

# National Perspective on the Development of the Discipline of Economics

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Of the social science subjects taught in the universities and other institutions of higher education, Economics has always been very popular among undergraduates and post-graduate students. This is because Economics has throughout been considered a subject that is useful for those who are seeking employment in the government and public sectors, for those closely associated with social and economic development work and for technical and executive positions in the private sector. From the 1940s, graduates with degrees in Economics have found it possible to obtain lucrative employment relatively easily as compared to those qualified in other disciplines in the social sciences. The demand for graduates in other social science subjects has been rather limited except perhaps as teachers.

## Economics Studies in the Universities

From the early 1950s, a large number of graduates in Economics have entered the administrative service and specialized departments with social and economic functions. This was indeed a departure from the earlier tradition where the bulk of the officials in the higher echelons of the civil and administrative services were graduates in mainly Classics, History, Philosophy, Languages and other Arts subjects. From the late 1940s, the number of undergraduates specializing in Economics, or doing it as the main subject area for the degree, have outnumbered those in the other social sciences, while students offering Economics as one of three subjects in the general degree course have outnumbered those offering all other arts or science subjects, with the exception perhaps of eastern languages.

The government and research institutions have afforded opportunities for training administrators in Economics. The Sri Lanka Institute of Development Administration and the National Institute of Business Administration among others have provided training facilities locally, while the government has afforded opportunities of qualifying and training abroad for administrators and researchers through overseas scholarships offered by United Nations Agencies and individual governments. In the national manpower policy upgrading skills in Economics, Commerce, Management and Development Administration have been given special consideration. In the past two decades however, much of the scholarship support has been made available to administrators and officials in research institutions and specialized government departments than to the universities.

In the universities, the main subject area of Economics has branched out into other subject areas and these have included degree courses in Commerce, Business and Public Administration, Economic Development, Statistics, Political Science, Management and Accounting. At many of the universities, these subjects were included for the first time in the curriculum mainly after the 1960s, thus opening up channels for greater specialization in subject areas which have a close relationship to Economics. Furthermore, due to demands for skills arising from economic development, job opportunities with an Economics background emerged in both the public and private sectors for those with special degrees in a wide variety of subject areas affiliated to Economics.

Today nearly all the universities, with the exception of the University of Moratuwa, have Departments of Economics and Economics as a special subject or as one of the subjects for the general degree has become extremely popular. The only short-coming with regard to higher education in Economics is that the departments in the universities have not been able to strengthen their faculties by getting an adequate number of senior, highly qualified and competent teachers with Masters and Doctors degrees from good universities. In the universities since the student population offering Economics is very large, the teaching staff has to be proportionately large and many universities have not been able to find suitably qualified academics to fill the senior posts. For instance, in several universities the posts of Professors of Economics, Commerce, Statistics and Management studies have remained vacant for long periods. The quality of teaching, the content of the courses and academic standards normally depend on the calibre of the teachers and the reading ability of the students.

With regard to Economics and several other social science subjects, a substantial deterioration in academic standards is a major deficiency which the universities face today. In the case of most graduates in Economics, they are not fully equipped to meet the challenges before them as development administrators or researchers. Since the late 1950s, the teaching of Economics has been in the Sinhala and Tamil media, and this has affected the quality of teaching Economics. Firstly, teachers who have received their degrees in Sinhala or Tamil, have not found themselves readily equipped to do higher degrees at universities overseas or even locally; most of them are not adequately equipped in English and Mathematics. Since their exposure to modern Economics has been limited they have not been in a position to fulfil their role as good teachers. This is because the background they have acquired in Economics in the Sri Lanka universities has been deficient particularly in the analytical and quantitative aspects. However, universities in Sri Lanka today are making every endeavour to equip teachers in Economics with the most recent developments and advances in the subject. Both students and teachers have been greatly handicapped in acquiring a knowledge of modern theory because they have not been able to read the specialized and more advanced texts since all the literature continues to be in English.

The few Sinhalese textbooks that have been translated are quite old and were all written in the 1950s and earlier and most of them therefore, are out of date. The number of basic texts in Economics available in Sinhala are very small. This situation has not helped the Sinhala or Tamil speaking students with a poor knowledge of English to build up an adequate background in more advanced areas in Economics. Thus, there would appear to be a major gap in the knowledge of Economics of the average Sri Lanka graduate when he is compared with his counterparts in universities in the UK and USA. Furthermore, the Sri Lanka student is heavily handicapped, if he is going to specialize in particular subjects in Economics for a higher degree such as Economic Theory, Monetary Economics, International Trade, Statistics or Economic Development because of his inability to read widely on the subject.

Despite these shortcomings, which have really emerged after the 1960s, the country does have the benefit of a very strong body of economists and other social scientists who had mainly graduated from the universities in Sri Lanka before 1960 and some thereafter. Many of them have obtained higher degrees from universities abroad or they have read very widely on the subject. Today graduates who fall into this category who are either teachers in the universities, economists, administrators, technocrats or workers in research institutions form the nucleus that has largely contributed to the formulation and implementation of economic and social policy, and have done a considerable amount of research in Economics. Unfortunately, the volume of research put out by those who have had their Economics education primarily in Sinhala or Tamil has been very limited. Analytical and in depth studies from this group have been very scanty and most of them have written very few research papers although some have regularly written articles in Sinhala on economic subjects of current relevance to the newspapers.

There have been some exceptions to this and they are those who have done the first degree in the Sinhala or Tamil media and have been able to subsequently do either a Masters degree or a doctorate at foreign universities in the English medium. But the numbers that fall into this category are relatively few as far as the universities are concerned. The presence of teachers with higher degrees from foreign universities has undoubtedly contributed to strengthen the teaching faculties of universities because the teachers have acquired a knowledge of modern advanced Economics and are able to deliver upto date lectures on the subject. But even this does not overcome the major handicap of the average undergraduate in Economics, his inability to read in English. Where there are good lectures and upto date lectures the problem has been that Economics students have continued to rely heavily on the lecture notes with little or no access to the original texts.

### **Economics and Development**

The contribution of studies in Economics both in regard to economic development, management and research at the national level can be reviewed separately. With regard to national development a large number of administrators, technocrats and researchers with a background in Economics, have been associated with policy formulation and implementation since the late forties : in the early years most of them were in the Ministry of Finance or Central Bank. Government has considered that for most administrators a knowledge of Economics, even if it has not been a subject for the degree, is invariably required and it has induced officers to acquire a knowledge of Economics. For instance, in the recruitment and Efficiency Bar examinations for the Sri Lanka administrative and other services, papers in Economics and Economic and Social Policy are compulsory. Furthermore, the administrative and development environment in the country today is such that it is difficult for an administrator, or an official who works at the village and district level, to be able to effectively carry out his normal duties without an understanding or an appreciation of Economics. District Ministries and Development Councils today are largely staffed with planning officers or development assistants who have had a training in Economics.

Sri Lanka has had a series of development plans from the early 1950s and these plans have been largely concerned with investment in the public sector. The plans that were issued were among others the Ten Year Plan in 1958, Two Year Implementation Programme 1961/62, and Five Year Plan in 1973. In the preparation and formulation of these plans, economists and social scientists have always played a leading role. They have collected and analysed the data, evaluated the projects and worked out the national investment priorities. Furthermore, since the late 1950s, specialized Economic Units have been set up in ministries and departments for the evaluation of projects, preparation of plans for the formulation of the Budget and for the implementation and monitoring of proposals. All these units have been manned largely by economists. For the most part those who have headed the planning departments and ministries have been experienced economists.

In 1956, a Planning Secretariat manned by highly qualified economists was set up for the preparation of public sector investment programmes and their implementation. In 1971, a Ministry of Planning and Economic Affairs was set up followed by a Ministry of Plan Implementation. Today the Plan Implementation Ministry continues to monitor and keep track of the investment programme. The Ministry of Finance and Planning is largely concerned with the Budget and at the practical level has done little work in the strict area of planning. In the early seventies, to promote rural development and for the establishment of small industries, Divisional Development Councils were set up and in all these institutions graduates with Economics found employment. This was followed by the establishment of District Development Councils in 1981 with the objective of fostering development at the district level and under them several integrated development programs in select areas were launched.

### **Economic Research**

Quite apart from the impact of Economics on social and economic development, since independence several research organizations have emerged, new government departments which are concerned with economic affairs have been set up and existing departments dealing with economic matters have been strengthened. A large number of research projects with an economic focus have been undertaken in the private sector. In the universities with Economics departments, the senior teachers have done a certain amount of research. In comparison with universities overseas the volume of research in Economics has been somewhat limited and much of the published research has been mainly forthcoming from the senior academics of the departments and a few others who hold higher degrees from universities overseas.

Many of the senior Economics teachers and social scientists in the universities, to some extent, have been actively engaged in research on topics which have been either commissioned or supported by overseas agencies. As far as policy oriented research in Economics is concerned, the contribution from the universities has been little and unimpressive. It is very seldom that government has called upon members of the Economics faculties to advise government. The volume of research on an independent basis thus has been quite small and in most instances, the quantum of funds locally available

have not given much scope for such work. The volume of rupee funding for research from domestic resources has been scanty, and even where research grants for work in Economics have been given the amounts released have been quite small if a comparison was made with similar awards made by funding agencies abroad. In the absence of a Social Science Research Council, the main funding agency until 1981 had been the National Science Council and thereafter the successor institution NARESA. In view of its importance, the social sciences and Economics in particular, need a separate institution for the promotion and funding of research.

In the field of economic research outside that undertaken by government departments and official bodies, much of the research has been funded by United Nations Agencies, the World Bank, USAID and private foundations in North America and in Europe. Yet it is not quite correct to say that the bulk of research undertaken in Sri Lanka had been largely funded by overseas agencies; this would be largely true for research outside the government sector. This is because the resources available locally for large research projects involving a long period of data collection and investigations in the field have been inadequate. Such work has been only possible by official agencies like the Central Bank, the Department of Census and Statistics and the Ministry of Planning.

There has been no national level journal for the exclusive publication of research in Economics. Neither the universities nor other institutions engaged in research have brought out such a publication. In the early fifties a journal entitled "The Ceylon Economist" was in publication for a few years but it did not have national recognition. Most of the studies in Economics have been published in a miscellany of social science journals such as the "Journal of Social and Historical Studies" and "Modern Ceylon Studies" brought out by the University of Peradeniya, the Sri Lanka Journal of Social Sciences by the Statutory Working Committee on Social Science of the National Science Council, the "Staff Studies" published by the Central Bank of Ceylon and "Marga" which is the journal of the Marga Institute. Even so, most of the articles on Economics published in these journals, perhaps with the exception of a few papers in the "Staff Studies", have had a practical orientation with very few studies on the purely theoretical and analytical level.

### **Socio-Economic Data**

One of the major institutions that has undertaken research in a wide area of Economics has been the Central Bank of Ceylon. The statute of the Bank requires that it should set up an Economic Research Department. The Economic Research Department has been one of the most active economic intelligence agencies in the country, since its establishment in August 1950. Since then, the Department has compiled a wide variety of economic and social data, published findings of surveys and a large number of analytical studies. This department has greatly strengthened the national level organization for collection and analysis of socio-economic data. Its Monthly Bulletin and Annual Reports have been published without a break since 1950 and these have carried the most comprehensive narrative of economic events and trends in the country. The documentation produced by the Central Bank has been extremely valuable for the formulation of economic and social policy and these documents have been closely studied by successive governments.

Furthermore, the Central Bank has sponsored and pioneered research in Economics and Statistics at the departmental level and individually. Economists in the Bank are at liberty to undertake research on whatever topics they prefer. Since the inception, the Bank has undertaken socio-economic surveys and other specialized surveys at frequent intervals and in this process, it has made available socio-economic data in a large number of fields which were not available before, or were not adequately investigated. The Central Bank has also been the principal agency for undertaking specialized studies for the government and advising the government on economic policy, on the Budget, on money and banking matters and it compiles the balance of payments, and the national accounts estimates. It prepares frequently confidential reports on aspects of the economy for the use of government. It is also the primary source for such vital data series as national income, balance of payments and money and banking and government finance.

Since 1953 it has carried out a very large number of socio-economic surveys particularly on household income and expenditure at 10 year, 5 year and two year intervals. The data from these surveys have been published within a very short time and as such, have been very vital for government decision making. The scope and coverage of the socio-economic data base in Sri Lanka has more than doubled on account of the work of the Central Bank.

The Central Bank in more than thirty years has been able to undertake pioneering work because of the availability of personnel with a specialized training in Economics and Statistics. With the help of specialists made available by the Central Bank, the government has been able to strengthen and to upgrade the quality of staff in a large number of institutions that are concerned with economic policy or in the execution of policies. The high level of technical competence in the Central Bank today is because it launched a comprehensive training programme for its technical officers in Economics and Statistics in the early fifties and as a result, the Bank today has the most qualified cadre of economists and statisticians in the country.

The Department of Census and Statistics which is the principal national data gathering organization in the country is a very old department having been established over 70 years ago. This department has been able to greatly strengthen its staff and expand the coverage and improve the quality of data because the expansion of Economics education has increased the availability of better qualified personnel. The Department's own training programme has given officers access to improve techniques in the collection and compiling of data. The timely release of data by the Department of Census and Statistics has now been facilitated by the use of computers. The Department has brought out the Statistical Abstract of Sri Lanka which is the principal statistical compendium for the country. Apart from undertaking the decennial census, it has carried out a large number of censuses and sample surveys relating to households, agriculture, manufacturing services, trade and commerce.

The private sector's capacity for management and business development has been strengthened with the increasing availability of people trained in economics, banking, finance, trade, management and commerce. Some universities have organized diploma and post-graduate courses for private sector businessmen, so that they can upgrade the quality of their economic

and management skills. With the increase in economic activity after the adoption of a liberal economic policy in 1977, a sharp increase in demand for qualified persons in economics, trade, finance and banking emerged. Many business concerns have not been in a position to recruit suitably qualified persons for certain positions, although there are hundreds of degree holders in Economics who are looking out for jobs. The establishment of fifteen new banks and the diversification of their functions has resulted in a greater demand being generated for persons with higher academic qualifications in Economics and with banking experience.

A considerable amount of research has also been undertaken by the private sector. Groups of economists and social scientists have banded themselves together to undertake research mainly for overseas agencies. The Marga Institute has been functioning for more than seven years as a leading private sector research organisation. It has been almost entirely funded by overseas foundations and organizations. The Marga Institute normally does work which has been commissioned by funding agencies overseas, although there is very little evidence that it has on its own undertaken research to fulfil national needs. Nevertheless, it has put out a considerable amount of literature in socio-economic subject areas. The research that is undertaken is not based on national priorities but on the basis of preferences determined by research funding agencies, overseas. Invariably however, the institute has done quite a lot of work on Sri Lanka, but much of this is not based on primary socio-economic data which the Marga Institute has itself collected. It has provided employment to a large number of senior social scientists and administrators who were formerly working with the administration. Although Marga has a very large staff it cannot be said that many of its staff members are persons with academic distinction, quite apart from them bring experienced administrators.

All these aspects in the growth and development of teaching and research in the field of economics has undoubtedly had a major impact on the socio-economic development of Sri Lanka especially in the last three decades. Unlike most of its South Asian neighbours, it has always had a large body of qualified and competent economists and social scientists. Many of them have been able to find lucrative employment abroad because they have been highly rated. At the same time, the availability of highly qualified economists and social scientists in their respective disciplines has enabled many official research institutions such as the Central Bank, the Department of Census and Statistics, the Ministry of Plan Implementation and the Marga Institute in the private sector, to effectively undertake new work in data collection and economic analysis and thereby provide the necessary background material for the formulation of economic policy and for the regular review of how the economy behaves and functions.

### **Issues for the Future**

In the last three decades Sri Lanka has produced a large number of graduates who have specialized in Economics and others who have done it as a single subject for the general degree. Their numbers exceed graduates in most other faculties, including those of medicine and engineering. However, the major deficiency in the present academic arrangements for studies in Economics is the lack of adequate facilities at the post graduate level for

graduates to obtain higher degrees. In the last three decades the number of higher degrees given in Economics possibly does not exceed 75. However, the demand for Economists with post-graduate qualifications is growing almost everyday and this is because the supply has been very small.

As a prelude to starting formal course work and supervision for higher degrees, it is necessary to greatly strengthen the economic departments of the universities in Sri Lanka. That means that first of all more faculty members must themselves get well recognized postgraduate qualifications. However, as an immediate step, the establishment of a Post Graduate Institute of Economics may help to correct this deficiency in a much shorter time. This idea has been mooted on several occasions but somehow the proposal has not yet materialized. If a Post Graduate Institute of Economics is set up, preferably in Colombo, then the need to immediately strengthen the faculties may not arise because such an institute can draw upon highly qualified teachers from research institutions, banks, government departments and even agencies in the private sector.

The second shortcoming in the existing arrangements is the paucity of economic research, specially in the universities and government institutions. In this respect, Sri Lanka has lacked a tradition of research on the theoretical aspects of the subject. Not very much has been written on the application of theory to the current development programmes in the country. For Sri Lanka the formulation of a theoretical framework which would be different from the established theories that have come from the west may be highly desirable because western economic theory does not always easily fit into the local context, where underdevelopment, different traditions and a different culture all play a very important role.

For this purpose, it is desirable that more funds should be set apart by the government for theoretical and applied research in Economics. Research grants available locally have been very unattractive and scholars who have fairly ambitious projects are unable to undertake them. This is one reason why a lot of funding for research in Economics has so far come from overseas. The major attraction of such funding is that even for a relatively small project fairly handsome awards have been made available which is many times the amount of money that would be available from a local funding source.

Progressively Sri Lanka must move away from its dependence on overseas funds for research. Government in principle should allocate more funds for theoretical and applied research and this could be best done by setting up of one or more research institutions such as the Post Graduate Institute of Economics. It may also be desirable to pursue actively the question of setting up a separate Social Science Research Council, where the Council could pay much more attention to the question of promotion, initiation, financing and monitoring of research in Economics and in other social science subjects. Under the present arrangements, economic and social science subjects are important in the schools and university curricula, but there is no central agency which could take a special interest in the development and promotion of teaching and research in the subject.

Despite these deficiencies, yet Sri Lanka has been better placed than most of the other Asian countries barring India, which is perhaps the exception as far as qualified and trained manpower in Economics and Social Sciences are concerned. This is because the country has made full use of scholarships and training opportunities that have been offered in the past and some agencies both governmental and non-governmental have spent money on higher education for their technically qualified employees.

The only difficulty is that the distribution of qualified personnel has not taken place in the ideal fashion. Due to the relatively poor salaries in the universities, the best economists have not stayed on with the universities, although most of them have held teaching posts at the junior level soon after graduation. As a result, Economics Departments in the universities, particularly those in the Colombo district, have relied heavily on visiting staff for lectures. This again is not satisfactory because the best policy is for universities to have their own permanent staff especially those who have serious commitments towards university education and would like to engage in research in an university environment.

Undoubtedly the demand for trained, highly competent economists will continue to increase and the advertisements in the newspapers for economists seem to be a continuing process. With more economic activities coming on stream and with the further diversification of banking, commerce and trade it is not only the public sector that will have to depend heavily on trained economists, but this would be even more important for the private sector where the latter would be expected in future years to carry a major load of investment and development activity in the country.