

process of development and economic reforms since Sri Lanka launched the programme of economic liberalisation about 30 years ago. The author analyses and documents, the impact of internal strife and conflict in north-eastern region on the development process in the country. The book provides an in-depth analysis of destabilisation politics. Further, the author also lists other factors such as technology, market and politics impacting development. Kalegama argues with great conviction why and how Sri Lanka, which set out to become another South Korea or Malaysia in the Indian sub-continent, could not build a dynamic and robust economy. All the same, Sri Lanka has accomplished noteworthy success in improving the quality of the human resources in the country. Success in several parameters such as low infant mortality rates, wide reach of primary health care and high literacy rates have placed Sri Lanka far ahead of other South East Asian countries. In fact, Sri Lanka's achievement in human resources development and poverty alleviation is a model worthy of study and emulation by other South East Asian countries.

The author argues with rich data and analysis that the benefits of

6. Development Under Stress : Sri Lankan Economy in Transition, In recent years, by Mr.Saman Kalegama, has brought out a series of research publications on Sri Lankan economy, its development policies and experiences. Kalegama's contributions to the understanding of Sri Lanka development have been received with great respect among academics as well as policy planners. The present book, an outcome of painstaking research, examines the

economic liberalisation have not trickled down to the poor. Links between growth and poverty reduction are weak and this calls for new policy measures in order to reach the poor more effectively. As Joseph Stiglitz, the Nobel Prize winner, has been maintaining, developing countries have to constantly review their policies and programmes so as to ensure that economic reforms indeed translate into the benefits for the poor. Kalegama, too, underlines this need for the planners in Sri Lanka. The development within Sri Lanka could have been more uniform across the provinces if the government had ensured special attention way back in fifties and sixties on infrastructural needs of very backward regions in the country. The policy lapses in the past have given birth to regional dissatisfaction which later got transformed into violent expression. It is a good sign to notice a great realisation among policy makers that local governments are more capable in implementing rural development programmes and poverty alleviation initiatives.

Sri Lanka is a classical example of how a small and medium scale industry would have to face global

competition and retain competitive advantage in the phase of fast changing technology and market across the world. Kalegama analyses this with the example of garment industry in Sri Lanka. He concludes that small countries with slender financial strength have to constantly struggle to retain their competitive advantage and be prepared to face economic and social costs of turbulences triggered by small changes in the far away terminal markets.

The economic liberalisation in Sri Lanka can be classified into three distinct periods *viz.* 1977-88 known as first wave and 1989-94 as second wave and post-1995 as the third wave. While in the first wave, the major share of employment was created in the infrastructure development, it was the manufacturing and service sectors which turned out to be the engines of employment creation in the subsequent waves. However, the fact that unemployment rates continue to raise to the unacceptable high levels all through the phases does suggest that the planners lost control over the economy in terms of employment generation. Economic liberalisation process by its very nature has failed to make a significant dent in the

unemployment rate. The failures in this regard were traced to skills-mismatch, rigidities in legislation concerning labour, high in-flow of migrant labour, voluntary unemployment and very high level wage disparities between public sector and the unorganised sector.

The book offers a very useful source of reference to economic

planners and researchers in the areas of employment and development. The book is recommended for understanding the recent economic initiatives and their impact in Sri Lanka.

- P Purushotham