Presenting The World Bank Development Report 2009 To Sri Lanka

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The World Bank Development Report 2009 (WDR) concentrated on the need to facilitate geo-graphic concentration and economic integration, both within and across countries. Two decades of economic analysis confirm that economic growth does not spread smoothly across space. “The world’s most geographically disadvantaged people know all too well that growth does not come to every place at once,” comments Indermit S Gill, Director of the World Development Report and Chief Economist, Europe and Central Asia. “Markets favour some places over others. To fight this concentration is tantamount to fighting prosperity. Governments should facilitate the geographic concentration of production. But they must also institute policies that make the provision of basic needs-of schools, security, streets, and sanitation-more universal.”

The WDR discusses the importance of reshaping economic geography to assist the rising economic density and the need to reduce the distance to economic opportunity. The WDR 2009, calls on governments to encourage and facilitate the process of villagers migrating to urban areas. Lifting people out of poverty requires shifting populations from villages to cities. This process of migration should be welcomed and encouraged, says the new WDR. Globally as well as nationally people move in order to reduce distance to markets that are prospering. At the turn of the century, the leading Western Province accounted for 1.5

million internal migrants in Sri Lanka, or around 45 percent of all migrants in the country.

Instead of worrying about the size of metropolises, cities and towns, the WDR calls for policymakers to worry about making sure that these places work well. “Trying to spread out eco-nomic activity can hinder growth and does little to fight poverty” says Somik V Lall, Senior Economist, World Bank. “For rapid, shared growth, governments must promote economic in-tegration which, at its core, is about the mobility of people, products, and ideas.”

The new WDR calls for an approach focused on common institutions, connective infrastructure, and targeted interventions. Common institutions include regulations affecting land, labour and commerce, and social services such as education and health, financed through taxes and transfers. Infrastructure refers to roads, railways, ports, airports, and communications systems. Interventions used by governments include slum clearance programs, special tax incentives to firms to move to remoter areas, and preferential trade access for poor countries.
The 2009 World Development Report makes a strong case for international integration through trade. Its findings and policy messages are especially pertinent these days, as the financial crisis has been encouraging protectionist tendencies, in both developing and developed countries. These will jeopardise both the recovery and longer term progress.

The WDR’s findings are relevant for Sri Lanka, a country where some view the Western Provinces growth as a source of concern, rather than as a source of encouragement; where the need for distributing growth to lagging regions is high on the agenda; and where infrastructure bottlenecks get in the way of Sri Lankan goals of becoming a regional logistics hub. By em-phasising the importance of common institutions, the WDR tries to reshape these debates. Instead of a narrow focus on places that are not doing well and policies that excessively focus on spatial targeting, it highlights the importance of integrating the leading and lagging provinces. It points to the risk that attempts to fight rising economic density in some parts of Sri Lanka, which may result in economic prosperity being spread thinly.