the Sri Lankan public sector or the private sector alone needs to conduct research, make investments and reach targets. In fact, the public or the private sector in the country may not have the capacity to follow through with undertakings of that scale. Foreign private or public investments may be necessary, but they must be facilitated in ways that do not compromise Sri Lanka's sovereignty and ensure transfer of technology and expertise so that locals are able to replicate, adapt and innovate the technology, tools, machines and other inputs.

Another outcome of a national economic plan would be to identify research, investment and market needs for specific goods and services in different sectors (such as agriculture, light industrial goods, fintech, etc.,), and come up with strategies to lower the dependence on imports in multiple nodes of the production value-chain. Lastly, a comprehensive national plan would reconfigure the education policy in accordance with the state's long-term economic plan on how to shape and reshape the market. The continuity of national policies and plans, regardless of electoral changes is vital. The existing trend is that national priorities and plans of the previous political administration would be usually disposed of, upon election of a new ruling party. On a related note, national-level plans have little synchronisation with provincial or local government-level plans. Currently, there is no dearth of plans at national, provincial or local levels of government. But they are made in silos and do not harmonise. The plans made at lower levels of government (provincial or local) do not clearly demonstrate how they mesh with national-level plans. One explanation for this issue may be that national, provincial and local levels of government have different election cycles. As a result, individual or party manifestos tend to advance ad hoc policy agendas that revolve primarily around popular or, at times, sensationalised issues. Synchronising election cycles for all levels of government may help align national priorities and plans with other levels of government.

What may be gleaned from the preceding analysis is that the Sri Lankan economy urgently needs transformation from a merchant- and finance-dominated economy to a production-based system. The eight economic 'pathologies' indicate that entrenchment of merchant and finance interests in the decades following colonial rule has not served the country well. The current thinking among policymakers seems to be that tweaking monetary and fiscal policies alone may resuscitate an ailing economy. However, what is needed is not simply tinkering with macroeconomic fundamentals but transforming the entire structure of the economy, to gear it towards production. Though reflected in government rhetoric, this is yet to surface through appropriate independent policy, effective action and more-even application. One major obstacle, probably the most tenacious, is the assemblage of Western multinational corporations and state actors that back the entrenched local comprador merchant and finance class that has become all too powerful. Over the decades, this assemblage has established strong linkages and reciprocal arrangements not only with elected politicians but also with influential bureaucrats. This issue is not unique to Sri Lanka. It is characteristic of all decolonised countries across the world within the broader and interconnected international political economy. Interests, capital and actors (private and state) that shape the global political economy often do not allow any national government seeking to be more self-reliant. This leaves little room for crucial structural changes to fulfill people's long-expressed but too-long-suppressed aspirations for true independence and economic development.

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Dr Vagisha Gunasekara is a Sri Lankan political economist based in Colombo. She takes an inter-disciplinary approach in exploring the interaction between global forms and local political economy of emerging contexts and practices of governance and labour. She can be contacted at vagishagunasekara79@gmail.com. The author bears full responsibility for the facts cited and opinions expressed in this paper.

Institute of South Asian Studies | National University of Singapore | 29 Heng Mui Keng Terrace, #08-06 (Block B), Singapore 119620
Tel: (65) 6516 4239 | Fax: (65) 6776 7505 | www.isas.nus.edu.sg | http://southasiandiaspora.org