Good Future Ahead

Dr. P.B. Jayasundera, Deputy Secretary to the Treasury and Chairman of PERC, believes the present government has taken very bold and daring economics to get the economic fundamentals right, and therefore the country is now on the right path to progress. He also admits, that he does not know whether the government itself knew the extent of the trade-off it did in terms of losing political support, for having taken the correct economic decisions. Dr. Jayasundera, believes that the Colombo Stock Exchange is in no way a barometer of the country's economy, because so many sectors of growth are not listed. He also believes that privatization is not a cure for all ills, and must be done in the national interest. Yet he sees a good future ahead, provided Sri Lanka has a Vision for the future, which is properly articulated by politicians and the people are made to share in that vision. Dr. Jayasundera was interviewed for "Business Today" by Lucien Rajakarunanayake.

BT: Sri Lanka is following the path of a market oriented economy, as it is so often described. We have had this type of economy under the previous government too. I am not asking for a total comparison with the entire period of the previous government. But, is there any significant difference in the approach by this government, as you can see, compared to what it was in the past?

The previous government took the first steps in opening the economy, particularly in the trade sector and bringing certain market reforms, and also expanding certain public investment. But, one of the fundamental problems, probably due the circumstances at that time, was that the initial reforms lost momentum, particularly after 1983. As a result there was no continuity. In fact one of the concerns that many people express when they talk of the Sri Lankan economy is that probably Sri Lanka is the economy which has taken such a long period to show results under market reforms. Many economies, including the newly opened economies such as Vietnam, have moved much faster than Sri Lanka within the first two or three years after the opening. One expects so much faster movement in the initial stage because the economy is basically run down under a controlled economic system, and when you open many new activities take place. But the 1997 reform agenda, in my view, failed for two fundamental reasons. Although it set the economy in

motion, subsequently it slackened down and the reforms lacked momentum in moving on to the next stage. This was due to two fundamental reasons. One was of course the 1983 interruptions in the economy. This was a political factor. The riots interrupted the whole economic process. The second reason was that it was not clear in the policy makers' minds as to whether there was a proper commitment to take hard decisions up-front because of the political trade-off. I don't blame anybody for that either, because we were one of the pioneering countries to open up the economy, and we did not have many places to learn lessons from. Eastern Europe at that time still had closed economies. The Soviet Union was still batting within the closed socialist framework. Political consensus was not clear. India was still a very much closed economy when we opened up. So, except for the East Asian economies, which were also not that famous in 1977, nobody was talking of Korea and Malaysia in 1977 unlike today. In that context probably there was a kind of reservation among those who engineered the market economy to take some additional measures which were required to accelerate the process.

Removal of trade barriers, reducing tariff, licensing and relaxation of exchange control itself do not add up to market reforms. For example, even that government initiated a privatization program only at the tail end of its term. Almost till 1985-86, there was almost no attempt to privatize and enterprise. Nobody was ready to go for such things. There was not much attempt to get away from the subsidy led, welfare oriented bias towards a more incentive based system. None of those things were very clear. To me, one of the basic mistakes was that what was meant by market reform was not properly articulated in a well thought out plan, vision and strategy during that period. One has to concede that the initial opening given helped Sri Lanka to keep at a higher level, and it also helped the government to keep many activities at a high plane. But we could realize the full expectations of economic reforms. That is one side of the problem.

BT: What then is the other side of the problem?

The other fundamental mistake was that at that time government thought that the macro-economic fundamentals were not that important. In my view, even before the 1983 riots took place in this country, the major economic explosion took place in 1980. By that time Sri Lanka had reached a budget deficit of 23%. Inflation had reached 26%. Economic growth which they started with 7.8 slowed down to 6%. As a result we were compelled for the first time to go through IMF- World Bank Reforms. The reforms were in a way a setback when we were forced to reduce the deficit back to 8%, and such things. These deficit targets were talked of at that

time. The lack of vision in managing the macro-economic fundamentals was a major problem. The emphasis was on getting projects, getting big investment. The Mahaweli, the Free Trade Zone etc. All these were good, but at the same time it undermined the need for doing those things within a sustainable framework. Within a stable macro-economic environment. As a result we were compelled to devalue the exchange rate for the first time. The 1977 opening itself led to a major devaluation, but in 1980 we were compelled to another round. There was a cut down in expenditure. They slowed down the Mahaweli and all other expenditure programs and entered a phase of fine-tuning. If you seriously examine the cases of China, Vietnam or any other place where successful reforms have taken place, you will see that this did not happen. They really moved on to the next stage. So, in my view, apart from the 1983 troubles, we saw the breakdown in reforms in 1980. Although it has been articulated that the problems were caused by 1983. We saw the downturn of the economy in 1980, because of the macro-economic instability. So what I would say is that unless the economic fundamentals are put right, and it is conducted in a more coherent framework, market reform itself will not bring the expected results.

BT: Do you think that now, three years after this government has been in power, it has succeeded in bringing about any of those macro-economic changes, you speak about?

What I see of this government's activity, could be from a very technical point of view. If I am to write about the economy from a historical perspective, not because I am holding this post but definitely because the identification of priorities is the one key thing, then I think that this government has done it right. For example if you look at things from a historical and political perspective, what most governments generally do in the first year is to identify a project, identify big things, and then learn mistakes and do mid- stream corrections. Here, there is an important difference, although I do not know how it happened. Because this is a government which was not basically clear on what it would do when it assumed office, unlike the previous one which had a plan to open the economy. After 17 years of a market economy the previous government had at least set a framework. However, one good thing this government did was to clearly identify the priorities first. So, I will give full credit for having done first things first, despite a tremendous political cost. That is where, we as technocrats can tell all right do this first, this second, and the other third, but it is politicians who have to decide whether what we say should be first, should also be the first on their own agenda. For example giving priority to

addressing the fundamental macro economic issues. Therefore, right from the beginning of the government, although politically it is now being mentioned as a record of broken promises by many, in my view I would describe it as accepting the reality. Can any of those promises be translated into reality simply in political terms, or can this be done in economic terms.



BT: But what about the politics of it all?

If I read the political manifesto in economic terms, the fundamental issues are reducing the cost of living, generating employment, generating higher economic growth, working in an open economic environment. To do all these they had to get the macro-economic policies right. The critical issue, therefore, was to make a firm,

a very sincere and very hard commitment to bring the deficit down. Not let the deficit rise. It is very easy to run up a deficit. You increase expenditure and give relief through taxes. But what you are required to do is raise revenue and reduce expenditure. That is exactly what the government basically addressed itself to, in terms of committing itself to a lower deficit. Now I must say this government allowed this to happen. Secondly, there is the role of the Central Bank. Although generally in developing countries Central Banks are not allowed to have full autonomy, this government allowed the Central Bank to move towards containing the monetary expansion in a manner which will reduce inflation, bring down the interest rates, and that kind of framework. To me these are very, important steps, although they are definitely politically unpopular. We knew that reality. We were questioning whether there would be the political courage to do these things. For example they started with a wheat flour subsidy. But,

when they really started running the government realized that it was not something sustainable. Spending seven to eight billion is not justifiable, they started correcting. In my view, it you look at it from a layman's point of view, if the government is to give a wheat flour subsidy, at what cost would it be doing so? That is the issue. You can give a wheat flour subsidy and bread at Rs. 3.50, but let all other products remain at very high cost. So when you take it in the balance, what they did was take a very sensible economic decision, although politically unfavorable. Similarly in other areas. This particular adjustment, in my view is much stronger than many people see, mainly because they do not see the reality, particularly because all these things were done despite an accelerated defense expenditure. That means, if defense expenditure was not accelerated, the results would have been much more obvious and clearly visible. But, we have contained the deficit. The government started with a deficit of around 10%, but they have curtailed it to about 7.5%. This 7.5 has happened despite some expenditure which was moving in the opposite direction. If the government did not have to undertake expenditures and face situations it did not anticipate, then probably we would have already reached a much lower deficit, with far reaching benefits in terms of lower interest rates, reducing of inflation. In fact these things are already visible. Interest rates are falling, inflation is lower, investor rate and confidence is higher and is gathering momentum. All these are happening because of the three years of consistent policy.

BT: But why then is this not understood by the public, even sections of the private sector and business community?

Probably this is not adequately articulated. There is no doubt about that. Very few people realize what the government has in fact done. In deciding on its priorities, I do not know how seriously the government recognized the trade-off they made. Probably, they may have sacrificed political popularity to get certain things right. But, that is up to the political leadership to interpret and address. But, in my view, as a technocrat and an economist with 20 years in the field, I see it as the right thing, and the dividends will be there in the medium term. Of course, these are subject to several other reservations. But, clearly, I see that it was done right.

BT: Having said that, are there any particular areas of the economy which have to be developed first, or which should be given priority?

There again, as I look at it, if the basic broad framework is in place in a market economy – you have to understand this very clearly, many people may still have conflicting and inconsistent interpretations to this it becomes necessary to identify as to what role the government has to play and what role the private sector has to play. That is crucial. It has to be recognized and done in good faith. Many unpleasant things could happen. Many bad things have happened under the private sector, but all the blame should not be placed on the private sector because the same things have happened under the government too. But, on the whole certain activities are done better by the private sector, and the government is better for certain others. It is on this basis that we should draw the line. Now if that is done, what we have to understand is that all fast moving commercial activity will be done by the private sector very well. They will respond to high return, quick return, immediately. Now, this is what I try to emphasize as part of the failure of the previous government. They should have opened not only trade, but also opened other enterprises to the private sector. They could have done more through privatization, carried out properly. If they started thinking of the private sector to handle even some aspects of infrastructure, today Sri Lanka would be a different country. So, rather than the government planning that this sector should grow first, and some other grow next, let the economy itself decide that. In fact one can see that despite all the difficulties of the past three years, when the government was carrying out basic policy reforms, there are five fast growing sectors in the economy. The export sector and industrial sector is growing much faster, and showing much stronger resilience. Its resilience to the drought, its resilience to the power crisis, its resilience to the intensified military activities, uncertain political environment, all of these. That is the very strength of the private sector. They have their own flexibility. They have their own means of overcoming crises. There is

quick decision making in certain important situations, it’s almost an art of the private sector and we can see it happen. Take a simple example. During the power crisis, the government offices still had to adhere to their usual office hours, whereas the private sector shifted to different hours. Similar to the export and industrial sector, which are growing fast, the banking sector is also growing fast. Not only the two state banks, but the private banks too have grown very fast in recent years. This is not confined. to the commercial banks. The entire banking sector starting from the tail end of the short-term money market to the development banks have all grown very fast. The financial institutions developed in this country in the last three years, even with the somewhat slow economic activity during the 95/96 period is enormous. All financial institutions developed. Then look at the communications sector. The telecommunications revolution, as it were had occurred even prior to privatization. In fact we should have privatized telecom five years ago. Instead of 225,000 telephones it would been a different enterprise altogether. What I say is that sector privatization has given the opportunity to expand. That is how the telecom revolution is taking place. Now you can also see the plantation sector. It is growing. With the opening to the private sector, what ever the reservations and criticisms about the way privatization has happened, and the very controversial decisions about the handling of privatization in the early stages, the growth is remarkable. You can see the most recent privatizations which have been open to the public. Can you imagine how this success has taken place. They are running the same plantations which the government used to run only a few years ago. They have not done any major changes yet. But, the profitability has increased, the harvesting style and pattern has become more productive, the marketing strategy and intensity have changed, attitudes have changed, and they are taking a longer term view. Funding arrangements have improved and are in place, and these investors definitely see long term benefits. All who invest in these do not look at today’s price. They are not buying tea plantations because today’s tea prices are high. They are in fact competing for long term prospects. These are big investors who are probably taking a very high risk investment. They definitely see that they can make a turnaround. If I am a government planter I have a given agenda, to which I have to stick. A private sector planter may grow potatoes, in a section of a tea estate that is not used for tea, and thereby increase productivity and profit. In that sense the plantation economy, the industrial and textile sector economy, the communications sector activities, banking sector developments are all very fast growing economic activities. That is what actually kept this economy afloat, despite the somewhat slower growth we saw in the past two years. Underlying that was the complete down- turn in the agricultural sector because of the drought. That means,

other sectors must have grown much faster and offset the drop in the agricultural sector, to sustain this growth. It certainly happened from these sectors. Similarly, there are many other sectors which we have no idea of in statistical terms. For example there is considerable growth in the service sector activities, which are probably not captured by GDP properly. Look an the boom in restaurants, eating houses, caterers, take away food vendors, shops, these are investments taking place in the economy, and the issue now is how are we to really take off. Get on to the fast track.

BT: I believe you are also the Chairman of PERC. You spoke already of the success of privatization in the recent past. What are the future plans that PERC has and what is the agenda of PERC for the current period?

Just now PERC has reached a situation of maturity as an institution. I must say that the first years were a preparation for completely new and innovative activities, and that preparation helped PERC to takeoff in 1997. There have been a lot of transactions which we have completed, which is the work we initiated in the previous two years. With regard to ongoing activities, they will take our time in the next year as well. But in the whole agenda, as I see it, the role of the PERC, is to give the true meaning of Public Enterprise Reform. It is not a privatization exercise only. In the Public Sector the previous government itself has privatized 47 enterprises. So we have now taken over that whole task. In that process what we have done is to have privatized certain sectors, but at the same time we retain certain minority shares in some enterprises. So, in my view, it is the public responsibility cast upon PERC to manage those minority assets. Asset management is a difficult task, and it is not something that the traditional bureaucracy is geared to. Because it is basically one of deciding whether one is to retain minority shares; if that is to be done, is it consistent with the overall policy strategies and objectives; is it desirable from the public interest; and will it generate more revenue if it is held in the form of dividends and such means. If not so, does one recommend the divestiture of minority share holding as well. If so how is that to be done. In view of all this, I think that now the main responsibility of PERC is not only to go further and further and privatize the remaining activities, but also to make sure that we have some additional responsibilities of managing the enterprises we have privatized, but in which we have a share. That is a big responsibility. For example in the most recent case of privatization, that of Telecom, we are still holding 60% and our interests should be properly reflected there. Whether we achieve this objective is number one in terms of priority. Secondly, with the increased opening of the

economy through privatization, actually now the opening of the economy is not taking place any more through liberalization because this economy is now fully open in the trade and payments context, but through the opening of sectors through privatization. This is a small economy. The government often held the monopoly in certain sectors. When we start opening up these sectors we must make sure that we have adequate regulatory arrangements in place. Now in certain cases, in the early stages, one could not be certain which stage should have come first. Whether the regulatory arrangements should be enforced and then privatized, or privatization first and then the regulatory work. In the case of Telecom, the sequencing was very clear. The regulatory environment was in place and then we went ahead. But now we have to ask whether that regulatory environment is enough, because even in advanced countries, they keep strengthening the regulatory arrangements. In the case of Shell we did not have a regulatory arrangement in the first place. But we are doing the regulatory institutional building after privatization. It's clear that for those sectors, whether they are managed by government or the private sector, if we are accepting a market principle and competing, then we have to clearly put the regulatory arrangements in place. The regulatory arrangements are not only meant to control prices. But also to guarantee safety standards, other market fundamentals and fair-play in the market. Privatization, opening of the economy, liberalization and getting into a market economy does not necessarily result in the efficiency of that economy. It can result in monopoly elements again. So all those aspects have to be looked into. In that sense the agenda of PERC in my view, with Public Enterprise Reform in its true sense, underscores the emerging challenges in regulatory arrangements. Another aspect is to assess the other areas in which we have to move forward in order to get private sector presence. Some people ask, specially among those who read and are guided by standard World Bank literature, why not privatize the Bank of Ceylon and the People's Bank. The issue is whether this is an urgent need. Because that sector is adequately open, in my view. The private banks are giving an adequate challenge to the two state banks to get disciplined. And that discipline is enough to improve. You don't need to privatize to get that. I don't see any reason why we can't compete with the private sector banks. In that context those are not the priorities anymore. The priorities are whether there are any other sectors, which in our view, we should start opening. We need to do some sectorial studies and see what sectors there are to start pre- paring to open up. Like what was done in Telecom. We first began with a single cellular operator, that number was increased, then we went to wireless loop service and so on. That means another period of preparation. It is not something that we can do next year, and I personally take the

view that we should do it with a very carefully planned study, and then on a very planned basis. That will take some priority in our work. The fourth area I consider most important is that there are sectors in the economy such as tourism and hotels, where I don't see why the government should be in business at all. Why should the government run a tourist hotel. Where the private sector has taken the lead, our presence is not in anybody's interest. So, in that sense what is needed is to do the residual privatizations.

BT: Since you mentioned Tourism, it is easily linked with Air Lanka. What is the present position with regard to the privatization of Air Lanka?

The position with regard to Air Lanka is that today we follow a certain clear procedure. I will give you a little background which will be helpful. First we ask what is the objective of any particular enterprise being privatized? It has to be very clear. Is it a revenue maximization, a strategy to get a strategic investor in place, or is it to build investment in the enterprise? We ask those fundamental questions and get our objectives very clear. It is only after this that we develop the strategy. Because, for instance if it is a pure revenue maximization matter we get the government valuer and go for the highest price. But on the other hand, the danger of that approach for a big enterprise is that you may not achieve your development objectives. Because at the end, you can sell an enterprise and get a huge sum of money. But the investor will come here and start recovering that first, rather than developing the industry. So, in my view even politically that consensus has to be developed, because we should not run behind the revenue objective per se. We should run behind the overall objectives. Are we getting what the country needs. For budgetary purposes you can sell off the most valuable enterprises, but you just don't do that. My way of looking at Public Enterprise Reform is from that of an overall development strategy. Just like getting the macro-economic fundamentals right. Get the overall sector strategies in place, and then place privatization transaction within that, and see whether this is consistent. If it is consistent go for it, because, you need not worry too much about the revenue aspect, if it is developing that enterprise and that sec tor.

BT: You think this has been thought about in the case of Air Lanka?

This has been thought about, and it is on that basis that we have developed the procedure. Procedure also has to be clear. Once the first two steps are addressed in our minds, then we have to develop the procedure, which will be relevant to all. In certain enterprises procedures need not he so strictly adhered to, unlike in strategic

areas. For example if we are selling a textile enterprise, which is small, we already know that we have enough investors here. We don't have to advertise abroad. But in certain strategic areas and enterprises you may have to go for international advertising, and call for expressions of interest as the first step. The second step is to spell out how to entertain and ascertain those proposals, and then start calling for serious bids for short-listing, because I consider short-listing as a prerequisite. We have applied that strictly on Telecom and all other major privatisation that I was associated with. Even on plantations. Because short-listing helps us to narrow down the investors to our chosen objectives. Otherwise, sometimes you may be carried away in the first round, because someone may have submitted an upset bid, like 300 million dollars, just to get short-listed. That is where the short-listing criteria is so important. Even in the first round of short-listing we do not pay so much attention to the price offered. What we try to see is their credentials, their ability to take the enterprise forward, and their expertise and skills. After all, why should we privatize if we are getting lower skills than we have, even at a higher price. In phase two we take the short- listed persons and have independent negotiations. Once they have fulfilled our criteria of selection, then we can look to the highest financial offer. That is exactly the procedure we followed for Telecom. It is the same procedure for Air Lanka. We are now in the short-listing stage, and what we are doing at this stage is to study whether the proposals submitted by the respective investors satisfy the strategic role that they should play. Whether they can make a turnaround in Air Lanka. We don't want to give Air Lanka to an investor who may not be as good as the present Air Lanka management. We look into their own international experience and the ability to take Air Lanka to that stage of development, and then to satisfy our revenue needs. We are in that stage now.

BT: If I can take this discussion to another direction. As you know Dr. Jayasundera, we are now at what appears to be the tail-end of the devolution debate in this country. It has gone on from August 1995 to this day, and the government says that the draft Constitution will come by November. From an economist's point of view, what can you say of the impact or effect of devolution on the economy of this country?

This is again a very complex subject. But the way I look at it, in an open market economy, even if it is a small economy, I consider that it is important to draw the line between national and provinces or regions, whatever terminology is used. This is just like what I said earlier about drawing the line between private and public sector enterprises. The reason is this. Certain responsibilities entrusted on the

national economy, or the national level, is much different today than in at closed economic regime. Today, it is becoming more challenging to manage our economy in a complex global economic environment. If you see what is happening in Thailand, Indonesia, Malaysia, in terms of capital inflows outflows and all, it clearly shows that our expertise should be much more at a national macroeconomic management level. So in that sense, we have a clear case to draw a line between a national and a lower level. That is one economic consideration. The next is that the way we are now reforming the economy in terms of public enterprise reforms or any other sec- tor of reforms, you clearly see again that the role of the government is becoming more regulatory. Also the role of government being involved only where the commercial sector or private sector is not involved. Now that sector is not at national level. For example small irrigation. Poverty alleviation. These are not matters which require national level activity. Social welfare in my view is not a national level problem. General national education. General health services, yes, they should be at national level. But in Sri Lanka, whatever the policies we have followed since independence, at national level we have addressed education. It is the same with health. But the basic problems still remain at the grass roots level. Primary education is not properly handled. Pre-school education is not even thought of. Primary health care at grass-roots level does not exist. Everybody is now focusing on big hospitals, big school buildings, but even in other countries, there is the predominant presence of the government at the grass-roots level. Whether it should be the national government or a provincial council is the issue. So, from an economists point of view, I can see a clear case to devolve a lot of activities which at present the central government is doing, but in my view can be done. more efficiently by a provincial council. For example, take even the poverty alleviation program. I consider the implementation of a poverty alleviation program at a national level as more costly, because you have to give equal treatment to each region. Whereas, poverty alleviation say in the Moneragala District is quite different from the poverty incidence in the Kurunegala District or the poverty levels in the Gampaha District. Identifying a number of people in each district on uniform criteria is a reflection of both inefficiency and high cost. Probably we can double the benefits going to these beneficiaries if we target them. And that targeting is not done. Why should poverty alleviation, distributing of food stamps or the requests we still get for drought relief, flood relief, be dealt with at the national level. These can be quickly responded to at the provincial level. These are province specific issues. So the ability of the provincial administration to respond should be strengthened. Why should the national government worry if there is a flood somewhere, unless it is of major proportions, causing a national emergency. Acting at the provincial level

was the model in the past. I recall the time, when the Government Agent in the area was basically the person in charge of the Province or District. The system was there, but we have got mixed up in everything. Even now what are the activities we have devolved. We have devolved education, land, health, and we have kept poverty alleviation, food stamps, school mid-day meals with the center. In my view what should have been done is the reverse. You keep national education and national health in the center, not primary level and secondary level, but overall and give poverty alleviation to those people. They are the people who are technically and theoretically meant to do that. As I said earlier, as an economist I see a clear case for a very meaningful devolution which can produce good economic results But at the same time, I must say as an economist, that if devolution is not handled in that kind of framework it can also be a disaster. You can see why the provincial council system has not generated good results. It is because it is not very clear what the center is doing and what the province is doing. As a result costs have increased. Today the provincial administration system is a heavy burden on the central government. So a similar thing can happen if we do not know what exactly we are devolving. The issue is that. Which of course is political.

BT: What do you think of market capitalization in the country in the past three years?

Several things have happened in this period. An important aspect is that in our Stock Market, market correction has taken place very well. If you remember in 1993, there was a surge in capital inflow to the country. That was not only a capital surge in Sri Lanka, but in all developing countries. A lot of markets got overheated and Sri Lanka was one of them. We really hit the top. However, even if there was no change of government, and all that happened in 1995/96 did not happen, the market would have dropped. A market can’t go in one direction all the time. But unfortunately it also coincided with the political change. So, the market correction element has fully taken place. In that sense the current trends are quite sustainable… In my view, this is a reflection of the underlying market fundamentals. Next, our market also showed the kind of economic resilience and investor confidence. How it developed. You can see it in the reaction to certain incidents. Probably I would say the first incident was the breakdown in the peace talks in April 1995. It did not have a substantial adverse impact on the market. Also it was not clear as to why the peace talks broke down. But we really saw the danger to the economy with the major incident that took place in Kolonnawa. The attack on the oil storage tanks, followed by the attack on the Central Bank on January 31, last year.

The economy was really affected. In fact some of the people who are critical about privatization have forgotten that fact. For example PERC had to let the investors discount for the risk. Or it could have sus- pended all operations, which would have had a much more adverse reaction. With Telecom that loss was offset, and it came in our favor. But today, specially with the plantations coming in to the stock market, not only has the market improved, the market is reflecting the true economic activities better. Basically take the Sri Lankan market, we have about 200 to 225 companies. Actually the whole market is a reflection of 10 or 15 companies. But what is most important is that last year we have brought several plantation companies into the share market, and the plantation economy is now part of the stock market, and the stock. market to become the barometer it must represent the key sectors. I am still having reservations. For example not a single garment factory, which is the lead growth sector in the country is listed. So how can the stock market be the best indicator. Definitely because in the international financial markets the stock market has to be the index, our index movements matter. But, for the local people it cannot matter. What is the meaning of the improvement of the stock market in recent months to the average person? It means nothing. Because still it has not gone to those sectors. To me the stock market will become meaningful only if key growth sectors are listed. Take communications. Not a single communications company is listed. Of all the five growth sectors which I mentioned earlier, only one or two companies are listed. No BOI companies are listed. In that sense it is still too narrow to use that kind of index to judge the economy. I am not even saying that everything is O.K. in Sri Lanka because the Stock Market has regained its momentum. I rather prefer to look at wider indicators and see whether things are all right. That is why I said in the outset that we must get the fundamentals right, because if we get the fundamentals right, it can’t go wrong. This cannot be done by technocrats alone. It requires articulation by politicians. The media has to play an important role. The people must know and understand There must be a vision. After all why should Malaysia, after reaching the current stage of development, project a 2020 Vision. Because one is moving from one step to another. Every Malaysian today is thinking of 2020. We are not doing that. You can’t get the economy to turn around in three or four years. It is a much longer task. There must be a vision and it must be properly articulated and taken to the people.

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