

Spotlight: Econ Op-eds in Summary

Week ended 02nd September '20

In Summary

The underneath contains summaries of the articles given above, including key extracts from these articles.

1. Tourism déjà vu

By: Daily FT

- The government had announced their plan to develop tourist attractions in several parts of the country over the next four months. This is a well-timed decision given that there would not be a large number of tourists during this period, much like the preceding months considering that the pandemic is still not under control globally.
- One of the main proposals under this program is to pay special attention to communities-driven tourism. This is important especially since Sri Lanka has enjoyed generous revenue increases during the past decade but has failed to ensure that tourists get the care, security, facilities, fairness and transparency that would make it product competitive.
- However, such proposals have also been implemented in the past with little success. The government should focus on protecting Sri Lanka's natural resources and educating the public at the grassroots level to promote a positive image for Sri Lanka's tourism, while at the same time pushing the Sri Lankan brand in a far more coordinated manner to maximize the country's exposure abroad.

This week the Government announced that it has allocated nearly Rs. 168 mn to develop tourist attractions in several parts of the country over the next four months. The move is a welcome one, and whether by design or simply coincidence, it's also well timed.

With COVID-19 not going away anytime soon, the next four months, much like the preceding four, are likely to see very little, if any, tourism into the country; this is something that will probably be the case even if the Katunayake airport is reopened before the end of the year. As such, it's the ideal time to work on developing tourist attractions, giving nature time to breathe away from the business of accommodating actual tourists. Twelve tourist attractions have been identified as part of the development proposals, with railway stations to be modernised and special attention to be paid to communities-driven tourism.

This last point, which will hopefully be elaborated upon in the coming weeks and months, is particularly crucial. Development that aligns with community interests is surely the most holistic way forward, though the extent to which this is done is the difference between short-term gain and long-term sustainable prosperity. And it's a path Sri Lanka has failed to successfully traverse in the past.

More than a decade since the end of the war, which heralded the tourism boom, Sri Lanka has enjoyed generous revenue increases but has failed to ensure that tourists get the care, security, facilities, fairness and transparency that would make it product competitive, one that holds up to global standards.

The post-war boom had attracted many who simply wanted to make money from tourism and were not concerned enough about the sustainability of the industry. There were also promotional campaigns that lacked sufficient transparency and didn't always hit the mark.

Furthermore, the protection of the country's natural resources has been woefully inadequate. While the Government must be commended on recent declarations of several forest areas in the island as national parks and wildlife sanctuaries, that is but the tip of the proverbial iceberg.

Conservation work done on off-shore attractions such as shipwreck diving and the protection of Sri Lanka's abundance of marine life – both of which are potential cash cows that are being tragically under-utilised – have sadly taken a backseat. Meanwhile a lack of awareness and education among area residents means pollution is a continuing concern. There have been reports that important areas such as Pidurutalagala may be cleared to give land to squatters – such social issues need better solutions.

If Sri Lanka is to stay true to its goal of sustainability, the Government needs to conduct much more thorough and hands-on engagement when it comes to educating the public at the grassroots level while at the same time pushing the Sri Lankan brand in a far more coordinated manner to maximise the country's exposure abroad.

In this sense it's promising to see that among the latest set of initiatives, websites targeted at foreign tourists are to be designed, while Rs. 29 mn has been put aside to train youth interested in the tourism industry.

The sincere hope now is that, unlike in the past, these moves are well-thought-out, with a coordinated plan put into motion to ensure that locals are educated on the importance of tourism, as well as environmental sustainability, to Sri Lanka's economy, and that work is done simultaneously to improve security and service standards across the board..

[For the full article - Refer Daily FT](#)

2. Preconditions for Sri Lanka's sustained economic development

By: Nimal Sanderatne

- Mitigating Sri Lanka's external finance vulnerability, reduction of the fiscal deficit and combatting the recent increase in unemployment due to the economic effects of the pandemic are among the urgent macroeconomic tasks that require the government's attention.
- Nevertheless, the country has a history of inappropriate policies rooted in ideological reasons that have, despite impressive performance of social indicators, resulted in economic performance that is well behind its regional peers. Overcoming this ideological overhang is key to achieving long run sustainable economic and social development.
- The absence of several key prerequisites has hampered the country's economic development. These include National unity and social harmony, political stability and rule of law, eradication of corruption, and the effective implementation of pragmatic economic policies. Addressing these is a must if economic development is to reach its potential.

Immediate tasks

The immediate macroeconomic tasks of the Government include the mitigation of the external financial vulnerability and reduction of the fiscal deficit. The resolution of the recent increase in unemployment and depressed household incomes of a large proportion of low-income households due to the global recession are urgent problems that have to be addressed immediately.

Focus

The preconditions for long run sustained economic and social development include national unity, political stability, the rule of law, eradication of corruption, pragmatic economic policies and their effective implementation.

In retrospect

The annual average economic growth of only about 4 percent in the last 70 years (1950-2020) has been disappointing. Countries in East Asia and South East Asia that were at a lower state of economic development and lesser per capita income have surpassed us by far. Last year we fell from a high middle-income country to a low middle-income country.

Inappropriate policies

Regrettably there is still a strong ideological overhang that prevents us from adopting pragmatic economic policies and essential economic, administrative, educational and other reforms.

Human development

Nevertheless, the country's social achievements are impressive. The qualitative improvements in these too could have been enhanced if the economy performed better.

Prerequisites

The absence of several non-economic preconditions was largely responsible for the country's below potential economic performance.

Five preconditions

These are a stable government committed to long run development of the country and ensuring the rule of law, achievement of ethnic religious and social harmony, eradication of corruption, sound and pragmatic economic policies and a certainty in their continuity and effective implementation.

Underlying reasons

Admittedly, there are a number of other reasons too that influence economic development such as a people's values, work ethic, education and the political culture and milieu.

National unity and social harmony

One of the key reasons for the country's inability to achieve higher economic growth has been the periodic ethnic and religious violence. These episodes have deterred foreign investment, weakened the country's economic capacity through waves of brain drain, increased defence expenditure, increased the fiscal deficit and public debt and destabilised the economy.

Political stability and rule of law

The stability of the Government for the next five years should give it a strong resolve to implement policies that are conducive for growth without implementing populist policies that derail the economy.

Law and order

The rule of law means not only the enforcement of law to ensure peace and orderly life of the community, but also equal justice for all. Without these the economy will not take-off as the investment climate will not be conducive for foreign and domestic investment.

Eradication of corruption

Corruption distorts economic and social priorities, wastes public resources and leads to inefficiencies that retard economic growth. Much of the success of the new government depends on achieving a relatively low level of corruption in the country.

Pragmatic economic policies

The Government must take a realistic view of the current state of the economy and adopt economic policies that are economically rational and pragmatic. Economic reforms that are crucial for the country's progress should be implemented without ideological considerations.

Effective implementation

An efficient administration is crucial for effective implementation of policies. Administrative reforms to ensure an efficient public service is a priority.

[For the full article – Refer the Sunday Times](#)

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