

GROWTH PATTERNS – SRI LANKA AND THE WORLD

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Despite the wars and disturbances and other calamities which affected this country in the last decade the GNP, the GDP and the per-capita GNP of Sri Lanka from 1981 to 1989 have gone up considerably. (Table 1) Our GNP increased from Rs 92,720 million in 1981 to Rs 222,467 in 1989 – ie. by 140%. The increase in the GDP was even sharper. If not for the net factor incomes from abroad, the country's performance would have been even better. Per capita GNP too increased from Rs 6,104 to Rs 13,237

during this time period—ie. an increase of 116.86%. But this increase is not so great when considered in dollar terms. The increase in the per-capita GNP of the country in US dollars is from 286 to 367 ie. an increase of just 28%. What this figure doesn't indicate is that our per capita GNP in 1989 was 2.1% less than the per capita GNP in 1985 which was \$ 375. In the year 1988, According to the World Development Report of the World Bank, per capita GNP of Sri Lanka amounted to US\$ 420 (Table II).

NATIONAL PRODUCT AND EXPENDITURE

Summary Indicators of Product and Expenditure

TABLE 1

Item	1982	1986*	1987*	1988*	1989*
A. Value					
1. Gross National Product at current factor cost prices (Rs.Mn.)	92,720	159,852	173,395	198,250	222,467
2. Gross Domestic Product at current factor cost prices (Rs.Mn.)	94,679	163,713	177,731	203,516	228,373
3. Gross Domestic Expenditure at market Prices (Rs.Mn.)	117,995	200,313	217,387	245,868	276,930
4. Private Consumption at market prices (Rs.Mn.)	79,226	139,370	151,949	173,457	197,680
5. Public Consumption at market prices (Rs.Mn.)	8,242	18,480	19,538	21,849	24,528
6. Gross Domestic Capital Formation at market prices (Rs.Mn.)	30,527	42,463	45,900	50,562	54,722
7. Exports of Goods and Non-Factor services (F.O.B. value Rs.Mn.)	27,148	42,568	49,559	57,885	68,466
8. Imports of Goods and Non-Factor services (C.I.F. value Rs.Mn.)	45,905	63,407	70,223	81,771	92,611
9. Gross National Product per Capita at factor cost prices (Rs.)	6,104	9,918	10,598	11,953	13,237
10. Gross Domestic Product at per Capita at factor cost prices (Rs.)	6,233	10,158	10,863	12,270	13,589
11. Gross Domestic Expenditure per Capita (Rs.)	7,768	12,429	13,287	14,824	16,478
12. Gross National Product at 1982 factor cost prices (Rs.Mn.)	92,720	111,565	113,307	116,214	118,791
13. Gross National Product per Capita at 1982 factor cost prices (Rs.)	6,104	6,922	6,925	7,007	7,068
14. Gross Domestic Product at 1982 factor - cost prices (Rs.Mn.)	94,679	114,261	115,922	119,050	121,729
15. Gross Domestic Product per Capita at 1982 factor cost prices (Rs.)	6,233	7,089	7,085	7,178	7,243
16. Gross National Product at market prices (Rs.Mn.)	100,258	178,724	195,883	221,435	250,128
17. Gross National Product per Capita at market prices (Rs.)	6,600	11,089	11,973	13,351	14,883
18. Mid Year Population (Mn.)	15,189	16,117	16,361	16,586	16,806
B. Index numbers					
1982=100					
1. Gross National Product at current factor cost prices	100	172.4	187.0	213.8	239.9
2. Gross Domestic Product at current factor cost prices	100	172.9	187.7	214.9	241.2
3. Gross Domestic Expenditure at market prices	100	169.7	184.2	208.4	234.7
4. Private Consumption at market prices	100	175.9	191.8	213.9	249.5
5. Public Consumption at market prices	100	224.2	237.1	265.1	297.6
6. Gross Domestic Capital Formation at market prices	100	139.1	150.4	165.6	179.3
7. Exports of Goods and Non-Factor Services	100	156.8	182.6	213.2	252.2
8. Imports of Goods and Non-Factor Services	100	138.1	153.0	178.1	201.7
9. Gross National Product per Capita at current factor cost prices	100	162.5	173.6	195.8	216.8
10. Gross Domestic Product per Capita at current factor cost prices	100	163.0	174.3	198.9	218.0
11. Gross Domestic Expenditure per Capita	100	160.0	171.0	190.8	212.1

Provisional

Source: Central Bank of Sri Lanka.

Our per capita GNP is considerably higher than the average per capita GNP of the low income countries which is US\$ 320. But this is still well below the average per capita GNP of middle income and lower middle income countries. Even Bolivia, which scored lowest among the

TABLE II
GNP Per capita of different income growth and selected countries in the world
Average Annual
GNP Growth rate
per capita (Percent)

Low income economies	320.0	3.1
Middle income economies	1,930.0	2.3
Lower middle income economies	1,380.0	2.8
Upper middle income economies	3,240.0	2.3
High income economies	17,080.0	2.3
OECD members	17,080.0	2.3
Others	8,380.0	3.1
Sub Saharan Africa	330.0	0.2
East Asia	640.0	5.2
South Asia	320.0	1.8
Europe, Middle East & North Africa	2,000.0	2.4
Latin America & Caribbean	1,840.0	1.9
Bangladesh	170	0.4
Bhutan	180	-
Nepal	180	-
Madagascar	190	-1.8
China	330	5.4
India	340	1.8
Pakistan	350	2.5
Lesotho	420	6.2
Sri Lanka	420	3.0
Guinea	430	-
Yemen PDR	430	-
Indonesia	440	4.3
Mauritania	480	-0.4
Bolivia	570	-0.6
Philippines	630	1.8
Thailand	1,000	4.0
Mexico	1,760	2.3
Mauritius	1,800	2.9
Malaysia	1,940	4.0
South Africa	2,290	0.8
Trinidad and Tobago	3,350	0.9
Korea, Rep. of	3,600	6.8
Portugal	3,650	3.1
Greece	4,800	2.9
Oman	5,000	6.4
Saudi Arabia	6,200	3.8
Singapore	9,070	7.2
Hong Kong	9,220	6.3
United Kingdom	12,810	1.8
Italy	13,330	3.0
Finland	18,590	3.2
Sweden	19,300	1.8
United States	19,840	1.6
Norway	19,990	3.5
Japan	21,020	4.3
Switzerland	27,500	1.5

Source: World Development Report

middle income economies had a per capita GNP of US\$ 570, which was US\$ 150 above that of Sri Lanka. The countries with the highest per capita GNP among middle income economies were Brazil, Panama, Malaysia, Poland and Mauritius, which had US\$ 2,160, US\$ 2,120, US\$ 1,940, US\$ 1,860 and US\$ 1,800 respectively. Sri Lanka's GNP was less than one fifth of this. The average GNP per capita of upper middle income countries was US\$ 3,240 in 1988. Sri Lanka's GNP was one eighth of this. The lowest per capita GNP earner among upper

middle income countries was South Africa with US\$ 2,290 whereas the highest was that of Libya with US\$ 5,420 per capita.

The average per capita GNP of Sub-Saharan Africa was US\$ 330 in 1988, US\$ 540 in East Asia, US\$ 320 in South Asia, US\$ 2,000 in Europe, Middle East and North Africa and US\$ 1,840 in Latin America and the Caribbean. High income economies had an average per capita income of US\$ 17,080 in 1988. Within this group, the average of OECD countries was US\$ 17,470. The average of other non OECD countries was US\$ 8,380. The highest per capita GNP earner in the world in 1988 was Switzerland with US\$ 27,500. Japan with a per capita GNP of US\$ 21,020 was in the second place. Norway was third with US\$ 19,990. USA was fourth with US\$ 19,840, fifth place was occupied by Sweden with US\$ 19,300.

Growth Rates of the GNP

During the period 1965-1988, per capita GNP of the low income economies grew at an average annual rate of 3.1%. Per capita GNP growth rate of Sri Lanka was 3.0% - a little below this average. However, ours was again higher than those of India and Pakistan which grew at rates of 2.5% and 1.8% respectively. The low income countries with the highest growth rates were Indonesia, Lesotho and China with 4.3%, 5.2% and 5.4% respectively. Out of 30 countries, with data available eleven countries had experienced a drop in growth, or negative growth. In the afore-stated period, middle income countries grew at an average annual rate of 2.3%. Among them, Botswana grew at a tremendous rate of 8.6% per annum, Malaysia at an average rate of 4%. Four countries within this group namely Bolivia, Senegal, Congo and Jamaica experienced negative growth rates.

Average annual growth rate of upper middle income countries was as same as that of middle income countries in the period of 1965 - 1968 i.e. 2.3%. Among them best performers were Oman with 6.4%, Republic of Korea with 6.8% and Hungary with 5.1%. The GNP per capita of Libya and Trinidad and Tobago were deteriorating.

Regional - wise growth rates during this period were 0.2% in Sub-Saharan Africa, 5.2% in East Asia, 1.8% in South Asia, 2.4% in Europe, Middle East and North Africa, and 1.9% in Latin America and Caribbean.

Growth of the GNP per capita of higher income countries in this period was equal to the middle income and upper-middle income countries i.e. 2.3%. However, when OECD countries are excluded the average shows an increase upto 3.1%. Among the high income countries GNP per capita of Singapore grew quite fast at 7.2% per year and Hong Kong at 6.3% per year. GNP per capita growth rate in Japan was 4.3% and Saudi Arabia was 3.8%, Norway, Finland and Italy grew at 3.5%, 3.2% and 3.0% respectively.

Gross Domestic Production

Gross Domestic Production of low income economies, middle income economies, lower middle income economies, upper middle income economies, high income economies and also region-wise for the two years 1965 and 1988 are given in table III below.

TABLE III
GNP of different income group in the world
(Million of dollars)

	1965	1988
Low income economies	161,340	886,620
Other low income	42,660	273,060
Middle income economies	199,900	2,200,790
Lower middle income	111,840	1,081,910
Upper middle income	88,200	1,138,840
Low and middle income	363,680	3,060,900
Sub-Saharan Africa	27,490	143,590
East Asia	82,420	893,410
South Asia	64,510	312,070
Europe, Middle East and N. Africa	85,200	95,350
Latin America of Caribbean	95,350	808,340
Covered Indonesia	105,150	897,390
High income economies	1,391,700	13,876,530
Total reporting economies	1,755,980	17,018,400

Source: World Development Report

The total GDP of the high income economies rose from US\$ 1,391.7 billion in 1965 to 13,867.5 billion in 1988, recording a leap of approximately tenfold. The domestic production of OECD countries slightly deteriorated between these two years. In 1965 OECD economies accounted for 98.7% of the total of high income economies. In the year 1988 this dropped to 98.1%.

Non OECD high income countries hence did better than the OECD countries in this two decades. The share of the high income countries in the total global produc-

tion during these two decades rose from 79.3% to 81.5%.

Gross Domestic Production of the upper-middle income countries which was US\$ 88 billion in 1965 increased to 1,138.8 billion in 1988. This was a thirteen fold increase. Increase of the GDP of these countries proportionately to the Global GDP was from 5% in 1965 to 6.6% in 1988. The GDP of the lower middle income countries increased from US\$ 111.8 billion in 1965 to US\$ 1,061.9 billion in 1988—an increase of nine and a half times. This increase proportionate to the increase in the total global domestic production fell from 6.4% in 1965 to 6.2% in 1988. The total GDP of middle income countries was 11.4% of the Global GDP in 1965 and 12.9% in 1988. The total GDP of low income economies increased from US\$ 161.3 billion in 1965 to US\$ 886.6 billion in 1988—a five-fold increase. Contrary to the scenario of the other countries the share of the low income economies in the GDP fell from 9.2% to 5.2%. The total GDP of all the low and middle income countries was US\$ 363.7 billion in 1965 and US\$ 3,060.9 billion in 1988. Their share in the GGDP has deteriorated from 20.7% to 18.0%.

The Asian Picture

The total Gross Domestic Production of developing countries in Asia was one-eleventh of the GGDP in 1965 and by 1988 (despite the increase of the total GDP to US\$ 1,205 billion in 1988 from 156.9 billion in 1965). This was only one-fourteenth - i.e. from 8.9% to 7.1%. The East Asian countries did much better than the countries of South Asia. The total GDP of the East Asian countries was US\$ 92.4 billion in 1965. This increased to US\$ 893.4 by 1988—an increase of nearly tenfold. The total GDP of the South Asian countries was 64.5 billion in 1965 and this increased to US\$ 312.1 billion in 1988; an increase of five times. When all the market economy countries of Asia are considered together their share of the GGDP had increased considerably. This could be ascertained by adding the separate GDP of Singapore, Hong Kong and Japan which respectively amounted to US\$ 0.9, 2.1 and 91.1 billion in 1965 and 23.0, 44.8 and 2,843.7 billion in 1988 to the ... of Asian developing countries.

TABLE IV
Gross Domestic Production of Selected Countries
G. D. P. Million of Dollars

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
United States	2,350,000	2,587,100	2,893,300	3,009,800	3,275,701	3,634,600	3,946,600	4,185,490	4,497,220	4,847,310
United Kingdom	401,580	522,850	496,580	473,320	455,100	425,370	454,300	468,290	575,740	702,370
Germany F. R.	763,930	818,140	708,540	682,990	658,080	613,160	624,970	891,990	1,117,780	1,201,820
Japan	974,040	1,039,980	1,129,500	1,061,920	1,062,870	1,255,006	1,327,900	1,955,650	2,376,420	2,843,710
Hong Kong	17,390	20,230	27,220	24,440	27,500	30,620	30,730	32,250	36,530	44,830
Korea, Rep. of	60,660	58,250	65,750	68,420	-	83,220	86,180	98,150	121,310	171,310
Singapore	9,010	10,480	12,910	14,650	16,640	18,220	17,470	17,350	19,900	-
Indonesia	49,210	69,800	84,960	90,160	78,320	80,590	86,470	75,230	69,670	83,220
Malaysia	20,340	23,600	24,770	25,870	29,280	29,280	32,590	27,580	31,230	34,680
Philippines	29,380	35,490	38,900	39,850	34,640	32,840	38,240	30,540	34,580	39,210
Thailand	27,640	33,550	36,810	36,790	40,430	41,960	38,240	41,780	48,200	57,950
Bangladesh	7,670	11,140	11,910	10,940	10,840	12,220	16,110	15,460	17,600	19,320
India	112,000	142,010	142,010	150,760	168,170	162,280	175,710	203,790	220,930	237,830
Pakistan	17,940	21,460	25,160	24,660	25,880	27,730	28,240	30,080	31,650	34,050
Sri Lanka	3,160	3,760	4,120	4,400	4,770	5,430	5,500	5,880	6,040	6,400

Source: The World Development Report.

Asia's contribution to the GGD then should have been US\$ 250 billion in 1965 and US\$ 4,116 billion in 1988. This means in percentage terms 14.2 in the former year and 24.2 in the latter year – thus an explicit improvement.

The GDP accounts of some of the Asian countries for the ten year period from 1979 to 1988 are given in table IV. A phenomenal increase of three fold was recorded by Japan in these ten years. The GDP of Hong Kong more than doubled by 1987 and leap-frogged to US\$ 44.8 billion in 1988. The GDP of Singapore also nearly trebled. The GDP of Indonesia (which was higher than that of Hong Kong) increased from US\$49.2 billion to 83.2 billion ie. a growth of 69.1% in ten years. Malaysia's GDP increased by about 70% and Philippines by about 35% during the same period. Thailand recorded the highest increase from US\$ 27.6 billion to 57.9 billion ie. 137%.

GDP of Bangladesh almost trebled while that of Pakistan and Sri Lanka nearly doubled during these ten years. India's growth was about 112%. Average growth rates of the GDP of these countries for the period 1979-1986 and for years 1987, 1988 and 1989 (estimated) are given in table V. Of special importance are the double digit growth rates experienced by Hong Kong in 1987, Korea in years 1987 and 1988, Singapore in 1988 and Taipei in 1987. Their growth rates in other years were also over 5%. The growth rates of the South East Asian countries excluding Lao PDRP showed an increase in 1988

over the rates in 1987. Malaysia and Thailand specially showed significant improvements.

In South Asia only the growth rates in Sri Lanka and Bangladesh seems to be sluggish. India, Maldives, Nepal and Pakistan had sustained growth levels

ranging between 7% and 10% in 1988. Of special importance is the growth experienced by Maldives in the year 1988. Even during the period from 1979 to 1986, average growth rate of the GDP of Maldives seems to be fairly considerable. Pakistan is another good performer in South Asia. ■

TABLE V
ESTIMATES OF REAL GDP GROWTH RATE, 1979-1989
AND PER CAPITA GNP, 1988 OF SELECTED DMCS IN ASIA

Country	GDP Growth Rate (%)				Per capita GNP (US\$)
	Annual Average (1979-1989)	1987	1988	1989	
	(1)	(2)	(3)	(4)	(5)
NIEs	7.4	12.1	9.4	6.3	-
Hong Kong	7.8	15.8	7.5	2.5	9,230
Korea, Rep. of	7.3	11.0	11.3	5.9	3,530
Singapore	6.5	8.3	11.0	9.2	9,100
Taipei, China	7.2	12.3	7.3	7.7	6,280
SOUTHEAST ASIA	4.7	5.8	5.0	7.7	-
Indonesia	5.9	4.3	5.7	6.5	430
Lao PDR	6.0c	2.4c	2.1c	4.0c	180
Malaysia	5.5	5.3	6.6	7.8	1,870
Philippines	1.3	4.7	6.3	6.0	630
Thailand	5.4	6.4	12.0	10.8	1,000
Viet Nam, Soc. Rep. of d	6.0c	2.9	5.8	3.2	300
SOUTH ASIA	4.0	4.3	6.5	4.4	-
Bangladesh	3.8	4.1	2.7	2.4	170
India	4.4	4.4	3.5	4.5c	330
Maldives	3.0	13.3	6.7	9.3	410
Myanmar	4.0	4.2	0.2	3.4	280
Nepal	3.7	2.8	3.7	1.5	170
Pakistan	6.3	6.5	7.0	5.8	350
Sri Lanka	3.2	1.8	2.8	2.0	420
CHINA, PEOPLES REP. OF e	9.4	11.0	11.2	3.8	300

a. World Bank data except for Taipei, China and Viet Nam.
b. Preliminary estimates.
c. Relates to 1982-1988 for Lao PDR, 1984-1986 for Viet Nam and 1982-1986 for Western Samoa.
d. Staff estimates.
e. Based on GNP.

Source: Country sources.
World Bank Asia 1989
ADB Asia 88

Country: World Bank