

Keynote Address

Searching for Modalities in the Poverty Research and Policy Interface*

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Professor Wiswa Warnapala, Deputy Minister of Foreign Affairs, Dr. Saman Kelegama, Executive Director of the Institute of Policy Studies, Madam Celia Reyes, Dr. John Cockburn, Dr. Evan Due, ladies and gentlemen.

It is a great honour for me to be present here with you this morning at the opening session of this very important seminar on poverty and economic policy.

When I was told by Dr. Kelegama that the subject of today's seminar would be "Poverty and Economic Policy", I had a strange feeling that it was a job description of a Minister of Finance in a developing country.

That is because the subject is of utmost importance to developing countries and I am most grateful that you have decided to hold this conference in Sri Lanka at a time when considerable attention is being paid to our anti-poverty programmes.

I must begin by welcoming you on behalf of the government of Sri Lanka. We are very happy that you are here with us this week and I want you to know that your presence is greatly appreciated in the country.

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Having said that, let me advert to a very important issue raised by Dr. Evan Due. He referred to the symbiotic relationship between research and policy.

It is one of the marks of underdevelopment that in our countries, there is no close fit or close relationship between research, particularly in areas of poverty and development, and the actual translation of such research and research prescriptions into policy by governments.

This is a problem not only in Sri Lanka but throughout the developing world. One of the most important aspects of promoting economic growth in our region is the need to ensure that governments listen to what is being found out by studies and surveys, particularly at the grassroots level such as household surveys.

The accumulation of such grassroots research would essentially lead to middle-level and high-level theory. Thus, we should have a large amount of field research which feeds into constant evaluation and reevaluation of theories that would become useful to policymakers.

As Minister of Finance and Dr. Kelegama will confirm this, I have done my best to keep in touch with the research community. We strongly support the IPS in Sri Lanka and many other organizations which are doing economic and social research. I am, however, not satisfied with just that.

We have to take note of the constant additional data which comes to us not only through local research but also through the networks which you represent in this meeting.

Thus, I look on this seminar not merely as an opportunity for us to discuss each other's work but also to situate our research within the total framework of ongoing research in the world. We must also undertake advocacy for the conversion of that research into policies.

In no other area of policy is research more important than in the area of poverty. Here, we are dealing with lives of human beings.

They have specific human needs and if there are delays in the transformation of our research to policy and action, then we are not only failing in our duty but also reducing the life chances of the poorest people in this part of the world.

So I welcome very much what you have highlighted as a priority item, which is translating research into policy. I would welcome any suggestions by you as to how this interfacing could take place.

Very often, we make policy prescriptions but we do not work out the modalities by which such an interface can take place. I would suggest that you also look into this lacuna during your deliberations.

The second point I want to make is that Sri Lanka is a very good case study in poverty alleviation. From the time of the State Council, or I would say basically from the time of the granting of adult universal franchise which is 1931, just a few years after the suffragettes in Europe managed to gain the franchise, the British colonial government extended that facility to Sri Lanka.

We were one of the earliest countries in the developing world to have adult universal suffrage and many of the anti-poverty programmes are largely a result of this expansion of the franchise. Politicians had to be responsive to the demands of the largest voter segment of the population, who happened to be poor.

There was constant competition from that time up to today to appear to be the poor man's friend. If you were politically not identified as the poor man's friend, then you have to go home.

So there is constant pressure on politicians, right from the 1930s, to follow policies which were in reality policies created for poverty reduction. It is as a result of that pressure that Sri Lanka has a very high position in human development.

If you take the Physical Quality of Life Index, and all its new variations that researchers like you have been suggesting, Sri Lanka figures comparatively high on that list.

If you look at our infant mortality rate, at life expectancy, at literacy, at the spread among genders of literacy and life expectation, at maternity benefits and so on, then I think we have done quite well.

What is not so well done is that we have not had commensurate growth. As a consequence, Sri Lanka is, in terms of economics, a schizophrenic country. On one side, we have a very high human development level. But on another side, it is human development

with a low per capita income. This, I think, is a fundamental problem in Sri Lanka.

This has been adverted to in economics literature. When Prof. Warnapala and I were young students in the university, demography was a key element of our training.

Debates were then conducted in the *Population Journal* as to whether Sri Lanka's demographic change was a single-cause affair, particularly the wiping out of malaria.

There were some other scholars who suggested that Sri Lanka's demographic pattern or transition was a result not only of the wiping out of malaria in the dry zone and the opening up of colonization schemes but was rather a package of benefits which certainly eradicated malaria and included very significantly the rural hospital schemes of that time and other social welfare measures. There were rural maternal benefits, midwives and a whole series of measures which cumulatively led to a spurt in population growth.

We had this spurt from the 40s to the 70s depicting rapid population growth. There were debates as to what the reasons were but there was certainly no debate about the astronomical population growth during this period.

This emphasis on social welfare was the focus of several studies particularly by Dr. Amartya Sen, who won the Nobel Prize for Economics.

He takes Sri Lanka as a model where due to this investment in social welfare, particularly in education and gender equality, we were able to not only have a pace of growth which seemed satisfactory at that time but also have political stability.

So that over a period of about 70 years, Sri Lanka is one country in the world where there has been a very regular turnover of governments. Governments have come and gone but the social stability of the country has been preserved.

The work of Amartya Sen has added to the corpus of studies of Sri Lanka's social welfare. Subsequently, there had been many other

studies particularly about the Janasaviya and Samurdhi programmes which were specifically targeted anti-poverty programmes.

There is also a contemporary interest in the consequences of the tsunami for the poverty reduction programmes in this country. As Minister of Finance, we have a continuous dialogue with the World Bank and IMF regarding our poverty reduction programmes.

Relatedly, I would place great emphasis on the question of population growth and the population policies of a country.

In the 60s and 70s, there was a lot of interest among economists and planners in the World Bank and other financial institutions on population growth and its implications for per capita income as well as on basic policy issues regarding economic growth.

There was, for example, a special fund that was set up by the United Nations' Fund for Population Activities (UNFPA). But they had to contend with the Reagan administration in the United States and the growth of fundamentalism in the Western World. We always talk of fundamentalism in other countries but US fundamentalism, which started with the anti-abortion lobby, is a powerful one.

Family planning took a backseat. What was earlier called 'population control' then got a much more acceptable name of 'family planning'.

So little by little, the emphasis by economists of that age on the question of population policy has now been abandoned. I would now want to raise this question with the academic community.

Is this not really a fall out of the political concerns of US fundamentalists? Funds for the UNFPA eventually dried up. There were attacks on the one-child policy of the government of China. Her abortion policies were attacked. Moral imperatives were raised and economic imperatives were put in the backburner.

There was a time when there was a large funding in the area of family planning. Today that funding has been, I believe, virtually removed. Other areas have been emphasized. But I would make a plea to you to take a good look at the interface between population policies and economic growth.

I think we are just dodging a real issue if we are emphasizing other important but nevertheless peripheral issues. Take Sri Lanka for example. Thanks to the progressive population policies of that time, which were really initiated by the late S. W. R. D. Bandaranaike as Minister of Health, by 2020, the Sri Lankan population will begin to plateau.

Many of the facilities, for which every year the Ministry of Finance has to find more and more money, will begin to level off and we will have those funds to invest on development.

Today, we are spending a lot of money because the cohorts of the time of rapid population growth are demanding expansion of services. We have, of course, now gone beyond the hump of primary education. Very soon, too, even the demand for university education will begin to fall off.

Even now, you would see the phenomenon in Sri Lanka of Grade 5 schools being closed because there is no more demand for them. Lots of schools are being closed and more rationalization is taking place. Funds for education are now being targeted to key areas like science and technology. There are greater possibilities of sophisticated policy making rather than putting all the money on kindergarten education.

So, economic and social transformation is taking place on the basis of changes in demography. I would suggest to this seminar that we should again bring back the question of population growth and its implications for economic policymaking.

At this point, meanwhile, may I add a few words about the tsunami? In Sri Lanka, a phenomenon that has been clearly identified and which I articulated in my budget is the growing disparity between the urban and rural areas.

Sri Lanka's economic growth has been largely, I would even say exclusively, centered around the Western Province. Fifty (50) per cent of Sri Lanka's wealth is concentrated in the Western Province.

In the rural areas, there has not been a proportionate increase of wealth and consumption. It is the top 20 percent of the Sri Lankan

population that has enjoyed rapid economic growth.

Our annual growth rates since independence are in the region of 5 percent over a 50-year period. So one of the problems we have in Sri Lanka about poverty reduction is to see how much of emphasis we could place on the deprived areas which are contributing even less than 5 percent to the national income.

It is an ironic and tragic fact that the tsunami had affected the poorest of the poor of Sri Lanka. Long before the tsunami, I had identified precisely those districts as the poorest in Sri Lanka. We identified those districts to which we should begin a shift of resources.

If you look at the North and East portions, that is to say the Mullaitivu district, the Trincomalee, Batticaloa, Amparai and then Hambantota district, then these are the very districts that were badly affected.

The most affected regions of Sri Lanka from the tsunami also happen to be the poorest of the districts in the island. If we look at the tsunami relief, it has been given in ample measure by the global community.

In the recently concluded Donor Conference, we had an unprecedented commitment of over 2.2 billion US Dollars for tsunami relief and reconstruction.

We want to use that amount to stimulate growth in the tsunami-affected areas. We want to determine what mechanism should be devised to ensure that all these areas are treated equitably. So we have our problems on one side and an unprecedented global commitment on the other hand.

We have started talking to all the groups that are politically organized in those regions and we are now engaged in working out the mechanism by which we can undertake the economic development of the tsunami-affected areas. The government will concentrate on the areas which are the relatively deprived districts of this country.

These matters will be discussed by you in this seminar. Your policy advice as to how we can tackle these problems will be greatly

appreciated. I do appreciate as well the fact that we probably have the best brains in the field of poverty research all gathered here together for this seminar.

I have earlier discussed with Dr. Kelegama how the Ministry of Finance can make best use of your contribution. We would like to participate in these discussions and to benefit from your experience very much.

Finally, thank you very much once again and I hope that you will have a very memorable experience in the country not only in terms of the research that you have done but also in terms of the hospitality and goodwill which the Sri Lankans are well known for. Good day to all.