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# Hausmann enlightened our business leaders

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**By Lloyd Fernando**

W.A. Wijewardena in his last 'My View' column in the Daily FT of 1 February 2016 raised a number of issues surrounding Ricardo Hausmann's presentation at the Colombo Economic Forum.

The column is titled 'Hausmann and Govt. in the hot seat' referring to the comments by some economists that he did not say anything new. Wijewardena says, however, that all economists do not agree with each other and refers to the famous cliché: "You speak to two (economists) and get three opinions."

Certainly, while all economists worth their salt agree on fundamental (normative) economic theory, they differ in their interpretation of real problems. This is due to the fact that they approach the problems based on different analyses of socio-political conditions. It is due partly to incomplete data and information and partly to different theoretical approaches.

We are thus familiar with what are called Marxian, Neo-classical, Keynesian, Neo-Liberal and the currently famous social market economic models. They all have some analytical merit but what is suitable for one country under one set of socio-political and global conditions may not be suitable for others. Thus, Hausmann's prescriptions, though fundamentally valid and quite well-known to local economists, must be viewed in the light of the socio-political conditions in the country and the current backdrop of the global scenario.

It is for this reason that one could agree with Mr. Wijewardena that there should have been greater opportunity for local economists, who have amassed a lot of knowledge and experience, to participate more actively in the forum. In this regard, it is worthy of note that Hausmann himself commended the excellent paper presented by Dr. Saman Kelegama, which threw a lot of light on the fundamental problems facing the Sri Lankan economy.

It must be acknowledged, however, that the economic forum was a useful exercise since it highlighted, particularly for the benefit of the large gathering of business leaders, some of the structural problems facing the Sri Lankan economy. It also suggested the bold policy steps that will have to be adopted by the Government to address them in the near future. Such an understanding between the Government and the business community is extremely important if they are to work in an effective partnership for development.

The Economic Forum, given the short time at its disposal, could only flag the issues, which are related to each other. These interrelated issues need to be examined in-depth through a process of mutual exchange of views among stakeholders.

The initiative taken by the Postgraduate Institute of Management (PIM) to launch a well structured program to discuss issues relating to effective Public Private Partnership is, therefore, a valuable step forward in this regard.

Commencing 18 February 2016 business leaders, academics and senior public service representatives are expected to engage in an interactive learning process that will, in a systematic manner, take up for in-depth consideration issues that were highlighted at the Economic Forum.

The Economic Forum highlighted the need for structural transformation of the economy to meet the challenges of global competition if we are to overcome the fundamental problem of the country's balance of payments. This was indeed the message of Dr. Kelegama's paper. Reading through his paper and the comments made by the learned foreign academics, it was obvious that there cannot be piecemeal solutions. There is a crucial need for a holistic approach supported by multipronged policies.

The value of the PIM initiative is that it places on the agenda, supported by in-depth papers produced by well-known subject specialists, inter-related issues. What will be emphasised at the forum is the need for a holistic approach to policy formulation. Even though the program is structured like a course of training, which was at the request of some prospective participants who wish to have a valuable certificate at the end of the program, the modus operandi is uniquely different.

There will be no lectures and exams. All participants will be divided into groups to discuss in-depth issues raised in the module papers distributed well in advance. In the program that will start on 18 February, participants will be exposed to methods of public policymaking, with special treatment of fiscal, monetary and international trade issues and their treatment through business strategy execution.

Each group will be assisted by a well-known specialist to produce a summary of conclusions for presentation at the final plenary session, which will give an opportunity for non-group members too to express their views.

In view of the interactive learning process, participation in the program will be restricted to senior executives capable of sharing experiences. Those who wish to participate may call Sohan (077-656-5016) or send him an email at sohan@pim.lk.



Group Discussion



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