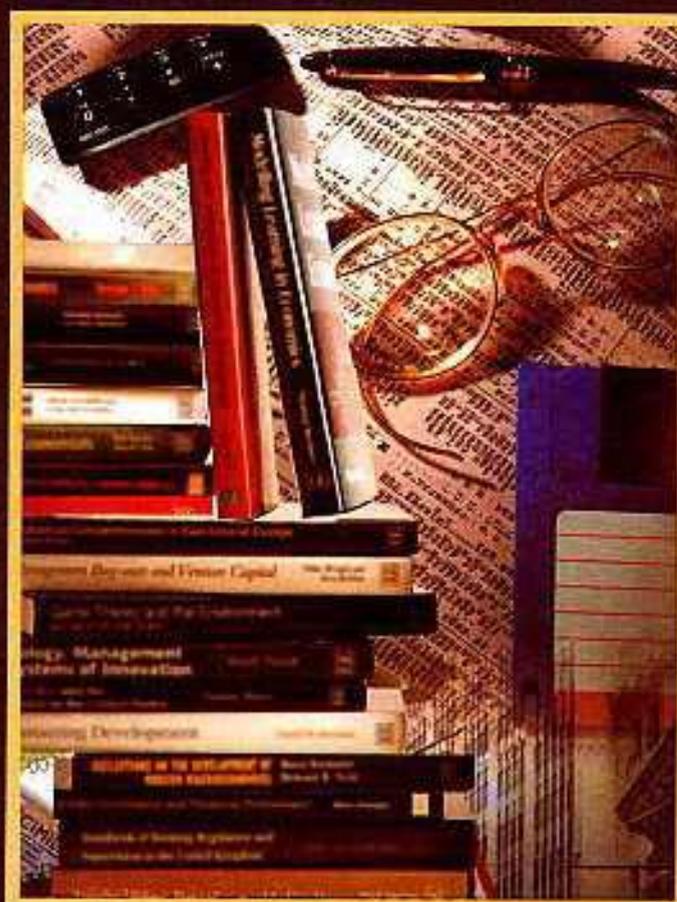


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## Annotated Bibliography of Macroeconomic and Adjustment Policies in Sri Lanka



**Neranjana Gunetilleke**

**Janaka Wijayasiri**

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The views expressed are those of the authors and do not necessarily represent those of the  
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## **Introduction**

Macro economic policy reform in Sri Lanka has been the subject of extensive study by local as well as international researchers. This annotated bibliography focuses on consolidating literature relating to the post 1977 period. The greatest concentration of macro policy literature is on the 'First Phase' of reform (1977-89). The post 1989 period which has come to be termed the 'Second Phase' has a certain amount of literature, though not quite comparable to the literature of the period before. The period after 1994 is scarcely documented. In an attempt to overcome the paucity of literature in the post 1994 period, selected World Bank gray reports relevant to the period have been included in this bibliography.

This bibliography is confined to literature where the main focus is on descriptive or analytical presentation of macro policy reform. Literature where policy reform forms only a background to the main study has not been included; such studies frequently draw upon literature which has already been listed.

Primary documents such as the annual Public Investment Programme published by the Government of Sri Lanka, though a vital source of information, have not been included in the bibliography.

This bibliography has been presented in two parts to overcome a practical difficulty faced in its compilation. It had not been possible to locate certain references in order to provide a full-annotated bibliography. However, being reluctant to present no record of this literature, the incomplete references have been presented in Part Two of the document. It is hoped that this section could be updated with the assistance of users of the bibliography.

As the Institute of Policy Studies is in the process of developing a repository of policy and poverty related literature, an attempt has been made by the Institute's library to obtain copies of most literature listed in this bibliography. Further, a computerised data base which includes additional bibliographic information, such as class numbers, keywords, accession numbers, and availability, has been compiled by the IPS library and is expected to be updated continuously.

## Part I: Annotated Bibliography

- Author:** Abeysekara, C., S. Bastian, S. Kottegoda, W.D. Lakshman S. Liyanage, and J. Uyangoda
- Title:** Structural Adjustment Policies in Sri Lanka: A Study for the NGO-WB Group
- Year:** 1993
- Abstract:** This study examines the introduction of market oriented policies in 1977 and their subsequent evolution into Structural Adjustment Programs. The evaluation of the economic, social and political impact of the reforms arrive at a conclusion broadly consistent with the theoretical critique of adjustment policies; stabilization and adjustment are necessary for economic growth but there is a need to adapt policies to suit the specific economic and socio-political environment. It also argues that poverty alleviation, good governance, and human resource development need to be internalised into the policies if they are to succeed.
- Data:** Data tables are presented in the text to backup discussion.
- Pages:** 125
- Publisher:** Social Scientist's Association, Colombo
- Document:** Mimeo
- Location:** CENWOR, IPS
- 

- Author:** Abeysekara, G.
- Title:** Economic Reforms and Adjustment Policies
- Source:** Sri Lanka: The Impact of Economic Policies During the Last Decade, A Special Study
- Year:** 1985
- Abstract:** The chapter provides the background to structural adjustment policies introduced in Sri Lanka and discusses the policy package introduced since 1977. It notes that adjustment policies could be defeated or strengthened as a result of other socio-economic policies pursued by the country. It also notes that adjustment policies are effective if they are implemented in a favourable external environment. The chapter argues that adjustment policies could improve the welfare of people but that benefits may take time to accrue. Thus, it notes the importance of introducing safeguards to protect the vulnerable groups during the adjustment process and targeting of scarce resources to raise their living standards in the long term.
- Data:** None
- Pages:** 2-4
- Publisher:** UNICEF, Colombo
- Location:** CDI, IPS, PB

**Author:** Aghevli, B. Bijan, In-Su Kim and H. Neiss  
**Title:** Growth and Adjustment in South Asia: Experiences of Bangladesh, India, Pakistan and Sri Lanka in Implementing Adjustment Programs Supported by the IMF's Extended Fund Facility  
**Source:** Economic Review (October)  
**Year:** 1987  
**Abstract:** The article reviews the design and implementation of the growth-oriented adjustment programs adopted by the four South Asian countries, and analyses the impact of both policy and exogenous variables on actual developments during the program periods. The authors show that these four countries were generally successful in achieving growth, despite a deepening of world recession and adverse weather conditions. The article demonstrates that in the case of Sri Lanka, it was difficult for the authorities to focus on structural adjustments in the absence of financial stability. (From the authors' abstract).  
**Data:** Negligible  
**Pages:** 26-31  
**Publisher:** People's Bank, Colombo  
**Location:** PB

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**Author:** Anand, S. and A. Sen  
**Title:** The Macroeconomy of Sri Lanka after Liberalisation  
**Year:** 1984  
**Abstract:** The paper discusses the main objectives of the liberalisation strategy and the specific measures initiated by the new government in 1977. It also discusses the most significant policy changes in order to assess the extent to which liberalisation has been implemented. To this end, it discusses exchange rate and trade policy changes, and budgetary policy with respect to consumer subsidies and social consumption.  
**Data:** None  
**Pages:** 28  
**Publisher:** St. Catherine's College, Oxford; University of Essex, Colchester  
**Location:** IPS  
**Document:** Mimeo

**Author:** Athukorala, P.  
**Title:** The Impact of 1977 Policy Reforms on Domestic Industry  
**Source:** Upanathi, Vol. 1 No. 1  
**Year:** 1986  
**Abstract:** This article examines whether the policy package introduced in 1977 has promoted sustained industrial growth by removing various structural limitations inherited from the import substitution industrialisation strategy era. The analysis shows that performance of the domestic industry -- in terms of production at the aggregate and sectoral levels, reaction of individual enterprises across various sectors, export expansion, import dependence, balance of payment implications, employment generation and redistributive aspects -- has not been up to expectations despite the drastic reforms introduced. Though the inadequacies of the policy package introduced have been identified as the primary cause, it is noted that policy package cannot *per se* promote domestic industry.  
**Data:** Data tables are presented in the text to backup the discussion.  
**Pages:** 69-105  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS, PB, SJP  
**NB:** Also published in summary form in Economic Review, (1985) Nov., pp. 22-30.

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**Author:** Athukorala, P. and S. Jayasuriya  
**Title:** Macroeconomic Policies, Crises and Growth in Sri Lanka, 1969-90  
**Series:** Comparative Macroeconomic Studies  
**Year:** 1997  
**Abstract:** This book focuses on domestic and external shocks, which subjected the Sri Lankan economy to major stresses during the period under review, and discusses and analyses the specific policy responses and their consequences. These episodes are placed in their historical, economic, and political contexts, and the institutional and ideological influences on policy formation and the responses of economic agents are examined. In contrast to most other analysis, which concentrate solely on short-term stabilisation aspects, the authors attempt to determine the impact of macroeconomic policies on long-term growth. (From the authors' introduction)  
**Data:** The Statistical Appendix presents 19 tables with data on the functioning of the macro economy.  
**Pages:** 177  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS

**Author:** Athukorala, P. and S. Rajapathirana  
**Title:** Domestic Financial Market and Trade Liberalisation Outcome: Evidence from Sri Lanka  
**Series:** Policy Research, and External Affairs Working Paper WPS 590  
**Year:** 1991  
**Abstract:** This work develops a framework for analysing the role of financial sector policies in determining the outcome of trade liberalisation and applies it to Sri Lanka's experience during the policy reform years of 1977-87. It reviews the policy reforms in relation to the financial and trade sectors during this period and finds that financial liberalisation complements trade liberalisation on both demand and supply sides. On the demand side, interest deregulation affords opportunities for those earning increased income from trade liberalisation to hold financial assets as alternatives to prevent a premature appreciation of the exchange rate. On the supply side, financial reform augments loanable funds and facilitates their reallocation into private sector investment stimulated by trade liberalisation. (From the authors' abstract).  
**Data:** A 19 page Data Appendix is presented in the Working Paper.  
**Pages:** 55  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS, Marga  
**NB:** Also published in summary form in World Development (1993) Vol. 21, No. 7: pp. 1191-1203.

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**Author:** Atapattu, D.  
**Title:** Openness and Inflation: The Experience of Sri Lanka  
**Source:** Economic Review (October/November)  
**Year:** 1982  
**Abstract:** The article uses Sri Lanka's experience with liberalisation since 1977 to test the effects of external factors on domestic inflation in an open economy. The article concludes that external factors have been crucial in determining the rate of inflation in the country. The domestic price level has been very much influenced by the trends in import prices and export earnings. According to the findings of the author, the inflationary elements originating largely in the economy from monetary expansion and indirect taxation were not found to have any significant impact on the price level. (From the author's abstract).  
**Data:** Data tables and results are presented to backup the arguments.  
**Pages:** 13-17  
**Publisher:** People's Bank, Colombo  
**Location:** PB

**Author:** Atapattu, D.  
**Title:** Financing of the Open Economy: The Experience of Sri Lanka  
**Source:** Upanathi, Vol. 5 Nos. 1&2  
**Year:** 1990  
**Abstract:** This article examines Sri Lanka's experience with the monetarist strategy of economic development in relation to the economic implications of the policies adopted in resource mobilisation. To this end, the article investigates the pattern of aggregate investment and savings during the period 1978-90 and deals with the implications for budgetary policy and the balance of payments. (From the author's introduction).  
**Data:** Data on capital formation, national savings, investment-savings gap by sectors, financing of budget deficit, and sources of foreign savings for the period 1978-1991.  
**Pages:** 171-182  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS, PB, SJP

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**Author:** Colombage, S. S.  
**Title:** Balance of Payments Adjustment Process and Economic Growth  
**Source:** Papers presented on 'Structural Adjustment and Growth' at the Annual SLAE Sessions 7/8, December 1985, Colombo  
**Year:** 1986  
**Abstract:** The paper examines the experience of non-oil developing countries, including Sri Lanka, in their efforts to promote economic growth as well as balance of payments adjustment. The paper provides theoretical approaches to external adjustment and economic growth, and a brief analysis of the balance of payments constraint on economic growth. Within this framework, the paper examines the experience of Sri Lanka. It notes that the balance of payments deficits were contained until 1977 at the expense of growth through overvalued exchange rate. Trade liberalisation and exchange reform of 1977 were expected to promote exports, and thereby provide the basis for export-led growth. The paper points out that there are several limitations in influencing the export sector through exchange rate policies. It argues that it is important to adopt anti-inflationary measures as a part of the policy packages aimed at achieving balance of payments equilibrium and steady growth. (From the author's introduction).  
**Data:** Data on key economic indicators and balance of payments for non-oil developing countries for 1967-1986, and estimated balance of payments constrained growth rates for selected developing countries. Also data on selected key economic indicators, balance of payments, indices on trade, effective exchange rates and real prices for tea and rubber exports for 1970-84.  
**Pages:** 81-101  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS  
**NB:** See also entry under 'Sri Lanka Association of Economists'

**Author:** Coorey, S. A.  
**Title:** Growth and Adjustment after Trade Liberalisation in Sri Lanka  
**Source:** Marga Quarterly Journal, Vol. 8 No. 2  
**Year:** 1986  
**Abstract:** This article examines Sri Lanka's growth since 1977 in relation to output, exports, and investment, and analyses the factors underlying this performance in terms of institutional structure, exchange rate policy and current account behaviour. The main thesis of the paper is that despite the significant improvements in the economy since liberalisation, the reforms have not been followed through to bring about adequate structural change and broad-based growth. It concludes that short-run vigilance over real effective exchange rates and a long-run commitment to deal with institutional problems are necessary if reforms are to be sustained.  
**Data:** Tables on annual growth rates of sectors, real growth rates of exports, industrial output and value added, real gross domestic fixed capital formation, BOP, real costs and relative prices between sectors, all data 1979 to 1984.  
**Pages:** 33-66  
**Publisher:** Marga, Colombo  
**Location:** IPS, Marga, SJP, UC

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**Author:** Cuthbertson, A.G. and P. Athukorala  
**Title:** Sri Lanka  
**Source:** Liberalising Foreign Trade: The Experience of Indonesia, Pakistan, and Sri Lanka Vol. 5, D. Papageorgiou, M. Michaely, and A.M. Choksi (eds.)  
**Year:** 1991  
**Abstract:** The analytical focus of this study is Sri Lanka's experience with the timing and sequencing of trade liberalisation policies. Two main liberalisation episodes are identified: the tentative and short-lived attempt in 1968 and the bold measures of 1977, which continue to date. The hypotheses regarding the timing and sequencing effects are tested primarily in terms of the post-1977 experience. A rigorous analysis disentangles what actually led to a particular combination of liberalisation measures and the outcomes that may be attributed to them. (From the authors' introduction)  
**Data:** Data tables are presented to illustrate analytical position.  
**Pages:** 134  
**Publisher:** Basil Blackwell, Oxford  
**Location:** IPS

**Author:** Dunham, D. and C. Abeysekera (ed.)  
**Title:** Essays on the Sri Lankan Economy, 1977-83  
**Year:** 1987  
**Abstract:** Using the watershed year of 1977 as a starting point, this collection of essays explores a wide range of issues relating to the early period of liberalisation in the Sri Lankan economy. The collection includes: The Sri Lankan 'Open Economy' in an Asian Perspective (David Dunham and Charles Abeysekera); IMF-World Bank Intervention in Sri Lankan Economic Policy: Institutional Trends and Patterns (W.D. Lakshman); The Financial, Social and Economic Gaps in the 'Open' Economy (Supiramaniam Narapalasingam); The Post 1977 Economic Strategy: A Comparative and Theoretical Overview (Howard Nicholas); The 'Open Economy' Strategy and Agriculture (N.Shanmugaratnam); Crisis in the Plantation Sector: The Dilemmas after 1977 (M. Sinnathamby and P. Devaraj); Industrialisation: Its Polices and Achievements (Premachandra Athukorala).  
**Data:** Negligible  
**Pages:** 304  
**Publisher:** Social Scientist's Association, Colombo  
**Location:** IPS, SSA

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**Author:** Dunham, D. and S. Kelegama  
**Title:** Stabilisation and Liberalisation: A Closer Look at the Sri Lankan Experience 1977-93  
**Series:** Macro Economic Series No. 8  
**Year:** 1994  
**Abstract:** This paper seeks to provide an answer to the question of why Sri Lanka's liberalisation efforts faltered in implementation. It is argued that while macroeconomic mismanagement, initial conditions, economic circumstances, and the nature of the political system all had an impact on the reform process, it is the tension between the stabilisation and structural adjustment programmes themselves that primarily contributed to the half-hearted implementation of liberalisation policies. A crucial explanatory factor is seen to lie in the politics of adjustment, in the need for the government to respond promptly to domestic social pressure and the way in which these were accommodated in the negotiations with the IMF and World Bank regarding the programmes adopted.  
**Data:** Negligible  
**Pages:** 33  
**Publisher:** Institute of Policy Studies, Colombo  
**Location:** IPS

**Author:** Dunham, D. and S. Kelegama  
**Title:** Economic Reforms and Governance: The Second Wave of Liberalisation in Sri Lanka 1989-93  
**Series:** Governance Series No. 2  
**Year:** 1995  
**Abstract:** This paper looks at the second round of policy reforms in Sri Lanka. While presenting a traditional economic analysis of the reforms and their performance, it also adds a governance perspective arguing that political will is an essential ingredient of economic reform.  
**Data:** Negligible  
**Pages:** 28  
**Publisher:** Institute of Policy Studies, Colombo  
**Location:** IPS

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**Author:** Dunham, D. and S. Kelegama  
**Title:** Stabilisation and Adjustment: A Second Look at the Sri Lanka Experience, 1977-1993  
**Source:** Developing Economies, Vol. 35 No. 2 (June)  
**Year:** 1997  
**Abstract:** Looks into why the Sri Lankan reform effort faltered in the second half of the 1980s. The paper argues that it is important to note the initial conditions and the economic circumstances of the country as well as the political nature of the reform process and the need for the government to respond promptly to domestic social pressures in sustaining economic reforms.  
**Data:** Table on key macroeconomic indicators, 1970-77 average and 1978-93.  
**Pages:** 166-184  
**Publisher:** Institute of Developing Economies, Tokyo  
**Location:** IPS, PB, SJP, UC

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**Author:** Dunham, D. and S. Kelegama  
**Title:** Does Leadership Matter in the Economic Reform Process? Liberalisation and Governance in Sri Lanka, 1977-93  
**Source:** World Development, Vol. 25 No. 2  
**Year:** 1997  
**Abstract:** This article argues that while good governance is not a necessary and may not be a sufficient condition for effective economic reforms, decisive leadership can be an important factor. The authors draw on the experience of Sri Lanka during

1989-93, when the state was not strong but there was strong political leadership, which proved to be critical in the second wave of reforms undertaken, to illustrate their argument. (From the authors' abstract).

**Data:** Negligible  
**Pages:** 179-191  
**Publisher:** Elsevier Science Ltd., Oxford  
**Location:** IPS, UC, USP

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**Author:** Dunham, D. and S. Kelegama  
**Title:** Stabilisation and Adjustment: Sri Lankan Experience, 1977-1993  
**Source:** Economic and Political Weekly, Vol. XXXIII No. 24 (June 13)  
**Year:** 1998  
**Abstract:** The article questions the claims that the inadequacy of the reform package and the macro-economic mismanagement were the reasons why the Sri Lankan reform efforts faltered in the second half of the decade. The article points out that these explanations ignore the political sustainability of the reform process and the need for the government to meet domestic pressures given the political system it operates in. (From the authors' introduction).  
**Data:** None  
**Pages:** 1475-1482  
**Publisher:** Sameeksha Trust, Mumbai  
**Location:** IPS, SJP, UC

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**Author:** Fernando, D. J. G.  
**Title:** Financial Reforms in Sri Lanka 1977-1987  
**Year:** 1991  
**Abstract:** This is a detailed study of financial reforms and their impact on the economy. It views financial reforms not only in terms of interest rates liberalisation but also in terms of other elements necessary for the success of reforms such as supportive fiscal, monetary and financial policies. Among some of the conclusions reached are that the discrete increase in deposit rates raised institutional savings significantly but failed to promote domestic savings, and that interventionist methods used to mobilise long-term finance reduced private investment and prevented the development of a market-based interest rate mechanism. Monetary expansion, caused largely by expansionary government borrowings, was a significant determinant of inflation.  
**Data:** Data tables are presented in the text to backup discussion.

**Pages:** 316  
**Publisher:** Central Bank of Sri Lanka, Colombo  
**Location:** PB

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**Author:** Fernando, L.  
**Title:** Planning and Structural Adjustment  
**Source:** Papers presented on 'Structural Adjustment and Growth' at the Annual SLAE Sessions 7/8, December 1985, Colombo  
**Year:** 1996  
**Abstract:** The paper provides a historical background to the efforts at planning and the type of planning that have been undertaken after 1977. It outlines the nature of the pre-1977 plans, and describes the system of planning by detailing the nature of the Public Investment Programme, which was the centrepiece of planning effort after 1977. It analyses the role of the Public Investment Programme and its limitations as an instrument for carrying out structural adjustment and explains the need for an economy wide plan. (From the author's introduction).  
**Data:** Negligible  
**Pages:** 107-128  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS  
**NB:** See also entry under 'Sri Lanka Association of Economists'

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**Author:** Fernando, M. R.  
**Title:** Liberalisation of Exchange Controls and Payments  
**Year:** 1991  
**Source:** Sri Lanka Economic Journal, Vol. 6 No.2  
**Abstract:** The paper examines the history of exchange control in the pre-liberalisation era, and subsequent exchange and payment liberalisation by dividing such controls into two categories - controls relating to the supply of, and demand for foreign exchange. The article also raises two important issues relating to the process of liberalisation - issues of appropriate sequencing and timing of reforms - and the costs involved. The author notes that while Sri Lanka has made considerable progress in its liberalisation programme, it has adopted a gradualist approach to liberalisation in light of the macroeconomic imbalances and rigidities in the economy. The article argues that since there are difficulties involved in the transition from controlled to a liberalised system, the factors which determine the maximum benefits and minimum costs involved during the liberalisation process have to be carefully identified and examined. It concludes that a full

liberalisation effort should wait for a more 'normal' period when the economy has achieved minimal amount of internal and external imbalances.

**Data:** None  
**Pages:** 27-41  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS, SJP, UC

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**Author:** Fonseka, C. and S. A. Karunaratne  
**Title:** Sri Lanka  
**Source:** The Rocky Road to Reform: Adjustment, Income Distribution and Growth in the Developing World, L. Taylor (ed.)  
**Year:** 1993  
**Abstract:** The paper examines critical aspects of Sri Lanka's development problems in the 1990s, starting with a historical introduction, and followed by a description of the main economic obstacles as they stood at the end of the 1980s. The latter sections of the paper focus on main issues facing Sri Lanka in the future, specifically with respect to growth objective as well as existing strategies.  
**Data:** Tables on quality of life indicators for Sri Lanka relative to low- and middle-income countries, GDP by industrial origin, key macroeconomic indicators 1978-1988, goals to be attained by the year 2000, alternative growth scenarios for 1990-2000.  
**Pages:** 506  
**Publisher:** WIDER, Helsinki  
**Location:** Marga

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**Author:** Gunatilleke, G.  
**Title:** Development and Liberalisation in Sri Lanka: Trends and Prospects  
**Year:** 1993  
**Abstract:** This book provides a historical overview of policy periods and their impact on the economy. Though the period following Independence is the start of the overview, the core of the book looks at the structural adjustments and reforms of the post-1977 period. The economic environment and the resultant policy reforms are considered in two phases: 1978-1985 and post-1985. The major structural problems that faced the economy and needed to be addressed in the 1990s are also discussed. Two chapters look at the changing pattern of trade and external linkages and the social and political environment of economic reform. The final chapter examines medium and long-term development prospects.  
**Data:** Data tables are presented in the text to backup discussion

**Pages:** 128  
**Publisher:** Marga Institute, Colombo  
**Location:** Marga, PB

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**Author:** Herring, R. J.  
**Title:** Economic Liberalisation Policies in Sri Lanka: International Pressures, Constraints and Support  
**Source:** Economic and Political Weekly Vol.XXII, No. 8  
**Year:** 1987  
**Abstract:** Sri Lanka's development experience has long been cited as evidence of the connection between 'premature welfarism' and retarded growth. This article argues that the pre-1977 configuration defined a dependent welfare state that made significant progress in mediating between aggregate national poverty and individual well-being and that stagnation of economic growth during this period has been over-emphasised in critiques. It goes on to argue that the post-1977 liberalisation regime has increased dependency along some dimensions. The evaluation of the dependent welfare state under a *laissez-faire* regime reflects the interaction of external pressures and exogenous shocks with internal pressures of partisan politics. The analysis primarily examines the period prior to disruption of the economy by the escalation of civil disorder. (From the author's abstract)  
**Data:** Negligible  
**Pages:** 325-333  
**Publisher:** Sameeksha Trust, Mumbai  
**Location:** PB, SJP, UC

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**Author:** Hettiarachichi, W.  
**Title:** Steps Taken to Liberalise the Economy  
**Source:** Sri Lanka Economic Journal, Vol. 6 No. 2 (September)  
**Year:** 1991  
**Abstract:** The article traces the developments which eventually led Sri Lanka to undertake economic liberalisation, and examines its experience with respect to liberalisation in the period since 1977. It notes that Sri Lanka has travelled full circle with respect to liberalisation since the time of its independence to its present state. (From the author's introduction)  
**Data:** None  
**Pages:** 10-26  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS, PB, SJP, UC

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**Author:** Jayamaha, R.  
**Title:** Monetary Adjustment and Growth  
**Source:** Papers presented on 'Structural Adjustment and Growth' at the Annual SLAE Sessions 7/8, December 1985, Colombo  
**Year:** 1996  
**Abstract:** The paper discusses the economic circumstances that gave rise to the introduction of adjustment programmes in Sri Lanka, Burma and Korea, which initiated adjustment programmes with the assistance of the IMF at about the same time and were experiencing similar economic circumstances before their implementation during 1977-1984. The main monetary policies that were included in the adjustment programmes in these countries are also discussed. The analysis indicates that there is a partial relationship between monetary adjustments and growth but the results are not conclusive in the case of Sri Lanka. An examination of growth related variables for Sri Lanka and Korea indicates that certain monetary adjustments had adverse effects while results were mixed in the case of impact of adjustment policies on key growth sectors. (From the author's introduction).  
**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 151-164  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS  
**NB:** See also entry under Sri Lanka Association of Economists

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**Author:** Jayasundera, P. B.  
**Title:** Economic Liberalisation and Fiscal and Monetary Policy in Sri Lanka  
**Source:** Sri Lanka Economic Journal, Vol. 6 No. 2 (September)  
**Year:** 1991  
**Abstract:** The article provides an overview of fiscal and monetary policy in the post-1977 period by examining trends in fiscal and monetary aggregates. It also discusses the background to stabilisation efforts and policy responses in 1980 and 1989.  
**Data:** Negligible  
**Pages:** 88-99  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS, SJP, UC

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**Author:** Jayasundera, P. B.  
**Title:** Fiscal Adjustment to Sustain Economic Growth: A Review of Post-1977: Experience of Sri Lanka  
**Source:** Papers presented on 'Structural Adjustment and Growth' at the Annual SLAE Sessions 7/8, December 1985, Colombo  
**Year:** 1996  
**Abstract:** The paper focuses on fiscal adjustments to achieve economic stability with growth by referring to post-1977 Sri Lankan experience. The paper highlights the importance of fiscal adjustments by referring to theoretical considerations, and analyses the role of fiscal policy in Sri Lanka during 1978-84 and problems in fiscal operations. It also discusses Sri Lanka's adjustment efforts through fiscal policy and limits in fiscal reforms in the country. The paper notes that the 1977 economic reforms complemented by expansionary fiscal policy had a significant effect on the economy, but at the cost of inflation and balance of payment problems. In responding to these macroeconomic problems, efforts were made to reduce budget deficits as well as bank borrowing but these were inadequate to improve the fiscal performance in the short-run given the difficulties in implementing such adjustment policies. The paper argues that the ultimate success of these policies depend whether adjustment efforts are continued over a period of time.  
**Data:** Negligible  
**Pages:** 137-150  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS  
**NB:** See also entry under Sri Lanka Association of Economists

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**Author:** Jayatissa, R. A.  
**Title:** Economic Liberalisation and Export Growth  
**Source:** Sri Lanka Economic Journal, Vol. 6 No. 2 (September)  
**Year:** 1991  
**Abstract:** The paper provides a critical evaluation of the performance of the export sector during the period 1977-90 in Sri Lanka in order to draw some inferences for policy recommendations. While the paper examines a number of issues relating to economic liberalisation and performance of the export sector, it also evaluates successes and failures of export promotion policies within a wider macroeconomic framework. The paper concludes that despite a satisfactory growth in non-traditional exports after economic liberalisation, the overall performance of the export sector has been below expectations, mainly due to several internal and external factors. However, the author argues that recent improvements in domestic conditions and the continuation of liberalisation efforts have strengthened the structural adjustment and growth process in Sri Lanka. (From the author's introduction)

**Data:** Data tables on export values and volumes, earnings from selected exports, composition of exports, nominal and real effective exchange rates, world export market shares, and charts of some of these variables are presented in the text to support the discussion.

**Pages:** 68-87

**Publisher:** Sri Lanka Economic Association, Colombo

**Location:** IPS, SJP, UC

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**Author:** Jayawardena, L., A. Maasland and P.N. Radhakrishnan

**Title:** Sri Lanka

**Series:** Country Study 15, WIDER Series on Stabilization and Adjustment Policies and Programmes

**Year:** 1987

**Abstract:** This study examines the experience of Sri Lanka with stabilisation and adjustment programmes during 1978-84. It analyses the package of policies implemented by Sri Lanka; its relations with the IMF and World Bank; the effects of the policies on production, employment, the balance of payments and social welfare; and what other policies might have been followed instead. A computable model is developed for the purpose of this study to stimulate alternative scenarios that might have resulted given a different policy mix. The general conclusions of the study are that stabilisation and adjustment policies had mixed outcomes, and that balance of payments adjustment and growth goals could have been achieved at a lower social cost with alternative policy mixes. (From the study's executive summary)

**Data:** A 25 page Statistical Appendix presents a wide range of data. Model equations and their estimated results are also presented.

**Pages:** 145

**Publisher:** WIDER, Helsinki

**Location:** IPS

**Author:** Kanesalingam, V.  
**Title:** Economic Liberalisation in Sri Lanka  
**Year:** 1995  
**Abstract:** This monograph written after the 1994 general elections, takes as its entry point the new government's slogan 'Capitalism with a Human Face'. The foreword gives the objective of the study as an attempt to provide an insight into the policy reform process of the Sri Lankan economy, for the general reader as well as economists, trade unionists and policy makers. In keeping with this objective the study follows a descriptive approach.  
**Data:** None  
**Pages:** 70  
**Publisher:** Friedrich Ebert Stiftung, Colombo  
**Location:** CENWOR, IPS

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**Author:** Kappagoda, N. and S. Paine  
**Title:** The Balance of Payments Adjustment Process: The Experience of Sri Lanka  
**Year:** 1981  
**Abstract:** The objective of this report is to assess the impact of the international economic environment on the Sri Lankan economy, with special attention to the balance of payments adjustment process. It is noted that Sri Lanka's low capacity to adjust to fluctuations in the international economy of the 1970s can be expected to improve in the future, subject to Government's policy priorities.  
**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 114  
**Publisher:** Marga Institute, Colombo  
**Location:** Marga

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**Author:** Karunaratne, S. A.  
**Title:** A Macroeconomic Overview of Sri Lanka 1970-87, With Special Reference to Stabilisation Issues  
**Series:** Research Studies Macro-Economic Series No. 5  
**Year:** 1991  
**Abstract:** The paper examines the movements of major macroeconomic variables over the period 1970-87 with an emphasis on identifying the similarities and differences between the two sub-periods 1970-77 and 1978-87, and nature of common factors. In its analysis of various macroeconomic variables, the paper also deals with the question of the trade-off between growth and economic stability in order

to draw some lessons for the future. It argues that while economic reforms initiated in 1977 promoted growth and generation of employment for a short period, other macroeconomic variables were unfavourably affected, and at the cost of overall economic stability.

**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 38  
**Publisher:** Institute of Policy Studies, Colombo  
**Location:** IPS, PB

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**Author:** Karunatilake, H. N. S.  
**Title:** Fiscal and Monetary Policy in Sri Lanka with Special Reference to the Period after 1977  
**Source:** Sri Lanka Economic Journal, Vol. 1 No. 1  
**Year:** 1986  
**Abstract:** A descriptive analysis of budgetary deficits as a common element of fiscal operations, and the factors behind these deficits are presented under the heading of fiscal policy. The reliance of monetary policy on interest rates and the impact of increasing prices are discussed in detail under the heading of monetary policy.  
**Data:** Tables on government fiscal operations 1961-85, budgetary operations 1977-85, public debt 1973-85, key monetary and economic variables 1975-85.  
**Pages:** 113-138  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS, SJP, UC

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**Author:** Kelegama, J. B.  
**Title:** Review of Economic Policies and Progress 1977-1984  
**Source:** Sri Lanka Economic Journal, Vol.1 No.1 (April)  
**Year:** 1986  
**Abstract:** The paper reviews the economic policies and performance of the economy with the policies followed during 1971-76 as a point of reference in an attempt to draw lessons for future policy reforms.  
**Data:** 1970-76 and 1977-83 data for sector wise economic growth, capital expenditure, external resources gap, and tea, rubber and coconut scenarios.  
**Pages:** 12-57  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS, UC, SJP  
**Author:** Kelegama, S.

**Title:** External Shocks and Domestic Policy Adjustments under Economic Liberalisation in Sri Lanka, 1979-1984

**Source:** Sri Lanka Economic Journal, Vol. 3 No. 1 (April)

**Year:** 1988

**Abstract:** This paper focuses on the role of external shocks and domestic policy adjustments in aggravating the current account deficit in Sri Lanka during the 1979-84 period. It is shown that options in cushioning external shocks were limited for Sri Lanka due to its weak export structure but that there were many options available for reducing the cost of adjustments. In this context, it is shown that Sri Lanka failed to effectively use these options to reduce the adjustment costs. This is analysed using the 'two targets two instruments' (external and internal equilibrium, devaluation and reduction in domestic absorption) framework. The paper argues that Sri Lanka could have avoided balance of payments problems to some extent, if there had been a proper sequencing of current and capital account liberalisation. The paper suggests that it would have been more prudent if the current account had been liberalised first. It is also argued that given Sri Lanka's economic structure, it is necessary to intervene in the market on a selective basis to allocate resources towards export-led growth.

**Data:** Data tables are presented in the text to backup discussion.

**Pages:** 74-112

**Publisher:** Sri Lanka Economic Association, Colombo

**Location:** IPS, PB, SJP, UC

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**Author:** Kelegama, S.

**Title:** The Speed and Stages of Trade Liberalisation Strategy: The Case of Sri Lanka

**Source:** Marga Quarterly Journal, Vol. 10 No. 1

**Year:** 1989

**Abstract:** This paper seeks to look at the experience of Sri Lanka in an attempt to draw lessons regarding the impact that speed and stages of liberalisation have on the success and sustainability of reforms. A strong theoretical component is included from which a framework is developed to study the Sri Lankan experience.

**Data:** 1970-89 trade dependence ratios and current account balances as a percentage of GDP, and data on tariff rate changes.

**Pages:** 59-93

**Publisher:** Marga Institute, Colombo

**Location:** IPS, Marga, PB, SJP, UC

**Author:** Kelegama, S.  
**Title:** Open Economy Policy and its Impact on Domestic Industrialization in Sri Lanka  
**Source:** Upanathi, Vol. 5 Nos. 1&2  
**Year:** 1990  
**Abstract:** This article examines the policy package for export-led industrialisation implemented in 1977, and analyses the industrial production structure, incentive framework and industrial production constraints. The article concludes that developing countries such as Sri Lanka could reach the status of a newly industrialising country (NIC). The transition from a pre-industrial to a semi-industrial society is, however a long and difficult process requiring a number of economic and non-economic preconditions to be fulfilled.  
**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 95-148  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS, PB, SJP

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**Author:** Kelegama, S. and G. Wignaraja  
**Title:** Trade Policy and Industrial Development in Sri Lanka  
**Source:** Marga Quarterly Journal, Vol. 11 No. 4  
**Year:** 1991  
**Abstract:** Analysing the period 1960 to 1987, the paper takes a broad look at the alternative trade policies pursued during the inward and outward looking phases of the Sri Lankan economy. It evaluates their impact on industrialisation, highlighting the major impediments to sustainable industrialisation.  
**Data:** Two page Statistical Appendix giving indicators of industrial performance, public sector industries, and incentive regime.  
**Pages:** 27-54  
**Publisher:** Marga Institute, Colombo  
**Location:** Marga, SJP, UC

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**Author:** Lakshman, W. D.  
**Title:** State Policy in Sri Lanka and its Economic Impact 1970-85. Selected Themes with Special Reference to Distributive Implication of Policy  
**Source:** Upanathi, Vol. 1 No. 1 (January)  
**Year:** 1986  
**Abstract:** This article examines the two policy regimes (1970-77 and 1977-85) adopted in Sri Lanka with an emphasis on private sector incentives, exchange rate, welfare

expenditures and transfers, revenue, and foreign capital, and their effects on growth, employment and inflation. The article expands on the distributive implication of the different state policies, and observes that they have adversely affected equality and poverty in the country after 1977.

**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 5-36  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS, PB, SJP

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**Author:** Lakshman, W.D.  
**Title:** The IMF-WB Intervention in Sri Lankan Economic Policy: Historical Trends and Patterns  
**Source:** Essays on the Sri Lankan Economy, 1977-83, D. Dunham and C. Abeyesekera (eds)  
**Year:** 1987  
**Abstract:** Provides a historical analysis of IMF-World Bank intervention in Sri Lankan economic policy since independence up to 1982, and the economic and political background against which they emerged to their position of influence since 1977. (From the author's introduction)  
**Data:** None  
**Pages:** 34  
**Publisher:** Social Scientist's Association, Colombo  
**Location:** IPS, SSA

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**Author:** Lakshman, W. D.  
**Year:** 1993  
**Title:** Notes on the Open Economy: Sri Lanka 1978-92  
**Source:** Pravada, Vol. 2 No. 2  
**Abstract:** This article reflects on the contribution of economic growth and social justice in policy reform in Sri Lanka. It raises the following questions: To what extent is the social justice element of policy political and populist rhetoric? To what extent, is it symbiotically integrated with the objective of growth? The main policy instruments used in promoting both elements and the impact of these policies are discussed in an attempt to find an answer. The question of how relevant these policies are to Sri Lanka's aspiration to reach NIC status is also raised.  
**Data:** None  
**Pages:** 5-8

**Publisher:** Pravada Publications, Colombo

**Location:** IPS, SJP, UC

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**Author:** Lakshman, W. D.

**Title:** Lineages of Dependent Development: From State Control to the Open Economy in Sri Lanka

**Source:** The Challenge in South Asia: Development, Democracy and Regional Co-operation, P. Wignaraja and A. Hussain (eds)

**Year:** 1996

**Abstract:** The paper attempts to bring out the major differences in the policy regimes of 1970-77 and post-1977 period, and the performance of the economy within the dependent economic system. To this end, the paper discusses some aspects of economic policy with respect to exchange rate, foreign capital, fiscal and monetary policy, growth, employment, inflation, equity, basic needs and poverty and structural dependence of the economy.

**Data:** Data tables and charts are presented in the text to backup discussion.

**Pages:** 105-138

**Publisher:** United Nations University, Tokyo; Oxford University Press, Karachi

**Location:** PB

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**Author:** Lakshman, W. D. and P. Athukorale

**Title:** Export Development in Sri Lanka: Problems and Constraints

**Source:** Economic Review (December)

**Year:** 1987

**Abstract:** This is a comprehensive report prepared for the Export Development Board (EDB) on the problems and constraints faced by Sri Lanka's export sector in 1983-87. It discusses export development policies; performance in commodity exports and other foreign export earnings activities; and problems, constraints and future prospects of the export sector. (From the authors' abstract)

**Data:** Data tables and charts are presented in the text to backup discussion.  
**Pages:** 18-29  
**Publisher:** People's Bank, Colombo  
**Location:** PB

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**Author:** Lal, D.  
**Title:** The Real Exchange Rate, Capital Inflow and Inflation: Sri Lanka 1970-82  
**Source:** Papers presented on 'Structural Adjustment and Growth' at the Annual SLAE Sessions 7/8, December 1985, Colombo  
**Year:** 1986  
**Abstract:** Against the background of increasing capital inflows since 1977, this paper questions whether a boom in the economy if fuelled by foreign capital inflows and loose domestic macroeconomic policies is unsustainable, and to what extent the conventional wisdom helps identify the issues involved. A technical analysis is carried out by a geometric extension of the Salter model being applied to Sri Lanka. The study arrives at a number of conclusions regarding the efficiency of conventional indicators of a macroeconomic crisis in a situation of high capital inflows, and the impact of capital inflows on real exchange rate, monetary expansion and inflation.

**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 31-59  
**Publisher:** Sri Lanka Association of Economists, Colombo  
**Location:** IPS  
**NB:** See also entry under 'Sri Lanka Association of Economists'

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**Author:** Lal, D. and S. Rajapathirana  
**Title:** Impediments to Trade Liberalisation in Sri Lanka  
**Series:** Thames Essay Series No. 5  
**Year:** 1989  
**Abstract:** Trade liberalisation formed a major part of policy reforms undertaken in the post-1977 period. However, problems with macro-economic stabilisation have been an obstacle to successful trade reforms. Further reforms would be crucial if the gains made are to be built upon. If not, there is considerable risk of reversal to slower growth.

**Data:** Data for selected years on government expenditure as a percentage of GDP, government finance, domestic savings and capital formation, terms of trade, taxes on plantations compared to rice and food subsidies.

**Pages:** 60

**Publisher:** Gower for the Trade Policy Research Centre, London

**Location:** IPS, PB

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**Author:** Moore, M.

**Title:** The Political Economy of Stabilisation

**Source:** World Development, Vol. 13 No. 9

**Year:** 1985

**Abstract:** This article contributes to the debate on factors affecting the political acceptability of stabilisation and adjustment programmes. Unlike most other developing economies which have adopted stabilisation and adjustment programmes, Sri Lanka was not faced with an economic crisis when it accepted large multilateral loans under policy conditionality. The article argues that the economic policies pursued in Sri Lanka after 1977 reflect the interests and political agenda of the domestic capitalist class. (From the author's abstract)

**Data:** Negligible

**Pages:** 1087-91

**Publisher:** Elsevier Science Ltd., Oxford

**Location:** SJP, UC

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**Author:** Nicholas, H.

**Title:** The post 1977 Economic Strategy: A Comparative and Theoretical Overview

**Source:** Essays on the Sri Lankan Economy 1977-83, D. Dunham and C. Abeysekera (eds)

**Year:** 1987

**Abstract:** This chapter examines whether the post-1977 economic strategy implemented in Sri Lanka has been a 'Monetarist' kind generally recommended by the IMF and World Bank; and whether the lower unemployment rates, the higher growth rates and investment levels achieved in the post-1977 are manifestations of such a strategy. The author argues that the relatively good growth, investment and employment performances during 1977-82 were not the results of Monetarist/IMF/World Bank strategy but rather that of massive capital

expenditure undertaken by the state that was funded by massive inflow of foreign capital. It is also argued that the relative lack of success in controlling inflation and maintaining external disequilibrium did not result from failure to follow the IMF-WB policies but rather the result of external factors. Contrary to widespread beliefs, it is argued that the economic strategy that was implemented can be more accurately described as a form of 'Keynesianism' characterised by major state involvement in the economy. (From the author's introduction)

**Data:** None  
**Pages:** 33  
**Publisher:** Social Scientist's Association, Colombo  
**Location:** IPS, SSA

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**Author:** Nicholas, H, P. Samararatne and R. Yatawara  
**Title:** Sri Lanka's Balance of Payments 1978-89: An Exploratory Study  
**Source:** Upanathi Vol. 5 Nos. 1&2  
**Year:** 1990  
**Abstract:** The aim of the study is to analyse the balance of payments performance of the Sri Lankan economy with a view to identifying the major factors which account for this performance. The main conclusion of the study is that developments in Sri Lanka's external payments situation over the short-term can be seen as fundamentally a product of developments in the external environment. At a policy level, this means that effective economic management needs to take the latter into account. Failure to do so could lead to serious miscalculations in planning and policy formulation. (From the authors' introduction)  
**Data:** Given the exploratory nature of the study, considerable use is made of graphs and simple statistical indicators.  
**Pages:** 1-38  
**Publisher:** Social Scientists Association, Colombo  
**Location:** IPS, PB, SJP

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**Author:** People's Bank  
**Title:** Special Report - Structural Adjustment: The Small Producers' Dilemma  
**Source:** Economic Review (January/February)  
**Year:** 1995  
**Abstract:** This report is based on a research project initiated by the Intermediate Technology Development Group (ITDG), an international NGO, to investigate the impact of SAP on small scale production in Bangladesh, India, Nepal,

Pakistan and Sri Lanka in order to identify alternative approaches appropriate for the development of this sector. The major focus of this study was on the social effects of SAP. This report also consists of the following articles: GATT, WTO and the Developing countries; Development, Growth and SAP; Situation of the Developing Countries at the Macro Level - An Overview (Madhavi M. Ariyabandu, Vishaka Hidellage & Tharangi Wijesinghe); and Structural Adjustment and Employment Creation in Sri Lanka (Saman Kelegama & Nirgunan Tiruchelvam).

**Data:** Data tables are presented in the text to backup discussion.  
**Pages:** 15-37  
**Publisher:** People's Bank, Colombo  
**Location:** PB, IPS, CDI

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**Author:** Pravada  
**Title:** Economics of the Premadasa Regime  
**Source:** Pravada, Vol. 2 No. 4  
**Year:** 1993  
**Abstract:** The article seeks to define the economic policies of the Premadasa regime and the political and social factors that played a significant role in their formation. To this end, the article provides a historical overview of economic policies since 1977 followed in Sri Lanka which fall within what is generally described as a stabilisation and structural adjustment programmes advocated by the IMF and the World Bank.

**Data:** None  
**Pages:** 9-16  
**Publisher:** Pravada Publications, Colombo  
**Location:** IPS, SJP, UC

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**Author:** Rajapakse, P.  
**Title:** The Theoretical Foundations of Competing Stabilisation Policy Prescriptions: The Sri Lankan Experience, 1970 – 1988  
**Series:** Research Studies Macro-economic Series No. 4  
**Year:** 1991  
**Abstract:** This is primarily a theoretical exploration of stabilisation policy prescriptions. The Sri Lankan experience in relation to inflation and external payment imbalances is used to study the causal factors and transmission mechanisms.  
**Data:** Data on money supply and bank borrowings to fund budget deficit etc. and related OLS estimates.

**Pages:** 43  
**Publisher:** Institute of Policy Studies, Colombo  
**Location:** IPS

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**Author:** Samaranayake, D. N. R.  
**Title:** Interest Rate Policies and Economic Development: The Sri Lanka Experience Since 1977  
**Source:** Sri Lanka Economic Journal, Vol. 1 No. 2 (September)  
**Year:** 1986  
**Abstract:** The paper analyses the role and effectiveness of the interest rate in promoting savings, allocating investments more productively towards higher economic growth and controlling inflation in Sri Lanka. The paper reviews interest rate mechanism in savings and investment behaviour, outlines the main characteristics of the financial markets in developing countries, and analyses the trends in interest rates since 1977. The overall conclusion of the analysis is that interest rate policy by itself is not effective in achieving desired goals; it should be implemented within a framework of well-defined and sound economic development policies. (From the author's introduction)  
**Data:** Data on time and savings deposits 1977-1985 of national savings and commercial banks, savings trends in the banking sector, commercial bank credit by purpose and maturity, percentage distribution of commercial bank lending by rate of interest 1977-1984, allocation of long term credits by lending institutions 1978-1984, and regression results.  
**Pages:** 1-27  
**Publisher:** Sri Lanka Economic Association, Colombo  
**Location:** IPS

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**Author:** Samararatne, P.  
**Title:** Macroeconomic Policy Implications of Capital Inflows: The Sri Lankan Experience  
**Series:** Macroeconomic Series No. 10  
**Year:** 1995  
**Abstract:** The trends and patterns of capital inflows to Sri Lanka during 1978-93 are documented. Determinates of these inflows and their implications on macroeconomic policy are analysed in an attempt to explore the implications of large capital inflows to developing countries.

**Data:** Tables on private capital inflows for selected periods and external debt and reserves, government finance and monetary expansion, income, expenditure and savings, and wages, prices, and inflation for 1978-1994.

**Pages:** 58

**Publisher:** Institute of Policy Studies, Colombo.

**Location:** IPS, PB

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**Author:** Sri Lanka Association of Economists

**Title:** Structural Adjustment and Growth

**Source:** Papers Presented at the Annual Sessions 7/8, December 1985, B.M.I.C.H., Colombo

**Year:** 1986

**Abstract:** A collection of papers presented by a number of economists discussing recent issues on Structural Adjustment and growth in relation to balance of payments, planning, and fiscal-monetary policies. The collection includes the following papers: Balance of Payments and Growth - Some Introductory Remarks (N.U. Jayawardene); The Real Exchange Rate, Capital Inflow and Inflation: Sri Lanka 1970-82 (Deepak Lal); Some Policy Lessons from Macro Adjustment Experiences: A Look at Six Countries (Sarath Rajapatirana); Balance of Payments Adjustment Process and Economic Growth (S.S. Colombage); Economic Policy in the Context of a Package of Structural Adjustment: A Discussion Note (W.D. Lakshman); Planning and Structural Adjustment (Lloyd Fernando); Fiscal, Monetary Adjustment and Growth (W.M. Tilakaratne); Fiscal Adjustment to Sustain Economic Growth: A Review of Adjustment and Growth (R. Jayamaha).

**Data:** Data tables are presented to backup the text in some papers.

**Pages:** 146

**Publisher:** Sri Lanka Association of Economists, Colombo

**Location:** IPS

**Author:** Tilakaratna, W. M.  
**Title:** "Open Economy" in Sri Lanka: Some Observations  
**Source:** Upanathi, Vol. 5 Nos. 1&2  
**Year:** 1990  
**Abstract:** The article provides a simplistic account of the development experience of 1978-90 highlighting some of macroeconomic policies pursued and achievements of the period.  
**Data:** None  
**Pages:** 83-94  
**Publisher:** Social Scientist's Association, Colombo  
**Location:** IPS, PB, SJP

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**Author:** White, H. and S. Kelegama  
**Title:** External Shocks, Adjustment Policies, and the Current Account: The Case of Sri Lanka, 1971-1991  
**Series:** Macroeconomic Series No. 7  
**Year:** 1993  
**Abstract:** This paper assesses the impact of SAP on the current account by developing a framework, which is able to separate the effects of the policies themselves from those of changing external environment. This has been a major methodological problem in the analysis of adjustment policies in the past. The paper also addresses an important issue in the adjustment debate which has been of particular importance to Sri Lanka; distinguishing the impact of external finance given to support domestic policy adjustment efforts from that of the efforts themselves. The paper concludes that opening up of the economy did not lead to any immediate and dramatic improvement in the current account as expected nor was the worsening followed by an improvement in the current account. It is noted that beneficial effects require a long period to be felt, and they need to be supported by a range of non-price supply-side policies, which were not undertaken in Sri Lanka until the late 1980s. The paper also notes that improvements in the country's external position immediately after 1977 allowed the government to avoid some of the adjustment policies at that time. It recommends that the temporary nature of these improvements should be taken into account, and should be used to support adjustment efforts in the future.  
**Data:** Data are presented in the form of charts to backup discussion.  
**Pages:** 35  
**Publisher:** Institute of Policy Studies, Colombo  
**Location:** IPS, Marga  
**Author:** White, H. and S. Kelegama

**Title:** The Fiscal Implications of Privatisation in Developing Countries: The Sri Lankan Experience

**Series:** Working Paper Series No. 179

**Year:** 1994 (August)

**Abstract:** Since the mid-1980s, privatisation has become central to structural adjustment efforts in developing countries. The economic rationale of privatisation is to achieve greater efficiency and relieve the state of the fiscal burden of state-owned enterprises. Although the state obtains proceeds from privatisation, it has to pay the costs of privatisation and forego future revenue from sold assets. The long-run fiscal impact of privatisation thus appears ambiguous. This paper examines this question using the experience of Sri Lanka and finds that the short-run net proceeds from privatisation have been positive in those cases for which data were available. The longer-run net present value of privatisation to government was also positive in most cases.

**Data:** Data on structure of divestiture, public corporations and statutory bodies in the government accounts, net privatisation proceeds, performance of privatised enterprises, net present value from privatisation using 5 and 10 per cent discount rates with and without efficiency gains. Discount rates of 6 firms for the period 1986-2020 are also given in the appendix

**Pages:** 38

**Publisher:** Institute of Social Studies, The Hague

**Location:** IPS

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**Author:** Wignaraja, G.

**Title:** Trade Liberalisation in Sri Lanka: Exports, Technology and Industrial Policy

**Year:** 1998

**Abstract:** With the adoption of the outward-oriented trade strategy in 1977, manufactured exports expanded in Sri Lanka but there was little upgrading and diversification of exports. The export performance fell short of expectations and failed to emulate that of newly industrialising countries (NICs) like South Korea and Taiwan, which displayed rapid technological upgrading and diversification of their manufactured exports. Wignaraja shows how Sri Lanka's failure to adopt similar industrial policies that of East Asian Tigers has led to curtailed industrial development and an export structure that still faces problems of sustainability. He applies the recent literature on technological capabilities to explain why the Sri Lankan industrialisation process has not led to the kind of diversification and deepening witnessed in the Asian Tigers. He demonstrates how an understanding of the technological learning process at the enterprise level, and its related market failures, can be a vital tool for policy analysis and how much it adds to

conventional approaches to comparative advantage. The book is a blend of trade theories, comparative industrial policy analysis, econometric work and enterprise case studies. (From the book's foreword)

**Data:** Data and result tables are presented in the text to backup the arguments.  
**Pages:** 282  
**Publisher:** Macmillan Press, London  
**Location:** CBSL, IPS

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**Author:** World Bank  
**Title:** Economic Adjustment in Sri Lanka: Issues and Prospects, Report No. 3901-CE  
**Year:** 1982  
**Abstract:** This report reviews the economic and policy developments since 1977 and discusses the requirements and policy options for restoration of the adjustment momentum achieved in 1981. Special emphasis is given to budgetary policies, which have been the main source of instability, and on the need to become prudent with the use of non-concessional finance. The report also looks at the longer-term requirements of a successful economic adjustment process. (From the report's abstract)  
**Data:** Annex 1 gives a 11 page selection of policy changes made in 1981. A 75 page Statistical Appendix presents a wide range of data. Also given is a map of Sri Lanka.  
**Pages:** 226  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS, Marga, WB

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**Author:** World Bank  
**Title:** Sri Lanka: Recent Economic Developments, Prospects and Policies, Report No. 5038-CE  
**Year:** 1984  
**Abstract:** Against the background of economic developments during 1978-83 and the medium term outlook, this report considers the short-term stabilisation task now facing Sri Lanka and the requisite measures for structural reforms of budgetary practices, incentives and institutions of key sectors in the economy. The report notes the significant reforms under way in the energy sector and the recent

initiatives in strengthening budgetary management. It also presents a medium-term balance of payments outlook for the country, embodying the main elements of stabilisation and structural reform measures. (From the report's abstract)

**Data:** A 72 page Statistical Appendix presents a wide range of data. Also given is a map of Sri Lanka.

**Pages:** 139

**Publisher:** World Bank, Washington D.C.

**Location:** IPS, WB

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**Author:** World Bank

**Title:** Sri Lanka - A Break with the Past: The 1987-90 Programme of Economic Reforms and Adjustment, Vol. I and II, Report No. 7220-CE

**Year:** 1988

**Abstract:** Volume one is made up of two parts. Part 1 looks at how Sri Lanka's structural constraints to growth evolved over time, and analyses the government's response to the deterioration of the economic situation. It also provides a review of the 1987-90 Adjustment Programme and the main supporting macro-economic policies. Part 2 analyses the three main structural reforms envisaged under the SAP: the re-orientation of industrial policies, the restructuring of public expenditure, and the re-organisation of the administration system. Volume Two is a collection of annexes which presents a wide range of background material to Volume I. It includes annexes on the historical background of development policies; public investment in power, transport, irrigation, health and education; tax and administration structures and changes. (From the report's introduction)

**Data:** In Volume I, a 52 page Statistical Appendix presents a wide range of data. Also given is a map of Sri Lanka.

**Pages:** Vol. I: 147, Vol. II: 124

**Publisher:** World Bank, Washington D.C.

**Location:** IPS, Marga, WB

**Author:** World Bank  
**Title:** Sri Lanka, Sustaining the Adjustment Process, Report No. 8951-CE  
**Year:** 1990  
**Abstract:** This report discusses future priority actions in the adjustment process as well as the recent economic developments. In addition, given the widespread concern regarding poverty and unemployment in Sri Lanka and its impact on overall economic policy design, the report tries to understand the dimensions of the poverty problem and how the poor may be cushioned during the reform process. (From the report's abstract)  
**Data:** A 53 page Statistical Appendix presents a wide range of data. Also a map of Sri Lanka.  
**Pages:** 213  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS, Marga, WB

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**Author:** World Bank  
**Title:** Strengthened Adjustment for Growth and Poverty Reduction, Report No. 10079-CE  
**Year:** 1992  
**Abstract:** The report notes that though economic growth improved in Sri Lanka as a result of the serious economic restructuring effort undertaken in 1989 and improvement in domestic conditions, it has become lax thereafter in implementing reforms, and threatens its ability to sustain high growth rates in the future. The report thereby argues that it is essential to tighten macroeconomic management of the economy to enjoy sustainable growth as well as deal with problems of falling public investment and eroding external competitiveness, which are caused by rising government budget deficits. These problems are said to have undermined government's efforts to encourage private investment in the export sector. The report recommends reducing the deficit through implementing further macroeconomic reforms to rectify this problem, and discusses reform areas which are perceived as high priority. (From the report's abstract)  
**Data:** A 53 page Statistical Appendix presents a wide range of data. Also a map of Sri Lanka is given.  
**Pages:** 154  
**Publisher:** World Bank, Washington D.C.  
**Location:** CBSL, Marga, WB

**Author:** World Bank  
**Title:** Sri Lanka In the Year 2000 - An Agenda for Action, Report No. 15455-CE  
**Year:** 1992  
**Abstract:** This report elaborates on policies of how to increase the growth rate, which includes strengthening macroeconomic management, removing of obstacles for private sector development, and raising the efficiency and implementation capacity of the public sector. On the human development side, the report looks at how to increase employment in a sustainable manner, how to improve the quality of basic human services and the targeting and cost-effectiveness of poverty programs. (From the report's executive summary).  
**Data:** Negligible  
**Pages:** 41  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS, WB

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**Author:** World Bank  
**Title:** Sri Lanka Social Services: A Review of Recent Trends and Issues, Report No. 17748-CE  
**Year:** 1998  
**Abstract:** The report provides a review of policies and developments in Sri Lanka's health, education, and social welfare sectors, and complements the economic update prepared for 1998. This report was prepared at the request of the donor community in November 1996. The main theme of the report is that the enlightened social policies of the 1940-60s that led to astonishing results in health and education situation, lost much of their momentum in the later years. These policies have not adjusted fully to the socio-economic needs of the society, and especially the open, market economy that emerged in the late 1970s. Sri Lanka today faces a number of challenges, which should be addressed in order to avoid an irreversible deterioration in key social services. The report commends that the government has recently begun to address some of these issues. (From the report's abstract).  
**Data:** Text tables, figures and boxes on health sector, education sector, poverty and social welfare. Also a 3 page Statistical Annex presents a wide range of data.  
**Pages:** 29  
**Publisher:** World Bank, Washington D.C.  
**Location:** IPS, WB  
**Author:** World Bank

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**Year:** 1998

**Abstract:** This update reviews Sri Lanka's economic developments and policies since the previous Aid Group Meeting in November 1996. It describes macroeconomic developments over the last one and a half years, and summarises the main challenges facing the government as well as possible avenues for reform. It also presents some preliminary views on the medium-term framework for achieving the government's development objectives in an effective and sustainable manner. (From the report's abstract)

**Data:** A 13 page Statistical Appendix presents a wide range of data.

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**NB:** This report is accompanied by a document that reviews developments and policies in Sri Lanka's social services. See World Bank (1998), Sri Lanka Social Services: A Review of Recent Trends and Issues, Report No. 17748-CE

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