

Self Reliance An obsolete concept

Economic Review: What is the nature of the interactions between our culture, the present economic system and the current state of our society?

V. K. Wickramasinghe: This is a very broad question and any extended answer will necessarily involve much speculative thinking. Hence, I think answers are best left to scholarship. I wish however, to focus on one vital aspect of cultural change arising from the economic system we have developed in the post Independence years. The post Independent economic policies encompassed two basic aspects – the creation of a welfare State and the increasing dominance of State enterprises in production and distribution. The welfare State provided free education and free health services, a compulsory Employees Provident Fund, a great deal of labour legislation to protect workers' rights and also until recently a highly subsidised ration of rice now replaced with food stamps, together with other subsidized services as for example, public transport. Expansion of employment in the State sector resulted in a situation in which employees in production and trading ventures got almost the same benefits as those enjoyed by employees in the administrative services, in the form of salaries and other benefits, holidays etc. with the exception of pensions which remained a special privilege of the administrators. Employees malingering at the work place was also justified as a means of getting their own back against

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capitalist exploiters. Even in state enterprises such attitudes were justified on the grounds that the government in power was not a socialist government. All these benefits conferred on employees has undermined the work ethic – a tendency reinforced by the absence of modern management systems based on the use of incentives of one form or the other. The loss of the work ethic has grave implications for the future because modern economic management is based on the harnessing of the work ethic to achieve common objectives at the work place. When the work ethic is undermined, it is extremely difficult to harness the efforts of workers on a voluntary basis to improve the production base on which the whole welfare system rests.

E.R: You have been writing about the need of a 'Jathika Arthika Chintanaya'. What do you mean by this? What are the relations such a thinking can offer to our current economic problems?

W: When I referred to a Jathika Arthikaya, I was merely suggesting that we should focus our attention more on how we should reshape the structure of the economy rather than on the Jathika Chintanaya. It was Marx who systematically developed thinking on the relationship between economic vested interests and the law and the institutional framework within which socio

economic values as well as other cultural values operate in a capitalist society. Hence his solution to destroy the capitalist state apparatus and its replacement with a system in which the means of production, distribution and exchange are owned by the workers. And this is the system that was set up in the Soviet Union and subsequently in Eastern Europe, China, Cuba, Vietnam etc. Now that these countries are drastically rethinking these economic ownership patterns and their interrelationships, I thought that our intellectuals, particularly of left wing persuasions, could more usefully engage in a debate on the Jathika Arthikaya. After all, the overriding need is to re-establish a sound economy in which democratic institutions can flourish and allow for a dynamic interaction between our thinking on economic development and the underlying national cultural values the economic system should embody. A debate on the Jathika Chintanaya without rethinking on the type of economic system we would like to create in the future would be rather sterile.

E.R: What is the relationship between this concept of Jathika Arthikaya Chintanaya and the Jathika Chintanaya? In a world that is closely integrated and is getting integrated more and more, is it possible for us to have an economic thinking that is national? Is there any space

for exclusivist thinking of any kind in the world today specially in the realm of economics?

raw materials, machinery, technology etc. Had we appreciated the lessons of the

engineering and management know-how and with no idea of markets other than the bland assumption that the Soviet Union would buy anything they produced.

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The Hungarian economist Kornai, who is well known internationally today for his advocacy of a market economy for Hungary as a solution to its intractable economic problems was one of the earliest critics of the planned economy. His critic of the Hungarian experiment was published by Oxford University Press in 1960. From the point of view of Sri Lanka today, a significant point he made was the great divergence of the actual working of the economy from the theoretical model on the basis of which the restructuring of the Hungarian economy was undertaken.

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Hungarian experiment in socialist planning that led to the revolution of 1956, we could have avoided the terrible mistakes in economic planning and policy adopted by Sri Lanka. Hungary was originally part of the Hapsbur Empire, but after the Second World War became an independent country. In 1947 when the Communist government was set up, it had a population comparable to Sri Lanka and like Sri Lanka was largely agricultural, but was land locked, and was largely a producer of grain. In 1947 it was more backward than Sri Lanka in most respects. They did embark however, on a totally unrealistic planned programme of investment in industry and heavy equipment including machine building. To extract the requisite resources for the giant size investment plans, the Government of Matyas Rakosi became more and more repressive, and finally led to the resolution of 1956..

I wish to emphasise that the tragedy of the Hungarian Revolution of 1956 was a direct result of embarking on economic development on the Soviet model by a small predominantly agricultural country without the required infrastructure, the

E.R: The world has undergone profound changes today, but we in Sri Lanka have failed to engage in an indepth analysis of how this affects our thinking on culture, the economy and the society and their relationship to and interaction with each other. What are your comments on this?

W: Unfortunately in Sri Lanka, the great post Independence debate has been on capitalism as an economic system and its attendant money values as against a socialist system in which humanitarian values would rule the day in production and exchange. The recent events in the Soviet Union, Eastern Europe and China has shaken our intellectuals. We now have to rethink the relationships that should govern production and distribu-

tion. The one dimensional approach of capitalism vs. socialism will simply not do. Unfortunately in Sri Lanka we do not seem to have taken note that the end result of the two systems – the one regulated by the unseen hand of the market places and the other by the all seeing eye of the State – have been more or less the same as revealed in socio-economic statistics. The Soviet Union today is confronted with a problem of alcoholism that is far greater than that faced by the USA or any other capitalist country. Divorce rates at one in every three marriages are on a par with USA. And ominously, the Soviet Union alone amongst developed industrial societies is facing a shortening of the average life span of its citizens.

While drug abuse and AIDS are perhaps not as widespread as in the USA, they are also prevalent in the Soviet Union. In fact it is said that a consequence of the war in Afghanistan has been the spread of the use of marijuana in the Soviet Union. It was also reported early this year in the London Economist that 30 persons were infected with AIDS by the use of an unsterilised syringe – the Soviet Union is yet to develop a disposable syringe manufacturing industry. The severity of alcohol abuse in the Soviet Union is by and large a reflection of the failure of the industrial system in meeting consumer needs while high divorce rates are said to have much to do with poor housing. The shortening of the life span reflects a failure in nutrition and health care, and also perhaps environmental pollution. Environmen-

Neither the unseen hand of the international market place nor the all seeing eye of the State can be left to its own devices in regulating our economic systems. Human volition organised on the basis of information, knowledge, opinions and view points and the free exchange of news would seem to be an essential part of a regulatory system. In other words a Parliamentary democratic set up with executive and legislative bodies would seem to be the best.

tal pollution in the Soviet Union has been more widespread than in most capitalist economies because pollution is not admitted to and all the evidence is swept under the carpet. Hence, very few measures have been taken to regulate industries. Chernobyl which was an eye opener because the unthinkable took place in the Soviet Union and its consequences have had to be borne not only by the Soviet Union, but also neighbouring countries.

Thus, it would seem that neither the unseen hand of the international market place nor the all seeing eye of the State can be left to its own devices in regulating our economic systems. Human volition organised on the basis of information, knowledge, opinions and view points and the free exchange of news would seem to be an essential part of a regulatory system. In other words a Parliamentary democratic set up with executive and legislative bodies would seem to be the best. It is indeed ironic that the left wing political parties in Sri Lanka that railed so much against the Parliamentary system and did their best to abolish it, have now to face up to the developments in the Soviet Union and the Eastern European countries which are striving to establish a Parliamentary Presidential system of government.

While I agree that Sri Lanka

has to integrate itself into the world economy for its own economic benefit and also to obtain information, knowledge, know-how and technology, which is so vital if Sri Lanka is to enter the 21st Century as a modern democratic nation state yet, can we let market forces do their work without taking into account economic considerations relevant to long term decision making. To illustrate my point, I will ask whether we should allow an expansion of the tourist industry without any form of regulation. Unregulated expansion of the tourist industry can lead to the development of a lopsided economy and also increase the risk of the spread of AIDS amongst the local population. Our experience after 1983 clearly indicates that the investment in tourist hotels and the attendant infrastructure has no alternate use. Hence, it does not make economic sense to allow too great an investment in tourism because the tourist arrivals are influenced so much by trivial factors which are blown up by the media, besides of course the scares arising from internal unrest. I would also ask how we should look after our agriculture? It is well known that most developed countries of the world protect and heavily subsidise their agriculture which are producing enormous surpluses of milk, butter, meat,

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sugar, wine etc. Take the example of sugar which is a commodity which is traded on contractual terms between large producer and consumer countries.

Any surplus left after this system of contracting is sold in the world market at a price that clears the market. Countries like Sri Lanka, because they require relatively small quantities of sugar are in a position to satisfy their need by purchasing in this market. At this price however,

it is uneconomic to grow sugar cane in Sri Lanka to produce sugar. Hence, if we are to produce sugar, some sort of protection is essential. I would say that the same applies to milk, cheese and other dairy products which are also dumped by the countries of Western Europe and USA on the world market. I also think that a similar situation is emerging in regard to the production of rice with Japan emerging as exporters of subsidised rice in addition to USA.