



## **Sir Richard Jolly**

Sir Richard Jolly is a leading development economist and Honorary Professor and Research Associate of the Institute of Development Studies (IDS) at the University of Sussex. He was the second Director of the IDS and held the position from 1972-1981. Thereafter, he took on the role of Deputy Executive Director for Programmes of the United Nations Children's Fund (UNICEF) from 1982-1995, with the rank of United Nations Assistant Secretary-General. Sir Jolly also held the position of Special Adviser to the Administrator of the United Nations Development Programme (1996-2000) and Principal Coordinator of the widely acclaimed Human Development Report, overseeing reports on a human development approach to growth, poverty, consumption, globalization and human rights.

Sir Jolly has served on the Council of the Overseas Development Institute and during 2001-2006, was a Trustee of Oxfam, and Chairman of the United Nations Association of the U.K. He was knighted in 2001 for his contributions to international development.

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## **DEVELOPMENT – CAN SRI LANKA BE A MODEL FOR IMPLEMENTING THE SDGS?**

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It's wonderful to be in Sri Lanka again – and to think back to Gamani Corea whom I saw on my last visit, shortly before he passed away. What a great man! What a wonderful legacy. What challenging potential for this Foundation?

Gamani was a true hero of Sri Lanka, a creative servant of the country and a great servant internationally where he was a pioneer for the United Nations (UN), especially of ideas for strengthening international action and what today, would be called global governance. Gamani combined a high level of intellect as well as institutional leadership and operational wisdom. His skillful and strategic leadership was seen when he was Director of Planning in Sri Lanka and later as Secretary General of the United Nations Conference on Trade and Development (UNCTAD) for 10 years, and later still as Chairman of the South-Centre. Would he be with us today to help revive international vision and help strengthen global institutions.

Today, I pay tribute to Gamani but also to those who have followed his inspiration in formulating the ideas and plans of the Gamani Corea Foundation, and especially to Godfrey Gunatilleke. Let me say at once how positively I react to the programme set out for research and postgraduate teaching. There is much that is excellent and well in touch with the main development challenges today. I especially like the strong question and normative goal – what will it take for Sri Lanka to become a Very High Human Development (VHHD) country in 2025-2035?

### **1. The Foundation's Priorities for Research and Teaching**

I frame my talk today around some of the issues raised in the Foundation's programme for research and teaching, ending with a challenge which grows out of the ideas in the programme but goes somewhat beyond them. Inevitably I speak as an outsider, ignorant of so much that everyone in Sri Lanka takes for granted. Sri Lanka has for many years attracted special interest for its development experience unlike others far beyond the country, especially because it has demonstrated in different ways what a country can achieve in terms of human development while still at relatively modest levels of income. Certainly, when I was at the United Nations Children's Fund (UNICEF), we treated Sri Lanka as a model when we issued "Profiles in Success", a document prepared for the UN Summit for Social Development in 1995.

There are still reasons today why Sri Lanka's development experience attracts and deserves special interest worldwide. In the ranking of the Human Development Index (HDI), Sri Lanka stands at number 73, in the upper end of the high HDI list. More significant, this is 29 places above where Sri Lanka would stand if ranked by per capita Gross National Income (GNI). At number 71 in HDI is Turkey, about double Sri Lanka's per capita income and ranked 12 places below where it would be, if listed by per capita income. At number 73 is Mexico, also with a per capita income not quite

double Sri Lanka's – and ranked 4 places below its per capita income. Apart from Cuba and two others (Georgia and Kyrgyzstan), Sri Lanka is the only country which ranks in HDI so far above its rank in per capita GNI. For all the weaknesses of HDI as a measure, this is still an impressive indicator of human development performance.

Sri Lanka's HDI figures are backed up by numerous other more direct statistics of the country's human situation: the under-five mortality rate is under 10, maternal mortality rates are relatively low, adult literacy rates are above 90%, averaging 98% for those aged 15-24, with slightly higher rates for women than men. Of course, this is only part of the picture or the only issues that matter for development. But the data explains why Sri Lanka has so often been used as a model. And I am left wondering how Sri Lanka can retain and strengthen this standing for the future. It also explains why I am totally supportive of the Foundation's goals that students should study what it would take for Sri Lanka to reach VHHD status in the 2025-35s – though, I will later suggest how in my view this goal could be broadened and strengthened.

Sri Lanka's human development performance can now be put into international perspective by reference to the Sustainable Development Goals (SDGs). A major international advance was the adoption last year of the SDGs. These goals were adopted by all 193 members of the UN and thus form the most authoritative summary of today's global development agenda.

In spite of certain criticisms, I see the SDGs as an important and major step forward, especially because:

- the goals were formulated over three years in an intensive process of participation, involving people in all regions of the world.
- the SDG goals embody many new key elements that are not part of the Millennium Development Goals (MDGs): inequality, consumption, a range of international actions – not just aid – and a diversity of dimensions of sustainability, including the need to promote peaceful and inclusive societies. None of these were mentioned in the MDGs of 15 years earlier.
- above all, the SDGs are universal, applying to each and every country, developed as well as developing. The SDGs thus, for the first time move away from the “us and them” thinking of the MDGs and, indeed, of most development thinking and policy until recently.

Though expressed in over-idealistic and often imprecise language, the SDGs build upon the substantial human progress made in most parts of the world over the last 50 to 70 years. In terms of life expectancy, education, health, access to clean water, and sanitation – the world has seen more progress for more people than ever before in history. I am not uncritical of this record but before turning to the negatives, let us at least recognize these positive achievements for billions of people. As Bill Foege of the Centers for Disease Control and Prevention (CDC) put it in relation to global health: spectacular achievement, spectacular inequities.

The close overlap between the SDGs and Sri Lanka's experience in human development reinforces the possibility of Sri Lanka continuing to serve as a model, especially for achieving such progress at a level of income below those of many other countries.

With these points as background may I turn to the five areas for research and teaching identified in the Foundation's programme, as follows:

- i. The role of the state in development, income distribution and reduction of inequality.
- ii. The sources of economic growth and Sri Lanka in the global value chain.
- iii. Human capital for very high human development - the Sri Lanka model for higher education.
- iv. The Sri Lankan model of urban development and empowerment at the local level.
- v. The social and demographic dimensions - female participation, gender equality, roles of smaller families and aging.

As I have already said, I feel extremely positive about these five areas for research and teaching. But I want to make five general comments about how they can be enriched in the ways they are carried into action.

First, I hope you will set the research in a long-term frame. The research and teaching programme explicitly focuses on the period since Independence. Why not make it 100 years? Several elements in Sri Lanka's development in the 1930s were of strategic importance - the universal adult franchise introduced in 1931 by the Donoughmore Constitution. The role of the dynamic Marxist opposition in the 1930s which also continued after Independence.

A second point, for all five topics, is to include attention to the important though fluctuating role which government tax revenue has played and must continue to play in Sri Lanka. Tax contributed much support in the 1930s and in the post-independence period, benefitting from high profits in the tea plantations but varying thereafter with slow or more rapid growth of Gross National Product (GNP) and then, declining sharply after 1990. As my Institute of Development Studies (IDS) colleague, Mick Moore, has written in a most careful paper on tax revenue in Sri Lanka: "Sri Lanka holds the world record for the longest and largest decline in government revenue collection. Over a quarter of a century from 1989, the ratio of government revenue to Gross Domestic Product (GDP) fell by a half, from 21% to 10.4% (in 2014)", though with a recovery most recently, I gather, to 13% or 14%. There needs to be further recovery from the earlier decline.

My third point is to encourage the Foundation to be more specific and rigorous in using the Human Development paradigm for analysis in research and teaching. Under the intellectual leadership of Professors Amartya Sen and Martha Nussbaum and others, the concept of human development has been refined and carried forward into many applications. Many of these can be found in the *Journal of Human Development and*

*Capabilities.* In spite of this work, the phrase “human development” is still often used in a most casual fashion meaning little more than having a rough human focus in policy or outcome.

Strengthening human capabilities goes far beyond this, as indeed does the concept of expanding human choices, both are the key elements in human development.

The adoption and use of a more precise human development approach would greatly strengthen the research and teaching in the Foundation. It would also make an important contribution to the understanding and application of the concept in many other countries - and indeed in universities and research institutes worldwide.

At the Human Development Conference in Tokyo last month, Takashi Hirai, Flavio Comim and I presented a paper making many of these points “Why is Human Development loved by all and so rarely taken seriously!” The paper spelt out a number of dilemmas in the application of capabilities analysis and Human Development measures. The Sri Lankan experience could help correct this deficiency with practical examples.

My fourth point is a question: should Sri Lanka’s experience of conflict be absent from your list of topics for research and teaching? There must be many sensitivities around this recent and painful topic – but the causes, its continuation in different phases and the long-standing efforts to bring it to a conclusion would seem important to probe and better understand from a development perspective.

This must cover not only experience to date, but future experience in seeking to introduce elements of reconciliation, accountability and reconstruction. Granted that there are several reports analysing these issues and there may well be more. But the links with development, positive and negative, understood or uncertain, are an integral part of Sri Lanka’s development experience.

In this, Sri Lanka is not alone. Many countries have experienced serious civil conflict in the last year alone, over a quarter of the world’s nations. The countries are often listed by the numbers killed in the last year – with Afghanistan, Iraq and Syria, the tragic cases, at the top of the list, along with the Boko Haram insurgency in Nigeria, Niger, Cameroon and Chad. Another 10 countries last year had 1,000 deaths or more from civil conflict, including the Mexican drug war, Ukraine and Southern Sudan. In total, there were some 55 countries with ongoing civil conflict, some going back 30 or 40 years. The cumulative cost in terms of deaths is well into four or five million, overwhelmingly in Afghanistan, Iraq and Syria but the disruption of societies and human development is far wider than the statistics of those killed, tragic as each death.

These broader elements of disruption and setbacks for development explain why Sri Lanka’s own experience is so relevant. Goal 16 of the SDGs is to promote peaceful and inclusive societies for sustainable development. This goal also includes providing access to justice for all and to build effective, accountable and inclusive institutions

at all levels. Sri Lanka's experience in these further efforts can make an important contribution to the world's understanding of these complex but vital issues.

The fifth point is the near absence of what needs to be done at the international level, to make possible better outcomes for Sri Lanka. Granted the Foundation's five-point agenda refers to "Sri Lanka's place in the global value chain". But this seems to imply that Sri Lanka will be the passive recipient of whatever international options are on offer, rather than an active participant – in changing these options. It would be in the best tradition of Gamani himself, to include in the Foundation's teaching and research some element of what Sri Lanka has contributed in the past and needs to contribute in the future to reform and strengthen the global system. This audience needs no reminding about the many ways in which the present international system, global governance, is failing the whole world today as Europe and other parts of the developed world as well as most other regions and certainly the group of poorest Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

## **2. Priorities for the Longer Run and the Potential for Sri Lanka to be a Global Model**

Let me now turn to the longer-term future, elaborating three challenges – adopting the priorities and details of the SDGs to the realities of Sri Lanka; reducing inequality and shifting from a model of ever-continuous growth to one focused on human concerns and long-run sustainability.

In my view, these are central to the longer-run challenges facing Sri Lanka and thus to the agenda for research and training of the Foundation.

### **2.1 Setting Priorities and Monitoring the SDGs through a Decentralized, Participatory Process**

The 17 SDGs are expressed in very general terms, perhaps inevitable in a global document. The goals specifically require each country to set priorities within the goals in a decentralized manner, involving communities and community groups. This matches the approach of the new government in Sri Lanka - and the needs of the communities in areas recovering from conflict. Perhaps the Foundation and some of its students could contribute to this decentralized process.

What is needed is not a once-for-all involvement in setting priorities but a sustained process of monitoring and adapting priorities as progress proceeds. It would be good if the Foundation could contribute to this and report on it to the wider world.

### **2.2 Reducing Extremes of Inequality**

The first point to stress is that reducing inequality is possible. After years of global and national neglect in both developed and developing countries, inequality has now moved to centre stage internationally and higher up the national agenda in many countries. For the first time, inequality, national and international, has been specifically identified as an international goal.

Soaring inequality in many countries of the world is now acknowledged to be in large part the consequence of the adoption of neo-liberal economic policies in the 1980s. Worldwide, there is no doubt about the negative role for development that the international institutions played from 1980 until recently, in many countries, indeed in the majority of those in Latin America and sub-Saharan Africa. Neo-liberal policies had to be adopted as a condition for obtaining debt relief. These free market policies in turn were a major cause of inequalities to soar, as it has, they did almost universally until the millennium.

There are some important examples of reducing inequality in recent years. After 2000 in Latin America, many centre-left governments were elected and the majority adopted policies to curb the high levels of inequalities. As a direct consequence, Gini coefficients were brought down in some 15 to 18 countries by a range of policies, well analysed by *Falling Inequality in Latin America: Policy Changes and Lessons* edited by Giovanni Andrea Cornia. The policies included progressive tax measures to curb top-incomes as well as new elements for support of the poorest households. The expansion of secondary education also helped as did rising commodity prices. Some countries also introduced elements of land reform in favour of marginalized farmers.

In Sri Lanka, the Gini coefficient has risen from 1990 to 2015, though perhaps with the upward trend being modified in the last few years. The shares of income of the lowest 20% may also have increased slightly in the last 5 years, along with the shares of the middle 80%. But the income of the top 20% remains high, for instance, 5.8 times that of the lowest 20%, though this is in the lower third of the high human development countries.

Inequality embraces much more than income inequality. The inequalities which matter for long-run equitable progress are such as early childhood nutrition and well-being, and access to quality education, especially at the secondary level. Gender equality is also especially important, the more so because of the interaction between one dimension of inequality and another – what Naila Kabeer has termed intersecting inequalities, where inequality in one dimension feeds into, sustains and often widens other inequalities over the human lifecycle, from one generation to another. Actions to tackle these inequalities need to have clear objectives, long-run goals, cross-sectoral action and sustained monitoring over the longer run.

Professor Tony Atkinson in *Inequality: What Can Be Done?* has set out fifteen areas where action is needed in relation to the economic situation. I have put them within the frame of redistribution with growth, a strategy originally set out by Hans Singer as Redistribution from Growth. The core idea was that redistribution needed to be built into a country's growth strategy: the income of all groups could increase, but taxation of the better off should be arranged so as to tax some of their increases – but not all. The revenue thus raised would then be channelled into investment for the poorest, delivered in terms of contributions to health, education and investments of the poorest farmers and of urban informal workers, thus raising their productivity for the longer run. *Redistribution with Growth*, the volume produced by IDS in cooperation with the World Bank generalised this strategy – redistribution with growth, not from growth.



It was one of the few publications on redistribution issued by the World Bank, at least until recently. Like other documents issued by the research department of the Bank, it, unfortunately made little difference to the policies they pursued, especially during the era of structural adjustment policies over the 1980s and 1990s.

Other priority elements for redistribution include some often forgotten – support for technologies which benefit the poor, control of monopolies to limit the capacity of corporations and businesses to raise prices in the favour of capital and at the expense of wages and employment – or even taxation. The guarantee of public employment can build on India's National Rural Employment Guarantee programme which has had considerable success in providing a minimum income floor for the poorest in many states, especially for women. In India's Employment Guarantee programme, one woman in eight or so is often employed looking after the children of the other women workers.

Many countries have demonstrated the usefulness and success of payments for child and other family benefits, linked to conditions that the mother or child attend regular health check-ups or in richer countries like Costa Rica, where the children attend secondary school instead of working. There is now important experience of such policies being successfully implemented in a number of countries, in a cost-effective manner. The key point is not their economic feasibility but the politics of building a coalition of support.

### **2.3 Moving from Maximizing Growth to a Strategy of Sustainable Development for the Long Run**

Sustainability covers a large agenda. Protection of the environment, the heart of several SDGs, requires specific actions for protecting forests, biodiversity of species and marine ecosystems. Less emphasised are the ways environmental issues are linked to ensuring sustainable patterns of consumption and production, goal number 11. In ending, I will concentrate on this because it may be another area where Sri Lanka can serve as a model for the world.

The expansion of consumption in virtually all countries of the world is driving most of the global pressures on the environment, more than population growth, let alone actions to end poverty by raising the incomes of the poorest. Yet so far, and apart from praiseworthy efforts by a few groups calling for alternative development approaches, little has been done to change fundamentally the patterns of consumption in middle- or high-income countries. This is the big challenge underlying calls for faster action on climate change, the destruction of forests, protecting marine waters and ending pollution. Could Sri Lanka be a model for change?

Sri Lanka already has some features which have made it a model for human development, as I have already explained, by virtue of the high levels of human development it has already achieved with relatively low per capita income and sustained even during periods of low growth. Could Sri Lanka now be a model for providing higher standards of human well-being, satisfaction and happiness for the

whole population without an endless pursuit of economic growth? If so, Sri Lanka would indeed become a model of global significance for the 21st century.

Many might dismiss this hope as a pointless dream, fine for academic philosopher kings but hardly in touch with the realities of serious economics or economies. Don't be tempted by such thoughts. John Maynard Keynes, no slouch as a serious economist, considered that the economic problem in the more developed countries would be solved, or be within sight of a solution, in a hundred years. He projected that by 2020 income per capita in the Western world might be four or eight times greater than in the 1930s – a situation more or less already achieved in much of Western Europe and the U.S.

Keynes predicted that this level of income would be enough for meeting absolute needs, defined as a point after which many people would prefer to devote their energies to non-economic purposes. He boldly concluded. "For the first time since his creation, man – we would now say people - will be faced with his permanent problem - how to use the freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely, agreeably and well." Robert Skidelsky, the distinguished biographer of Keynes, has explored these ideas with his philosopher son in *How Much is Enough; Money and the Good Life*. It would be a good starting point for exploring possibilities in Sri Lanka.

I am not suggesting that Sri Lanka in income or leisure has yet reached this position. But I do wonder whether, with careful attention and policy-making, Sri Lanka could be moving to this position for most of its population within the foreseeable future. If so, and this is my point, Sri Lanka might reach lifestyles and sustainable consumption at a level of income far below that of the richest countries of the world, then or even now. As Godfrey Gunatilleke has put it in his agenda, "the essential ingredients of development include an adequate income, health, education, a safe environment, freedom, security and enjoyment of human rights." Godfrey's objective would require purposeful change, political leadership and community participation to achieve this outcome - but it would not require ever faster and continuous economic growth as the end in itself.

Am I simply a naive outsider to think that Sri Lanka has much of the experience and many of the building blocks on which such a more human living style could be constructed? It would require strong leadership from civil society – from religious groups and others who already treasure such values. It would require a vision of the good life from government leaders and planners, and a sharp shift from maximizing economic growth. It would require building on the less material values in Sri Lanka's culture and long traditions and certainly some control of the international and national corporate forces which define business success as ever-growing sales.

### **3. Conclusions for the Foundation**

These three major challenges – prioritising and monitoring the SDGs, reducing inequalities and shifting from an objective of maximizing economic growth to one of improving the human condition and happiness of people in Sri Lanka. These are major challenges. Exploring them would bring excitement and originality into the research and teaching of the Foundation. I hope you will consider how this can be done.