SRI LANKA INC. A POSSIBLE REALITY! "THE SILENT WAR - ACHIEVING THE UNTHINKABLE"!

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Abstract

This paper seeks to provide an insightful analysis of a pragmatic development model towards industrialization. "Sri Lanka Inc" is a concept that requires serious consideration. This paper also focuses on both Government and Private sectors and their roles in spear-heading monumental transformations. Post Economic literature reveals that many countries which achieved phenomenal economic growth did so with a cohesive action plan set by Economic Development Ministries of respective countries entwined with strong Political leadership. Sri Lanka today has this convergence, and is poised for rapid take off with economic, monetary and fiscal policies well enshrined. However, as with any progressive mindset towards change and transformation, comes the doubting elements in humans who feel vulnerable to the very thought of change and those who need to adopt a mindset of change towards entrepreneurship and innovation.

The paper argues that 'Attitudinal Change' is created and not inherited, by the confidence of business leaders, industrialists, bankers, entrepreneurs, and theorists alike, with government playing a facilitating role in the process. Adopting the right 'Attitude' will be the deciding factor in our next critical war – "The economic war"; a war that continues to be ferociously fought on the battle grounds of *competitive advantage* as opposed to *comparative advantage*. Such is this gargantuan task that it requires many of us, if not all, to be radical in our approach to routine, ideological, mind blocking thoughts, not in a violent manner, but in a thorough introspective and transformational manner.

1. Background

Many of us reading this paper are doing so in the comfort of our homes, offices or at a place of leisure, relishing with it the 'peace of mind' devoid of war, death and mayhem. The so called "peace dividend "we bask in is now taken for granted. Every individual in Sri Lanka expects the Asian miracle too, to be couriered to our doorstep and not earned. Our rationality seems to have forgotten that the path to economic prosperity requires breaking away from ideological and social shackles that once kept us frozen in time, limiting our minds, our ingenuity and our will to strive to make our nation prosperous. Thirty years of destructiveness of our society and culture is a testimony to short-termism, quick results, a fast buck and a shallow mindset.

In today's day and age of technology and instant connectivity, many talk of *economic prosperity* as if it were a commodity off the shelf of a super market, or better still as if it were in instant form (i.e. similar to instant noodles). Such desire and expectation is a sign of yearning and a signal of positive momentum that needs direction and guidance. The significance is more so, in forcing a change in each of our mindsets and the creation of a strong work ethic!

"Sri Lanka Inc" is an idiom I use deliberately, and is a great starting point in channeling and feeding this yearning for economic prosperity. It has always been a concept that I personally subscribe to from the days of my Development Studies. Clearly it is with purpose that this phraseology is used, to depict that a country can and must be run with the "mindset of a company". It simply means a result oriented approach with clearly defined goals and targets.

To this end, a comprehensive partnership is required between Government and Private sectors in order to put idle resources/assets to work, generating steady streams of cash flow. As with any partnership, both parties have their own responsibilities to the numerous stakeholders and thus each party needs to understand its roles and limitations, as in marriage, which is consummated and played out in the long -term.

In order for us to understand this proposition better, the paper hopes to examine and bring to light some of the economic success stories and the partial truths and misconceptions of Government participation which have been deeply rooted in our minds. It will also attempt to debate the role government has to play in bringing about 'the development miracle'. It will further argue that the best performing economies have been those which have transformed themselves to an open economy selectively and gradually! Therefore, the question arises, as to why should not Sri Lanka Inc. ambitiously move down a similar path too? For, it has been said, "God helps those who help themselves"!

2. Inc. History Revealed

Economic journals shed light on many success stories of East Asian economies and of industrialized western economies. Reading them, as Sri Lankan's, we find ourselves asking questions such as, where do we find financial capital and technology? Is our market large enough (i.e. economies of scale)? Can we compete with larger players and other markets? How and when will, the Government help? Is the increased role by SOE healthy for our economy? Let me weave my answer into these questions, putting this debate into context by focusing on three Asian countries that beat the odds and now stand tall among industrialized nations, namely;

- South Korea Inc
- Malaysia Inc
- Singapore Inc

3. South Korea Inc

In the 1960s, South Korea under the leadership of General Park Chun Hee, pursued their own development agenda. Many western economists voiced concern over such ambitions as economic and social conditions looked bleak if not completely dismal. USAID, called South Korea a *bottomless pit* given its basket case development story[1]. Undeterred, the Park government embarked on ambitious plans of modernization and industrialization. In 1961 the journey took root, and a five year plan was unfolding. The objective was to raise South Korea's per capita income from USD 82 to USD 1,000.0 by 1981 (Chang, 2003).

The setting up of the Economic Planning Board is viewed as the catalyst in its growth story. From many industries selected, shipbuilding and electronics were considered as two of the impossible industries to grow. Apart from these industries, a wide range of exports was also encouraged by direct subsidies. All taxes and restrictions on the import of intermediate goods that were to be used to produce export products were removed, paving the way for industrialization. As a result, many of the competing industries, such as, textiles, clothing, electrical machinery, among others, which had underperformed owing to the lack of imported raw materials, flourished and thrived. These policies produced immediate results.

Ambitious development programs require enormous amounts of capital. As the level of United States assistance had stabilized, the Park regime turned to "financial diplomacy" with other countries in order to establish what was seen as a much needed financial mix and balance.

To this end, normalization of relations with Japan in 1965 paved the way for financial assistance from loans to grants for the damages suffered during the colonial era. Park also sought the support of Federal Republic of Germany in 1964, which resulted in the extension of new credit lines and aid to the South Korean government. The availability of funds and the increasing level of exports elevated South Korea to the world stage, enhancing its external credit rating, making it now possible to increase foreign currency borrowing in the international capital market for funding of its much-needed long-term development projects at relatively low cost of funding.

Armed with a "never give up attitude", and strong "work ethic" South Korean businesses discovered they could now successfully compete abroad. As idle capacity was used up and the demand for new manufacturing investment rose, increasing numbers of foreign investors poured into South Korea. Domestic savings rates grew and exports expanded significantly. Foreign exchange earnings improved as export and foreign receipts increased. In the meantime, government also took steps to augment tax revenues and stabilize consumer prices. The miracle was now set in motion!

[1] Ha Joon Chang-"Bad Samaritans" the guilty secrets of rich nations and the threat to Global prosperity

The new found economic strategy, emphasizing diversification in production and trade, proved generally successful in the 1970s. Under the government's third plan, a bold move was taken to expand South Korea's heavy and chemical industries (HCI), investing in steel, machinery, shipbuilding, electronics, chemicals, and nonferrous metals. South Korea's capability for steel production most notably was a concern to many due to the lack of input raw material. Despite this, the mindset of the people of South Korea was attuned to making this industry a reality. The government like most South East Asian governments approached the IMF and World Bank for funding of its steel production plans, only to realize that they were not taken seriously by both multilateral lending agencies[2]. Despite the rejection, refineries for zinc and copper and modern shipbuilding facilities were constructed; automobiles soon began to be exported with brand names of likes of KIA and Hyundai[3]. By 1976 South Korea had transformed itself into an upper middle income country. By 1972, South Korean exports totaled USD 1.6 billion and by 1979 exports reached a staggering USD 15.1 billion or growing nine times in dollar terms[4].

It is noteworthy to mention that the Park government achieved their dream of USD 1000 per capita, four years ahead of schedule. According to Ha-Joon Chang, South Korea's development miracle can therefore be attributed to *clever and pragmatic mixture of market incentives and State intervention*[5].

South Korea's real GDP expanded by an average of more than 8 percent per year, from US$3.3 billion in 1962 to US$204 billion in 1989, breaking the trillion dollar mark in 2007. Per capita annual income grew from US$87 in 1962 to US$4,830 in 1989, reaching the $20,000 milestone in 2007. The manufacturing sector grew from 14.3 percent of the GNP in 1962 to 30.3 percent in 1987. Commodity trade volume rose from US$480 million in 1962 to a projected US$127.9 billion in 1990. The ratio of domestic saving (including retained profits) to GNP grew from 3.3 percent in 1962 to 35.8 percent in 1989[6].Today the country has positioned itself as a competitive destination, with many world-beaters, in its asset portfolio, namely, Hanjin, LG Corporation, Samsung, Red Mango, Hyundai Corporation to name a few[7].

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[2] Ha Joon Chang-(book)"Bad Samaritans-The guilty secrets of rich nations & the threat to global prosperity"

[3] http://en.wikipedia.org/wiki/Automotive_industry_in_South_Korea

[4] Ha Joon Chang-"Bad Samaritans" the guilty secrets of rich nations and the threat to Global prosperity

[5] Ibid

[6] http://en.wikipedia.org/wiki/South_Korea#cite_note-imf2-1

[7] http://en.wikipedia.org/wiki/List_of_companies_of_South_Korea

4. Malaysia Inc

Similar to where Sri Lanka Inc is today, in terms of, economic transformation, mixed cultural values, population and religious diversity, Malaysia Inc is another earth-moving example.

Malaysia Inc coined in 1983, by Hon. Prime Minister Dato Seri Dr. Mahathir bin Mohamad was an idealistic concept at that time, essentially to bring about a mutually satisfying relationship encompassing 'shared values and a sense of common purpose' between public and private sectors. The rationale was to create interdependence between these two sectors as the primary components of a 'single progressive entity'. The government was keen to remove traditional antagonistic mindset and adversarial relationships (whether real or imagined) between the sectors and both parties were encouraged to become 'congenial partners with a national development orientation[8]. Dr Mahathir knew that the state had to take the lead, thus emulated the Korean model by initiating a return to import-substitution industrialization, with a new focus on the establishment of heavy industries.

Malaysia Inc's new development policy brought about a dramatic increase in the state's involvement, witnessed across public resource allocation as well as public sector ownership and control of business enterprises. To Dr Mahathir, Public enterprises continued to be regarded as the 'new engine of growth'. Public enterprises or SOE's were to participate in the transformation of the economy to a much greater extent than before. All key sectors of New Malaysia were now firmly under the state's watchful eye. Three major categories were outlined by policy to include, a) Departmental enterprises, responsible for providing public services such as water, telecommunications, civil aviation and refuse collection. b) Statutory bodies such as, the Malaysian Industrial Development Authority (MIDA), Petroleum Nasional Bhd (Petronas), the Tourist Development Corporation (TDC), the various state economic development corporations (SEDCs), etc. c) And finally, government-owned private or public companies were established under the Companies Act of 1965 (Simpson, Juy 2005).

It is worthy to note that these policies marked an about-turn from the colonial market do it all approach to a more interventionist role of the state, in an equitable redistribution of wealth in order to eliminate chronic poverty. Though the New Economic Policy (NEP) was a radical shift from conventional thinking, it was clearly the cornerstone on which Malaysia Inc was built. The NEP, had withstood change and had seen three Prime Ministers over its 20 years of policy life span, thereby providing strong policy continuity. The government also effectively managed to implement two vital macro variables, namely, monetary policy and sound fiscal policy leading to sustained price stability and low inflation. Exchange rates were managed, and real rates of interest were maintained at low levels to provide constant and rewarding incentives to exporters (Madavo, 1996).The NEP also targeted the reduction of poverty from 50% to 17% by 1990. This was achieved on time with a reduction in poverty to 15%. (Gomez, 1999.)

[8] http://unpan1.un.org/intradoc/groups/public/documents/EROPA/ARPA-JulDec1997-Karim.pdf

Additionally, a binding adhesive was created, in the form of a trustworthy environment whereby PPP (Private Public Partnerships) would pool together their scarce resources, managerial skills and technology in order to strive for optimal growth and rapid development. Idealistic and at times an unthinkable concept, envisions the role of civil service and the government working closely with the business community. The sole purpose was to enable businesses to carry out their activities smoothly. Therefore, the role and primary responsibility of the public sector was to create a conducive and functional environment that would be catalytic in providing the right impetus for rapid economic growth within the legal and regulatory framework of the country. The public sector succeeded in meeting this challenge magnificently. A key piece of legislation that re-tooled Malaysia Inc was the Development Administrative Circular No 9 of July 1991, aptly titled, 'Guidelines on the Implementation of the Malaysia Inc. Policy'; issued by the Prime Minister Department, and circulated among Secretaries General of Ministries, Head of Federal Departments, Heads of Federal Statutory Bodies Hon. State Secretaries and Local Government Authorities.

Salient features of this policy document was that it was concise, time bound and discussion oriented, while being result oriented, some key thoughts outlined were,

a) Strengthening public-private sector working relationships;
b) Improving the quality of public services rendered to the private sector;
c) Improving information dissemination; and
d) Enhancing the understanding of the Malaysia Incorporated Policy among public service personnel,

The recognition and reward methodology articulated by the guidelines too was unique in that it enabled the private sector to nominate public sector employees for promotions, based on outstanding services provided and not retarded or restricted by political favor and cronyism

In The 1995 *World Competitiveness Report* published by the *World Economic Forum* and the *International Institute of Management based in Geneva* ranked Malaysia as the 21st "Most Competitive Country" in the world from among 48 countries surveyed and placed her third among non-Organization of Economic Cooperation and Development (Non; OECD) countries[9]. The country was evaluated in eight criteria used to gauge 'World Competitiveness': namely, domestic economic strength, internationalization, government, finance, infrastructure, management, science and technology, and the people. Hence, Malaysia Inc was able to sustain its competitive edge needed to preserve its status as a formidable player in the international economy today!

[9] Ibid

5. Singapore Inc

"If Singapore Inc were a listed company, what would its market cap be? Think about it. The GDP, which is profit earned in a year, is S$210 billion. The price earnings ratio on SGX - average is now 20....I calculated if Singapore Inc went for an IPO, it is a 4-trillion-dollar company. So, I think we are well within the right ballpark for what these jobs are worth, as ministers. But whatever the formula, whatever the detailed number, the reality you cannot run away from is that the private sector is moving and it's moving up and so must we." – PM Lee, channelnewsasia[10]

In the final stop of our investigative journey, it would be prudent to trace the steps of Singapore Inc's success story as it provides insight into her phenomenally successful growth story

The potent story of Singapore Inc was a small country, with no natural resources, no domestic market, with small manufacturing base during the 1960's. Today it stands tall among the developed nations. Its journey is best articulated in the acclaimed biography of its architect Lee Kuan Yew, titled "From Third World To First", the Singapore story: 1965-2000 (memories of Lee Kuan Yew). The British government's reluctance to grant full independence to Singapore because of its Communist ideologists made Singapore more determined to overcome its fate at the hands of the British. According to Lee "our climb from a per capita GDP of USD 400 in 1959 (when he took office as Prime Minister) to more than USD 12,200 in 1990 and USD 22,000 in 1999 took place at a time of immense political and economic changes in the world"

Investigative economic literature would tell us that the launching pad was 1961, with the setting up of the "Economic Development Board" (EDB) prior to Singapore being separated from Malaysia in 1965. The EDB was re organized and re-formulated in 1968, in what was seen as the creation of a "Hungry State "mindset, always looking for the next big thing, implementing progressive economic development strategies to put Singapore Inc squarely in the competitive advantageous path (Yew, 2000). As Micheal Porter was quoted saying, "key factors are created and not inherited".

The odds were against Singapore given its small population[11], little industrial expertise and further exacerbated by lack of capital. Nonetheless, neither policy makers nor entrepreneurs were deterred from the ambition of economic acceleration and change. Singapore pursued its ambition with pro business, pro export investment oriented policies. The industrialization strategies pushed manufacturing from a basic input industry to high value addition of goods that commanded higher financial value. The handing over of the "Sembawang Shipyard" to the Singapore government by the British was the turning point in Singapore's destiny in its path toward industrialization. In 1968, the shipyard eventually transformed into a commercial dockyard and a major shipbuilding and ship repair centre. By the 1970s, Singapore had become a world leader in shipping, air transport and oil refining.

[10] http://theonlinecitizen.com/2007/04/singapore-inc-4-trillion/

[11] Singapore population was 4.9 million (2009) including residents and foreign workers

The government of Singapore had envisioned an industrial island that would be the choice destination for the mass production of low cost goods. Multinational Corporations (MNCs), which were considered predatory and exploitative by other emerging economies at that time were gladly welcomed by the Singapore government. It was a high risk gambit, but this *'outward looking'* strategy paid off handsomely for Singapore Inc. As a result of progressive thinking, and risk taking ability by the 60s and 70s, Singapore had successfully pitched itself as a preferred destination that could house large investment for MNCs. With the formation of the Singapore Monetary Authority (MAS) established in 1971, eventually the Singapore Dollar (SGD) was introduced to the trading world, as a global currency. According to Lee (The Singapore Story, page 129) the role of the state was strategically maneuvered to ensure Monetary stability, a balanced budget and low taxes together with creating a saving culture -by setting up Post Office Savings Banks ensured ample investments were made in infrastructure: roads, bridges, airports, container ports, power stations, reservoirs and mass rapid transit systems. This action led to a virtuous cycle of productivity.

Here again it is noteworthy to highlight "political stability" as the bedrock on which Singapore flourished with the Governing party commanding a stable majority in Parliament[12].

In summary, in 1965, when Singapore became a fully independent Republic, the per capita GDP was typical of that of developing countries at US$512 per annum. Today, 43 years later, as per 2009 figures, the per capita GDP went up by 69.3 times to US$35,515 per annum[13], a journey from Third World To that of the First World.

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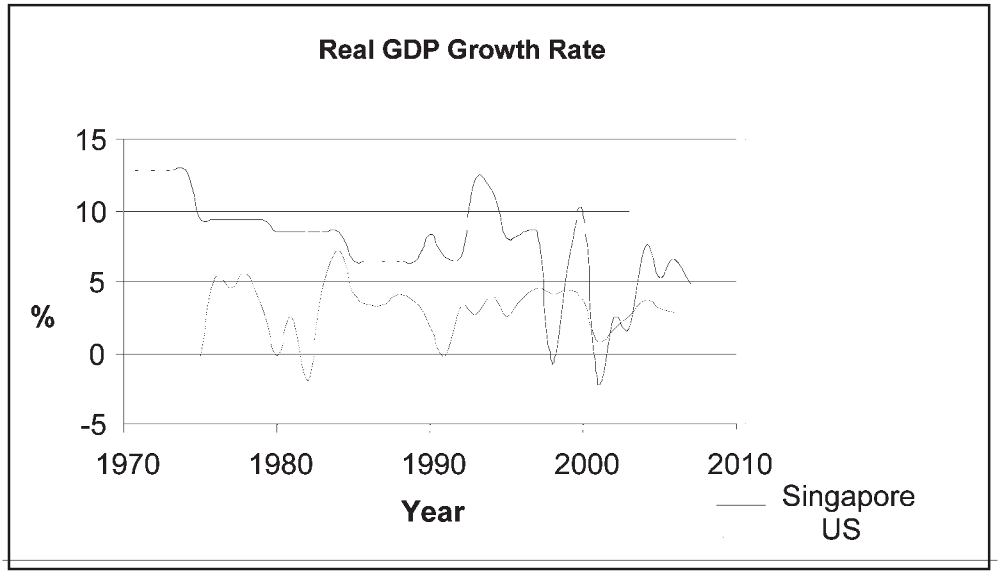
[11] Singapore population was 4.9 million (2009) including residents and foreign workers

[12] http://www.state.gov/r/pa/ei/bgn/2798.htm

[13] Ibid

Chart-1 Singapore and US Economic Real Growth Rate
From 1970 to 2009



Source: United Nations Statistics Div. http://unstats.un.org, US Bureau of Economic Statistics

6. Attitudes, Attributes and Key Lessons

The critical question now, is what should a country, such as, Sri Lanka be emulating in its approach to exponential growth? In answer to that question, we have sufficient empirical evidence, that supports high-end value added industrialization path or a proposition to say that rapid development requires value added industries, more so manufacturing industries. This said, not all countries need to venture into this prescribed format of industrialization, for few countries are fortunate enough to inherit natural resources such as oil etc, which makes them less inclined to focus on manufacturing. Nonetheless, history reveals that the decisive factor which divides rich countries from the poor is its manufacturing capability.

6.1 Ideology Vs Reality

Many liberal ideological thinkers would argue in the 21st century macro policies should be skewed to be investor conducive. That Nationalistic policies are unhealthy, the need to remove protective barriers, as businesses need to compete on equal footing. If not it, such policies would retard the process of rapid development, but economic history would tell us that it is not true. Britain in its path to industrialization, banned cotton textile exports from its colonies -Wool act, which directly competed with its own products. Similarly, the United States, Japan, France, Finland, Austria, Germany, Sweden, Netherlands, Malaysia and South Korea too erected protective measure and resorted to interventionist policies to ensure “infant industries” were shielded from foreign competition (Ha Joon Chang, 2002 & 2007). Why not Sri Lanka Inc resort to the same economic reality?

6.2 State Ownership Vs Private Ownership

The State (i.e. public ownership) should not be in business is a citation that is heard most often! Understandably, so, as theory would also suggest that the state is called upon to provide, public goods and services, such as roads, street lamps, play parks, basic infrastructure etc. Since by definition the State ownership would mean collective ownership, and hence gives rise to principal-agent conflicts. This argument has been at the center of neo-liberal theorist, whose argument is that the state should be out of businesses, as it leads to a so called “free rider” problem[14]. This neo liberal ideological base was given further impetus and prominence in the UK by what is now termed “Thatcherism” made popular in the 1980 by Prime Minister Margret Thatcher, who pioneered privatization of State Owned Enterprises (SOE).

As we have witnessed in the recent past the problem of “free rider” is not confined to SOE alone but now to private sector too.

In 1967-1977, UK British steel, British Leyland and British aerospace was nationalized by the government. As recent as 2008, the United States of America considered the epitome of free markets found themselves desperately seeking government intervention. Bailing out large companies such as AIG, Citi, GM, Bear Stern to name a few. Across the board today from Europe to USA today many companies been nationalized Or “Bailed Out” by the taxpayers. Literally, this means that now most taxpayers own equity in private “failed “companies. Does this mean it’s all bad, and contrary to tax payers interest? Therefore, the “free-rider” debate is currently taking center stage, with orthodox economist scrabbling for a suitable footing to their conventional thinking (Ha-Joon Chang, Ilene J. Grabel, 2005) Nevertheless, there is strong empirical support to say that the Government needs to step into businesses and correct a bad situation from getting worse. Similarly, when Government is in business, it does not mean it is a bad situation, probably getting worse.

Economic history also sheds light on many European countries who successfully adopted SOE as a model in its development plans. Countries such as, Austria, Finland (Technological, Forestry, Mining Steel, Transport equipment and Chemical industries) France (Alcatel-Technological industries, Renault-Motor industry, Unisor-Steel industry), Norway, and Italy post world war-2, up

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[14] “free riders” are those who consume more than their fair share of a public resource, Or shoulder less than a fair share of the costs of its production (Source: Wikipidia)

until the early 1980s, achieved economic recovery thanks to competitiveness and functionality SOE's (Ha Joon Chang 2007). Australia, Canada, New Zealand too have had many success stories with their version of the SOE model[15]. Closer to home, today we find Singapore is silent example of efficient SOE's. SOE's of Singapore are twice as large as that of South Korea's public sector, measured in terms of contribution to national economy. Koreas SOE sector is circa twice as big as that of Argentina and circa five times bigger than that of Philippines, in terms of its share to national income (Ha Joon Chang 2006). Clearly , 'food for thought' for any developing economic model to consider emulating.

In our exploration of suitable SOE model, Singapore Airlines is a case in point; Singapore Airlines is a state owned airline with 57% of its stake held by TAMESK Holdings, which in turn is owned by the Singapore Ministry of Finance. Over its 38 years of operating performance, it has never recorded a loss. In 2009 Fortune Magazine Publication of the World's 50 Most Admired Companies ranked, Singapore Airlines at 33rd[16] position. It has built up a strong brand name as a trendsetter in the aviation industry, receiving many accolades for its innovation, safety and service excellence, in addition to its consistent profitability.

Similarly Pohang Iron and Steel Company, Petronas, Petrobas, namely of, South Korea, Malaysia and of Brazil have hopefully enriched all our views on SOE's and their importance, as they have proven to be at the forefront of competiveness and innovation, while being recognized as world-class companies under State management. This is not to say that state interventions works all the time, but when we consider the success stories of rapidly developed countries the record shows some form of myriad interventionist policy by the SOE's did exist (Woo-Cummings 1999). Therefore, isn't it pertinent that Sri Lanka Inc. take a leaf out of this tree of success?

Hopefully now our minds should debate the concept of State Owned Enterprises vs Private Enterprise in a progressive sense and not in antagonistic manner, as clearly history has shown us that both forms is seen as a critical ethos for either party's mutual survival.

6.3 Key Lessons

What are some of the key lesson we learn from adopted development models? Let me summaries.

a) Neo liberal policy makers would argue that a country could achieve rapid economic development by opening up the economy. This is clearly not the case, and empirical evidence does not substantiate this claim. As empirical data suggest that best performing economies have been those who have opened their economies selectively and gradually (Chang & Grabel, 2004)

[15] http://en.wikipedia.org/wiki/Government-owned_corporation

b) All developed countries have adopted interventionist measures, targeted subsidies and protection of infant companies to their advantage in its development process.(Chang, 2006)
c) The State has an active role to play not only in policy formulation and pragmatic mixture of market incentives and strategies, but also in steering the country via its participation (ibid)
d) Price stability via stable exchange rates, low inflation, accumulation of foreign reserves, and stable monetary policy, play a pivotal role in establishing sound, predictable, macroeconomic policies (Chang, 2006)
e) Strong political leadership is also a cornerstone for investment owing to the continuity of policies (Karim 1996).
f) SOE performance and active participation can be improved without privatization. To this end clear goal, priorities and evaluation criteria must be set for SOE's (Ibid).
g) If private enterprise is not forthcoming for key areas, the government must step in by setting up SOE's (Chang, 2003)

7. Sri Lanka Inc- 'A New Model'

"The Asian Model is idiosyncratic, the Anglo-American Model is universal." An honest examination of historical records would reveal that this is far from the truth.

Within the context of the Asian development models, Sri Lanka finds itself with a unique opportunity to be master of its own fate, articulating the best mix from the various East Asian development models to suit its development objectives. An optimal model to this end is adopting a mindset and culture of running the country like a "corporate entity", thereby fast tracking its plans of achieving the established objective of per capita income of USD 4,000 within a short period. "Sri Lanka Inc" is no doubt moving in the right direction. Quoting from Deng Xiaoping of China, "it doesn't matter if the cat is black or white, so long as it catches mice". Therefore it doesn't matter what model you adopt, as so long as you can deliver results (Fishman, 2005-2006)

Sri Lanka Inc. is well equipped to take monumental strides with the needed policy tools firmly in place. However The Inc. mindset will require four broad pillars as we have seen with other countries which followed a similar path, a) strong visionary senior management team, along with a disciplined mid management team empowered to executing pragmatic policies and dynamic operating plans. More importantly, each stakeholder must understand their respective roles, scope of work, and form a cohesive team with strong work ethic and imbue a culture of "one team one goal" with regular consultation, of progress/mile stone achieved, among key ministries. b) Financial management team headed by the Ministry of Finance and Planning is also well established, however, Sri Lanka Inc. should be attuned to changing global markets- as the global downturn has meant increased procurement opportunity, which requires quick "thinking on your feet", as it is key to capitalizing on such global market corrections/aberrations. c) Consistent Human Resources management policy-a transparent reward system based on profitability or growth targets, while taking into consideration the contribution made for the smooth functioning of private sector. Incremental rewards of up skilling could also be a key factor at motivating, while attracting and retaining employees with the right attitude and approach. d) Finally, Differentiation of Products -Incidentally, Sri Lanka Inc. would need to embark on a strong sales & marketing orientation, for each stakeholder should be viewed as an indirect or direct customer with a sales outcome attached.

8. Summary and Conclusion

As we have seen in this paper, economic development entails action by both public and private sectors. It also demonstrates that breaking away from the mindset block and ideological straightjacket imposed by many neoliberal theorists and institutions led the way to rapid industrialization, viz-a-viz manufacturing, product diversification, branding and value addition. Thus, the paper has highlighted that going against conventional wisdom, while adopting “street smart policies” can lead to our advancement from “Third to First world” status. In order to move forward, government has to play an interventionist role and competitively participate in the progress of key sectors of the economy. Furthermore, the paper has argued that cohabitation and partnership of public private sectors is possible when roles are clearly articulated and executed.

Today, Sri Lanka is well poised to reap the benefits of strong political leadership and government, which has been a prerequisite for ‘visionary policy formulation’. It is also noted that Sri Lanka has addressed many key necessities by way of structural imbalances and macroeconomic variables, opening the doors for building of a Sri Lankan brand of entrepreneurship and strong business acumen to take firm root. To this end, adopting a company mindset or corporate management culture, with a result-oriented mindset needs to be created in the form of “Sri Lanka Inc” and thus must be viewed as a pivotal starting point to our hub status and achieving monumental growth.

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