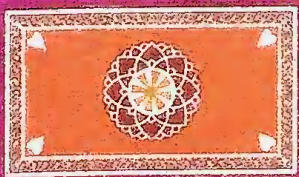


Rehumanizing the Nation

Empowering the People

*8th Anniversary
of the Presidency*



Her Excellency
Chandrika Bandaranaike Kumaratunga
President of Sri Lanka

12 November 2002





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Foreword

Chandrika Bandaranaike Kumaratunga emerged as a National Leader after guiding her Peoples Alliance to victory in the 1994 General Elections. She was the country's second woman Prime Minister. In October that year she was elected Executive President with an unprecedented majority. Over 62% of the country voted her in on her pledge of 'Peace with dignity for all Sri Lankans'. She inherited the stewardship of a nation whose people were plagued with a multitude of problems such as a separatist war in the North and an insurrection in the South. These together with instances of state sponsored violence had left the country and its economy in complete disarray. Sri Lankans were shrouded in a fear psychosis they had never before experienced.

In the few years before 1994, President Kumaratunga almost single-handedly changed the traditional policies of the SLFP, the main constituent of the Peoples Alliance. The SLFP was primarily a Sinhala Buddhist party. Mrs. Kumaratunga virtually broke that mind-set and the older hands watched in disbelief this visible transformation. After she won, it was absolutely clear to all, that the SLFP vote-base had not only been maintained but that it had not been split or eroded, and that her new philosophy had enormously strengthened the party. Mrs. Kumaratunga was the daughter of the founder, and the daughter of the one who preserved the party. Therefore in terms of pedigree, lineage and credentials, she was impeccable. Nevertheless she had the courage and conviction to revolutionize the old SLFP doctrine and to make it a modern, truly people-friendly Party.

In the mid 1980's Chandrika Kumaratunga as a young politician, was a peace activist. Together with her late husband Vijaya she worked with the single-minded objective of achieving a lasting peace. She travelled to war-torn Jaffna and also to Madras [now Chennai] for discussions with the Northern militants. Once in power Prime Minister Kumaratunga began her peace process with the Northern Militants in December 1994, even before she was elected President. The peace talks went on for five months and there was a ceasefire on the ground. Foreign Monitors had arrived in the Island, they were Canadians, Norwegians and Dutchmen, but were not allowed to operate by Prabhakaran. All that the LTTE was interested in, was gaining as much as possible, in terms of various economic and other benefits, but without any serious thought about an ultimate solution to the problem. It appeared that they wanted to gain every economic benefit and continue the 'no war'

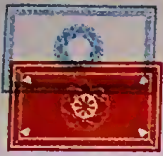
situation while entrenching their de facto administration. In April 1995 when the President spoke of dealing with the substantive issues, the LTTE backed off and went back to war. A war in which, scores of Sri Lankans perished, not just military men and LTTE cadres, but also innocent civilians on both sides of the divide. The LTTE killed off almost all moderate Tamil Leaders who did not conform or accept the LTTE as the sole interlocutors of the Tamil people.

In 1997 President Kumaratunga proclaimed a new Constitution in draft form, which was dubbed 'the Peace Package'. It proposed extensive devolution of powers to the regions. She envisioned greater autonomy to the regions as the only solution to the smouldering ethnic crisis. These proposals were discussed and debated in various public forums. After a very large degree of consensus the proposals were made into a draft constitution. All major political parties held very exhaustive consultations in the year 2000 from March to the end of July presided over by Kumaratunga. The all party discussions continued up to the very last few days before the formal presentation of the document in Parliament. As to what happened in the country's supreme legislative body when the President herself presented the Draft Constitution bill on the 3rd of August 2000 is now recorded history. Although that draft constitution did not get the 2/3rd majority in Parliament for it to be made law, the Prime Minister has now said his negotiating platform in the current peace talks will be the proposed constitution of 2000. While she was working tirelessly to usher in peace via devolution and constitutional reforms, she had commissioned Norway to be a third party facilitator in mid 1998 although this was made public only in late 1999. It is heartening to see the present Government moving forward with her peace initiative. The Sri Lankan dream today is that the current peace efforts are a sincere national exercise, devoid of trivial politics. We hope a lasting peace, acceptable to all communities and within one nation will dawn soon.

12th November 2002 marks the 8th Anniversary of the Kumaratunga Presidency. As President, she has at all times worked hard to heal the wounds of war and to tackle the economic woes of her people. The pages that follow, we trust will elicit her vision on matters of national importance that concern our future and those of our children at this very crucial phase in our history.



*Chandrika Bandaranaike Kumaratunga with her late husband
Vijaya Kumaratunga pursuing efforts towards peace - 1986*



Peace with Dignity for All

We as a nation today face a major challenge. Sri Lanka is at a critical defining moment. The need of the day is a pluralist society, one which we have failed to build even after 54 years of independence.

Sri Lanka is blessed with several ethnic and linguistic groups, each with a historical culture of its own. My vision is a socio-political environment in which these treasured customs and traditions of all our people would continue to exist and flourish. We must strive to harness the inherent strengths our diversity provides, to achieve a lasting peace, one that will ensure security, social justice and equality for all our people.

Our failure to strengthen and develop a pluralist society is indeed pathetic, despite the many attempts made by successive political leaders and Governments. All of them did recognise that vital need and sought to address the problem but unfortunately were not able to achieve success.

These failures have resulted in a horrendous ethnic conflict. The majority of our people watched helplessly, as our great nation, one of the finest cultural and architectural heritages of the world, nurtured in the noble Buddhist philosophy of peace, tolerance and love, changed direction and veered into a quagmire of ethnic, political and social violence.

The failure of our political and administrative institutions to protect and safeguard the democratic and human rights of all citizens, especially of those, who through their ethnicity were in a minority, created a resentment and mutual mistrust among our peoples. Tamil people have lived peacefully and in harmony with their Sinhala neighbours for centuries. But the gross social injustice against the Tamil people was appalling. The failure of the Government of the day, to prevent the deplorable atrocities against the Tamil people have blotched our history. The tragic holocaust perpetrated in July 1983 transformed the simmering ethnic tensions, into a full-fledged armed conflict and the LTTE metamorphosed into a highly-motivated and grotesque organization with an international network.

The phenomenon of the birth and the growth of terrorist movements is attributed to frustration and despair, caused by socio-political and socio-economic injustices and marginalization. Youth, whose aspirations had been

stymied and blunted, turned to violence and became secular martyrs with their suicide missions. Socio-political injustice and the denial of equal socio-economic opportunities if allowed to continue unresolved, will only lead to sheer despair and ultimate violence. Leon Trotsky once described the two emotions central to terrorism, as despair and vengeance. Violence if and when perpetrated by the State or its agents against the people, only precipitates terrorism; retaliatory action by the state only nurtures and nourishes terrorism.

The LTTE is today once again at the negotiating table in the aftermath of the international reaction to the terrorist act perpetrated in New York on September 11th 2001. The declaration of the LTTE as a terrorist organization by several countries, such as Britain, India, Canada and the USA, and the restrictions imposed on fund-raising in Australia and Switzerland, are the other contributory factors to the LTTE's desire to reach a negotiated political settlement with the Government.

In such a background and with the present international reaction to terrorism, it is crucial that the Government and the LTTE, engage each other politically, rather than militarily, and continue that process meaningfully. They need to consider these events as a window of opportunity. The gulf ought to be bridged, through meaningful dialogue and justifiable compromise.

Such a process of meaningful dialogue and discussion should not ignore the democratic and human rights of all people, particularly the people of the North and the East, and without undermining and/or compromising the rights of those in the rest of the country.





The failure to build a pluralist society has also stifled the socio-economic development and the growth of our country in keeping pace with the needs and aspirations of our people. It is with great pride that I state, that since my very early beginnings in public life, as a political activist, I have been committed to and supported all initiatives to craft a pluralist society living in peace and harmony. I did so even when, though perhaps not the ideal formula 'the 1987 Indo-Lanka accord' was given effect to.

As a nation, we have the responsibility to allay the deep-rooted suspicions, to heal the divisions in our society and lay to rest the phantoms of the past. We must with courage and generosity of spirit, bring about a solution to the ethnic conflict, that will permit us to forge a new beginning and usher in a new era of unity in diversity, amongst all our people. The politics of ethnicity, where policies and decisions are driven by considerations based on ethnicity have to be abandoned. Language should be a means of communication and not exploited as a political tool to create conflict.

The two main political parties agree on the urgent need for a solution to the ethnic conflict. There is no argument that there is a need for an expeditious negotiated political settlement. There is also the broad consensus on the nature of the state, the principles of devolution of power to the regions and the sharing of power at the centre. The need for a third-party facilitator, to develop and maintain the dialogue between the Government and the LTTE, was identified and arranged for by me, amidst strong criticisms. Today, it has become a reality.

The Peoples Alliance Government proposed the widespread devolution of power in a comprehensive manner. This initiative, known as the "Devolution Proposals of 1997", sought to significantly alter the structure of the state and to promote socio-political equality among all the people, irrespective of ethnic, linguistic and cultural identities. These proposals provided a sound basis to negotiate an acceptable and durable political settlement. Devolution of power, assuring the Tamil people that they can live in dignity and in peace would convince them, that an armed struggle is entirely unwarranted.

Today, I have initiated a process of national consultation on ethnic reconciliation, creating a forum, where all relevant issues could be widely discussed, by all sections

of society, and thereby to help usher in a period of healing, that is essential for the nation at this juncture. As part of this healing process, we need to honestly face up to and reconcile with the tragic and pathetic events and our failures of the past. It was with that in mind that the "Presidential Truth Commission on Ethnic Violence" was established last year.

As we engage ourselves in the task of shaping the future destiny of the country and evolving solutions to our decades-long ethnic conflict, it is imperative that the fundamental human values of freedom, dignity and democracy are preserved and nurtured for all people to live in peace, harmony and security. We cannot permit the carving up of our land, for the creation of a non-democratic dictatorial ethnic enclave, within our country.

To secure a lasting durable peace and harmony, and to build a pluralist society in our country, our country should be a Free, Sovereign and Independent Republic. It should be a composite union of Regions, having individual citizens' rights and freedoms, constitutionally guaranteed and protected, within a free society, with strong democratic institutions in place for democracy to flourish, with equality to all.

Standing for peace and unity





A Constitution for the People

The subject of many a discussion and debate in the past decade has been the 1978 Constitution. Politicians, academics, theoreticians and talk show hosts have propounded their own hypotheses on the public. This contentious Constitution was put in place one year after the United National Party was returned to power in 1977 with a 5/6th majority. It was made law with little or no discussion perhaps with the self-belief that the people had given the UNP an unprecedented mandate for change. One of the principal features of this constitution was the introduction of a new electoral procedure, which changed almost forever an electoral system that prevailed since this country won adult franchise in 1931.

This system of voting was ostensibly to ensure that each faction, group or party in the electing population is represented in Parliament in proportion to its size. The Proportional Representation (PR) system may have its merits, but the political scientists of the world have argued that PR systems lead to instability and irresponsible Government. This has proved true in Sri Lanka. All elections after the PR system was adopted have produced hung Parliaments and therefore unstable Governments. One might say Governments are in office but not in power! Successive Governments have failed to solve the nation's burning problems because of this Constitution. Further, the preferential voting system has destroyed our very social fabric; vicious intraparty conflicts, pre- and post-election violence have reached an unprecedented level.

What we need is a democratic Constitution suited for all Sri Lanka, not one that promotes one political party's notion of egalitarianism. Sri Lanka needs a statute that combines both the PR and the Westminster or the first past the post system and one that ensures adequate minority representation.

The constitution bill I presented in Parliament addressed all these issues and was arrived at after extensive discussion and consensus. There were islandwide awareness programmes, seminars and discussions in the media. The parliamentary select committee met on 77 occasions to discuss the draft. For five months all recognized political parties held wide-ranging discussions. The Prime Minister, the then leader of the opposition, was present at these sessions where I presided. The

formula on the structure of the state was put forward by Mr. K. N. Choksy himself on behalf of the UNP and was accepted by me and the PA. However much to everyone's surprise political expediency prevailed over matters of state when it was presented in Parliament on the 3rd of August 2000.

The Constitution now in place as we can all see was designed for an unstable Parliament and an Executive Presidency. This draconian statute was made law with a 5/6th majority obtained with the first past the post or the Westminster electoral system. Under the PR system, which the 1978 constitution enacted, no future Government can ever obtain a two-thirds majority. It is clear that this nation is in a 'constitutional trap' and that the authors have thrown away the key! The authors of the 1978 Constitution did not however foresee a situation where the President and Parliament might be from different political disciplines. This was a certain possibility since they are elected separately. It is now a reality.

Cohabitation in political terms means co-operation between parties for specific purposes without actually forming a coalition. Such a situation first arose in modern politics in France in 1986, when President Francois Mitterrand was confronted by a Government of the right led by Jacques Chirac. History repeated itself in France when in later years Jacques Chirac as President had to cohabit with a leftist Government led by Lionel Jospin. I shall not go into details how certain interested parties have repeatedly attempted to derail cohabitation in Sri Lanka and attempted to chip at the powers vested in the Presidency and failed.

Making a passionate plea in parliament in August 2000





We Sri Lankans are left with no choice but to abide by this constitution, however flawed it may be. It is not prudent to tinker with it for narrow political gains. What is necessary is to put in place a more democratic stature. As I have always maintained, I derive no pleasure in holding on to the Executive powers of the Presidency. I would like to rid the nation of this draconian constitution; to introduce electoral reforms and to see the abolition of the Executive Presidency and to re-empower the people.

*Seeking cohabitation with a new Prime Minister and government
- December 2001*



A Constitution for the People



Investing in People

"People are the real wealth of a nation". This is a truism particularly in our country, which is blessed with capable and intelligent people with a high literacy level, taking pride of place in Asia.

Human resource development is not merely about the rise or fall of national incomes. It is about expanding choices and creating a conducive environment for people to develop their full potential and to lead productive and healthy lives. It is indeed the key to long-term development of a nation.

Human resource development has an irrevocable relationship with human rights. It shares with it, the common vision and common goal of "human freedom", where the well-being, dignity and safety of people and ensuring them, a satisfactory lifestyle with the basic comforts and care, come first.

Our nation, in its forward march ought to focus on its people as its real wealth, and therefore prioritise investing in its people.

Education - Transformation to meet modern challenges

The search for excellence in education, whilst striving to provide equal opportunities for all was the hallmark of our vision for the education sector. Far-reaching reforms, unprecedented in recent history, encompassing the primary, secondary and tertiary sectors of education were implemented from 1998.

The vision was to radically transform and modernize our education system, into one that would equip our children, with requisite knowledge, skills and attitudes, suited to face the rapid changes taking place in the socio-economic global landscape of the 21st century. The policy direction was towards being innovative and responsive to global changes and towards producing a generation of children, who would form the bedrock of a knowledge and information-based society, which our country is envisioned to achieve in the coming decade.

The pupil-based and activity-oriented curricula reforms introduced into the school and university systems were intended to excite and trigger the imagination of young

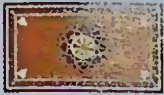


Encouraging the young

people, to stimulate their curiosity, to develop competencies in problem-solving and to instill in them, the capabilities of coping with the variety of challenges of present-day society. Shifting the focus of education from an examination-based system, to one which was competency-based, was a strategic change.

New curricula and syllabuses were introduced through new books and teaching methods, and were supported by new teacher training methodologies and systems, co-ordinated by the National Authority on Teacher Education, which was established by an Act of Parliament in 1997. Restructured examinations and school-based assessments were implemented through a newly-established modernized National Evaluation and Testing Services Department. Primary and secondary school enrolment was strengthened by introducing the Compulsory Education Act in 1998. Enhancing the professional capabilities of teachers and principals, empowering them to be leaders and managers, and introducing school-based management for better governance of schools, were salient features introduced.

The challenge is now for strengthening the teaching of English, while augmenting the efforts already in place for teaching Sinhala and Tamil. The opportunity for optional English medium education, which was introduced to certain grades last year, will be gradually expanded and strengthened. Similar efforts will be made towards strengthening the teaching of Information Technology at all grades. Introducing Information Technology as a subject in the curriculum, which was proposed through the education reforms, will be implemented effectively.



The programs drawn up last year for extending opportunities for learning Science and Mathematics in the senior school, will be further developed and implemented.

Special programmes initiated, to modernize rural schools through the "Navodya" project (i.e. developing selected schools in each Divisional Secretariat Division) reviving the Kannagara Central schools, the schools in the plantation sector and those in the North and the East of the country, need to be implemented on a fast track, effectively and efficiently.

The wide range of welfare measures that were introduced, like nutrition intervention at Grade 1, counselling and guidance for senior school students, scholarship schemes for the disadvantaged and streamlining the distribution of free books and uniforms, need to be further expanded and implemented effectively.

Future directions and targets beyond 2002

- Strengthening national integration at school level through various initiatives like setting up of Amity class rooms/Amity schools, which commenced last year.
- Introducing new programmes for the education of the disabled.
- Strengthening the reading habit by various new initiatives in schools, providing well-equipped Provincial, District and Zonal Libraries, and through a publishing industry, that will provide for making available, a large amount of educational material.
- New policies and programmes for Open and Distance Learning, specially focusing premature school leavers.
- Appropriate amendments to the Education Ordinance of 1939 would focus on,
 - Effectively devolving power to School Management Councils, making them autonomous bodies, ensuring better governance and strengthening discipline within the school.
 - Institutionalizing systems of Standards & Quality Assurance and Accreditation, for the state and private school systems.
 - Regularizing policies developed for Early Childhood



Getting their viewpoint on education reforms - 1999

Care and Development.

- A new school admission policy and a new university admission scheme.
- Affording students the opportunity for choice of medium of instruction and examinations.

By improving the quality of basic pre-school, primary and secondary school education and by modernizing the entire school structure, through the new education reforms introduced four years ago, it is expected that school leavers will become adapted to the new skills demands that come, with changing employment patterns of a new socio-economic order.

In higher education, significant reforms have been proposed for university education, focusing upon the following:

- Expansion of the state University system, increasing funding and facilities.
- Diversification of curricula and courses, introduction of cross faculty combinations of modules, course units.
- Flexibility and freedom of choice concerning disciplines of study.
- Formal institutional linkages with the private sector and industry.
- Career counselling and guidance.
- New management systems, autonomy for universities and Vice Chancellors.
- Revision of the Universities Act - to meet the needs of the current globalised employment market.



Staff development, performance appraisal.

The changes thus introduced 3 years ago need to be further strengthened.

The expeditious revision of the Universities Act, giving comprehensive autonomy to universities, introducing Standards and Quality Assurance, together with Accreditation Systems are to be introduced formally, through the University Grants Commission.

Positive efforts will be taken to build partnerships with the private sector, to promote extra opportunities for school leavers to access good quality higher education and training. Such new initiatives at tertiary level will be introduced through new degree awarding institutes of reputed and recognized quality and by new universities that will be established. They will focus on disciplines connected to advanced developments in Science and Technology, Information Technology and other employment-oriented disciplines, in keeping with the national demands and the emerging patterns of the rest of the world.

Attention will be paid towards strengthening curricula change, focusing life competencies, behavioral sciences and civic consciousness in schools and universities through institutionalized methods. The Act introduced in 1998 for prohibition of ragging in Universities ought to be strictly enforced.

A more meaningful match between vocational education and training and the rapidly changing labour market demands needs to be achieved.

It is recognized that the private sector will remain as the main engine for generating employment, and incentives will be provided to the private sector for tertiary level job-oriented training to be institutionalized. The government will remain a facilitator, regulator, a standard setter and it will assure quality, while the private sector will be encouraged to be the main provider of employment and job-entry training.

The existing, free, state education system of the primary, secondary, tertiary sectors will be preserved, strengthened and developed, with increased funding from the national budget.

Effectively implementing policies that provide opportunity and access to good quality education, those

which encourage innovation, promote the development of advanced and modern skills, and those which will unleash and harness the creativity of our younger generations, would be the cornerstone of future education development.

Excellence in Health Care - Delivering a Service with Compassion

Although, Sri Lanka maintains better health indicators, in comparison to nations belonging to similar income groups, the emerging demographic trends and other changes have caused a distinct shift in disease patterns affecting our population. Significantly, non-communicable diseases such as cancer, diabetes, cardiovascular and respiratory disease have emerged as the most frequently diagnosed conditions leading to high mortality.

Overcrowding of public hospitals and long waiting lists for surgeries, ineffective referral systems and lack of necessary facilities for basic health care, have resulted in more patients seeking therapy from private, western and Ayurvedic systems of health care.

Considering all these issues the Health Reforms proposed in 1998 focused on identifying and prioritizing community health needs, organization and management of the state hospital sector, with adequate devolution of authority to the Provinces, promoting health education, mobilizing human and other resources for health, through a variety of income generating measures, and improving the performance of health sector professionals.

In addition to pursuing the implementation of such proposals, innovative programmes for developing secondary and tertiary care private hospitals in all parts

On an inspection tour at the Children's Hospital





of the country, were formulated by encouraging private sector investment of high quality.

Regulatory systems and standards maintenance programmes for all private sector health care institutions would be developed. A high quality private and public mix, in health care delivery, with cross-subsidizing schemes, are to be established, with appropriately designed national health insurance programmes.

The nutrition status of children and pregnant mothers will be improved through cost-effective nutrition intervention programmes at school and at field levels, through maternal and child health clinics. The incidence of non-communicable diseases will be kept low through extensive health education programmes and primary prevention measures. Special attention will be paid to free the nation of diseases, such as malaria and dengue haemorrhagic fever. The expanded immunization programme, which has been considerably successful will be strengthened and developed.

Expanding opportunities for practising indigenous medicine, promoting herbal medicine through research and development work in this area and promoting private and public sector Ayurvedic health care facilities will be encouraged and supported. Maximum care will be provided for disadvantaged groups, such as those with mental and physical handicaps, the fast increasing geriatric population, and children, through specialized and advanced centres in paediatrics.

Establishing centres of excellence, which will deliver highly-specialized tertiary health care, catering to the population of our country as well as those in the Asian region, will be encouraged and supported.

A modernized and equitable health sector, where a service of excellence is provided with compassion and care, is our vision for the people of our country.

Women and Children

Significantly improved life expectancy for women, persistently low maternal and infant mortality, high female literacy and satisfactory enrolment of girls in school and women in employment, are some of the key success stories concerning women in Sri Lanka.

Special legislation with necessary amendments to the

Penal Code, reinforcing the rights of women and protecting them from violence and abuse, were introduced. More recently new initiatives were taken to empower and ensure the safety, health and welfare of two categories of women i.e. women workers employed overseas (migrant women) and those employed in the Export Processing Zones (EPZs) of the country.

Through the actions initiated by special Presidential Task Forces, programmes to provide such women with the necessary information, knowledge and skills to cope with all situations, arising in their pursuits were institutionalized. Their health, nutrition, psycho-social well-being, accommodation and safety, while working in apparel and other factories within the EPZs, coping with the variety of challenges, while engaged in domestic labour overseas and other relevant aspects have been focused upon.

In addition to strengthening such programmes, special initiatives targeting the health, nutrition and well-being of women workers in the plantation sector, were identified and determined. The mandate of the National Committee on Women should be strengthened and widened, and this Committee should be made the focal point for such initiatives.

Investing appropriately and adequately in children is a priority. In addition to the efforts already taken concerning the education of children, special efforts have been made to protect children from violence, sexual and psychological abuse, child labour and corporal punishment at school. Through the National Child Protection Authority established in 1997 and through a variety of legislative and other measures introduced, the priority towards children has been clearly stated.

Protecting children from harm from alcohol, tobacco and other dangerous drugs was seriously focused upon. We envisage a "drug-free" schools system and a "drug-free" society through the effective implementation of the policies already in place. Reaching for a society bereft of such ills, like drugs and violence, pornography and sexual exploitation, child labour and child abuse, is our goal.

Caring for the Vulnerable

Safeguarding the interests of all vulnerable groups of society, needing special care and help, needs to be reckoned with. They are the disabled, the destitute and the debilitated; those who have been psychologically and



physically traumatized as a result of the war and terrorism, those who are homeless and their "street children". All policies and programmes developed must take into consideration these less fortunate people in our society.

The Ranaviru Seva Authority (RVSA), born out of the need to provide care for those who selflessly gave their life and limb in the defence of their motherland, provides a significant service to one such group of people. Not only does it deal with the basic necessities of the armed services personnel and their families, but it also implements skills development programmes, which empowers those disabled and handicapped due to the war and terrorism. It also provides a most effective trauma counselling service to those affected by the trauma of the two-decade long war and terrorism. Strengthening the existing programmes and developing new projects, which target the families of those killed, those missing in action and those disabled by the war, will be the focus of the Ranaviru Seva Authority in the coming years.

Providing solace and support at a RVSA meeting - July 2000



Investing in People



Revitalizing a People-Friendly Market Economy

Our vision and overall policy framework for the development of the Sri Lankan economy was clearly spelt out when I assumed office for the first time in 1994.

Within that framework, the policy measures were further elaborated and translated into action, in 7 consecutive Budgets, during my administration. We were well aware of the changes that had taken place the world over, especially consequent to the economic changes in the Soviet Union, Eastern Europe and China. There was a clear acceptance that it was impossible for a small country like ours to remain isolated in a rapidly integrating global economy.

On the domestic front, for nearly two decades, we had witnessed the shortcomings of the free market economic policies implemented by the then administration and its failure to address effectively areas such as education, health, environment, rural and small sector activities, social and cultural development and in providing a safety-net for the poor and the unemployed.

In this background, our challenge was to sequence our economic policy strategy, to help develop a modern economy, pervaded by humanitarian values and ushered in by a 'people-friendly' government, within a competitive market framework.

Our overall development objective was to transform Sri Lanka into a strong, modern economy, which is able to sustain a 7 - 8 per cent growth, through higher investment, efficiency and productivity gains. It envisioned a policy of building a dynamic private sector, that will operate within a competitive market framework on a level playing field in keeping within the best traditions of corporate governance. Towards this, steps were taken to lower excessive customs tariff, rationalize tax concessions and waivers, and formulate a regulatory environment to provide maximum benefits to the people and eliminate corruption and frustration.

The privatization program, which had been until then implemented in a haphazard manner was reformulated to attract new capital, technology and management practices to vital sectors of the economy, such as telecommunications, aviation, ports, electricity and banking, while retaining government ownership.

The privatization of state enterprises was confined to those, which were not strategically important to continue to remain in the hands of the government. In order to energize strategic enterprises, such as electricity, ports, water supply and state banks, the government sought donor assistance to restructure them by improving their management, while maintaining state ownership.

The Government then also formed strategic alliances with large investors to restructure Sri Lanka Telecom and Air Lanka. However the state retained majority stakes in these enterprises since they were considered strategically important to the national economy. They still remain to be government owned but are managed through investor shareholder participation.

A new organization the Public Enterprises Reform Commission (PERC) - was established in 1996 by an Act of Parliament having recognized the need for addressing the structural weakness associated with the previous programmes of privatization. PERC was intended to regularize this process and to bring in the necessary checks and balances to ensure transparency, accountability and to introduce a level playing field in the process of privatization.

Our economic policies gave the highest priority to small sector development. The expansion of electrification programs and rehabilitation of rural electrification schemes, the expansion of free trade zones, school buildings and libraries, health facilities, water supply schemes, telephone facilities, agricultural marketing and storage facilities and the modernization of smallholder plantations in tea, rubber and coconut, invigorated the rural economy to a great extent.

A central pillar of our economic development program was the building of infrastructure through increased investment by both public and private sectors. The development of a superhighway system with feeder-roads was implemented with the assistance of the donor community. The continuing work of Baseline Road and Colombo-Matara superhighway, are two new major projects assisted by the government of Japan and the ADB. A comprehensive road development program had been formulated to be implemented during the years 2000 - 2005.



The national shipping policy identified new ports to be built at Colombo, Galle and Hambantota, with the preliminary stage of implementation of these projects commencing in the year 2000. In recognizing the need for diversified sources of power generation, new power projects such as Kelanitissa were implemented. They are now being commissioned.

With the economic vision aimed at reaching markets through an export-oriented economy in the medium term, the aim was to integrate Sri Lanka, with large markets in South Asia, and increase participation in the global production and distribution system.

In order to improve the competitiveness of the economy, policies were formulated to transform the structure of industries towards more technologically advanced and high quality products to suit the markets of developed countries, upgrade technology, modernize and diversify the industrial base and to introduce a higher level of innovation and know-how in production.

The long-term strategy is directed towards adopting a state-of-the-art technology, developing human resources in highly demanded skilled areas, and providing industrial locations that are rich in infrastructure, such as industrial townships and industrial technology parks.

Modernizing agriculture in order to bring about a structural transformation in rural areas is an essential component of the development strategy for agriculture. The provision of research, technology, infrastructure, extension services and basic inputs are to be integrated in order to modernize and diversify agriculture, which is to be promoted, within a framework of a market economy, but subject to necessary protections from global trade. The export potential of fruit, vegetable, foliage and flowers is to be exploited by attracting investment for storage, processing and transport. Local marketing is to be promoted through dedicated economic centers, which provide infrastructure facilities.

The private sector is encouraged to accelerate the development of organic and high-tech agriculture and biotechnology related other niche market products. The development of livestock and fish production is to be accelerated in order to meet the local demand for animal produce and to promote viable import substitution activities. The management of the coast cover, the marine eco system and urban and industrial affluence is essential to sustain an environmentally friendly growth in the country.

Revitalizing a People-Friendly Market Economy

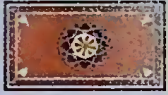


Focusing on ports development

A balanced regional development requires the promotion of several strategic growth centers, which will be modeled along the lines of Colombo, and which will act as regional centers for commerce and shipping in South Asia. In this process, Ruhunupura, Anuradhapura, Nuwara Eliya, Trincomalee and Jaffna have been given higher priority. These regional urban growth centers are to be linked with secondary towns, which will be endowed with transport, telecommunication, electricity, water, hospitals and common amenities.

The new expressway network embedded into the development strategy, will demonstrate how important highway mobility is to regional development. The ending of the northern conflict and restoration of durable peace will trigger this development program through a massive rehabilitation program to be undertaken both in the north and the south. The Peoples Alliance poverty alleviation strategy is based on this balanced economic development strategy, which will generate productive employment, improved access to markets and small and medium enterprise development. The welfare spending will be directed towards those, who are unable to earn a living.

The existence of public enterprises as single largest market players, with sufficient market shares, have become vital in order to reduce private monopolies and promote market competition. The role of state banks, insurance and bus transportation after such services have been deregulated, has shown that active market competition requires the existence of state enterprises. Since development and social needs of rural Sri Lanka are largely met by public enterprises, the privatization of state banks, insurance, electricity, water supply, railways, bus transportation, and postal services is bound to lead



to serious gaps in the process of socio-economic development with adverse impacts on income and wealth distribution and on the poor.

Accountability and the governance structure should facilitate the commercial nature of these enterprises, enabling them to compete as effectively as possible in a transparent manner and without the backing of the government or government guarantees. A legal framework should be formulated in this regard and it is desirable that a separate legislation setting out the responsibilities of public enterprises and containing provisions, which would enable total commercial autonomy, while holding the Chairmen, Board of Directors and other key officials responsible and accountable for all decisions taken by them, be enacted.

The structural transformation envisaged in the Peoples Alliance's economic vision, aims at achieving an economic growth of 7 - 8 per cent by raising domestic savings and investment to about 35 per cent. Towards this, a healthy public sector is to be created. Government expenditure should be based on an output performance and improved procurement practices.

A simplified tax system with efficiency improvements in the Inland Revenue and Customs Departments to create a 'people-friendly' tax administration is also reflected in the Peoples Alliance's economic vision. This planned development strategy to achieve the desired economic advancement in Sri Lanka, has been implemented since 1995. The breakthrough was visible. Yet, rapid growth and tangible large benefits will take a little longer, to be delivered to the people. The transformation of the economy with the introduction of stable economic policies takes time to seep down to the people.

In spite of the increased role of the private sector through privatization and liberalization, the Sri Lanka economy has continued to remain vulnerable to external shocks and the benefits of growth are not well distributed. Unemployment cost of living and infrastructure bottlenecks have failed to find durable solutions through economic reforms carried out over the last 25 years, despite increased reliance on private sector led growth strategies.

Yet, given the challenges faced during the past few years we managed to increase the economic growth rate to 6 per cent by the year 2000, although it declined

significantly in 2001 due to external factors. The usage of electricity by 50 per cent of the people as against 35 per cent in 1994, the reduction of unemployment to 8 per cent from 13 per cent, also reflect that economic growth was more equitably distributed during that period.

In the coming decade Sri Lanka will become an economically advanced and prosperous nation, with a stable and internationally competitive economy, combining growth with equity.

This vision will be implemented through an open economic system which is people-friendly and based on democratic institutions, whilst protecting Sri Lankan values and heritage.

The end of the ethnic conflict will herald an administration devolved to the people through necessary constitutional reform. This will be a new administration built on respect for freedom, human rights and dignity for all.

Reviewing an irrigation project





Consistency through the Years

Excerpts from speeches

>> *As a young politician of the Sri Lanka Mahajana Party
Speech at Kurunegala, 85-86 period*

"The basic truth we must accept is that peace in the country is essential for the liberation of not only the suffering masses among the Sinhala, Tamil and the Muslim communities, but all Sri Lankans."

>> *Speech at Nugegoda, 85-86 period*

"This war is a big headache. The Sinhala Buddhist leaders who were not there when millions of acres that belonged to Sinhala Buddhists were given over to foreigners, when Bhikkus were beaten up, when the industries of the country were fragmented and sold, are now creating an environment to prolong the war."

>> *Speech at Divulapitiya,
16th August 1986*

"The Mahajana Pakshaya extends its support to resolve the ethnic issue in order to prevent human carnage and create a peaceful atmosphere. Provincial Councils will never divide the country."

>> *At the inauguration of the "Sudu Nelum" movement - Colombo, 8th July 1995*

"Our failure to mould and develop a common Sri Lankan identity and a character in the social, cultural and political spheres, weaving into the national fabric of this country, has indeed, to be considered as a tragic shortcoming. As such, it would not be wrong to say that the greatest challenge, before all of us today, is the building of a strong Sri Lankan nation with a common Sri Lankan identity and a character, bringing together the different ethnic and religious groups such as Sinhala Buddhists, Sinhala Christians, Tamil Hindus, Tamil Christians and the Muslims."

"It is possible to build one country where Sinhala Buddhists, the vast majority of the population, and the peoples of various other minority communities and religions, including Tamils, could live together as one people bound by a sense of brotherhood, enjoying full and equal rights."

"The lasting solution to that problem should be none other than a political solution."

>> *Address at the United Nations World Summit for Social Development Copenhagen, 12th March 1995,*

"Our experience has amply demonstrated that social development and social justice cannot be achieved in the absence of peace and security."

"A peaceful resolution to the North East conflict arrived at through patient dialogue with all concerned is essential for all communities in Sri Lanka to express their identities and to collectively and fully participate in national life."



>> **Independence Day, 4th February 1996**

"My Government remains resolute in its commitment to find a solution to the ethnic question and its tragic and terrible consequences, through political means. We chose to achieve peace through negotiations. The LTTE compelled us to wage a battle for peace. We shall not hesitate to undertake every action that may be required to defend and implement our Programme for Peace."



>> **Sri Lanka Economic Co-operation Committee, Seoul, South Korea
13th August 1996**

"All communities must be given the opportunity to express their identity and to participate fully in the life of the nation, at the national, provincial or local level."

"Democracy is better served, by the sharing of power with local representative units which will enable persons to determine their own destiny."

"Although terrorism could be quelled by military means, the ethnic problem cannot be resolved by such means. Socio-economic and political problems of the minorities can only be resolved in a lasting manner through dialogue and political consensus."



>> **Independence day speech,
4th February 1997**

"I speak of the crisis of our nationhood. A crisis that has torn the different communities that once lived in brotherhood, in a united Sri Lanka, to the point of some demanding a separate State through the use of arms and the exercise of terror and others obstinately demanding special privileges over the rest."

"We shall re-dedicate ourselves to build one, united country, where we value the richness of diversity, while we steadfastly adhere to the strength of our common Sri Lankan identity."



>> **On the 50th Anniversary of Independence
4th February 1998**

"We have failed in the essential task of nation-building. We have meandered and faltered along the path, whilst our neighbours in Asia and many other countries have forged strong and united nations in which peoples of various communities of race, religion and language live in harmony. The search for the causes and the apportioning of blame for this situation may be assigned to the historians. Let us, those of us, who have taken on the responsibility to guide and govern the Nation, whatever our political party or affiliations may be, march towards the future in unison, putting behind us mean desires for petty, personal or political gain. The nation's need today is so great and urgent that it permits space only for largesse of heart and mind, which will in the national interest supersede all that is irrelevant and small."

"History offers but a few opportunities to an individual or a nation, to reach up to the stars. We have missed many chances. We cannot, we must not, miss this one last moment, rich with opportunity."

>> **On the 51st Anniversary of Independence
4th February 1999**

"My Government has addressed the urgent and vexed task of designing a set of proposals, to arrive at a political solution to the ethnic problem in our country. It required immense courage and vision to make a frontal attack on this problem. There is at present before Parliament, a set of comprehensive proposals, introduced by my government to empower all ethnic groups, so that they will be full partners and shareholders in the decision-making processes at all levels of Government. The purpose of this constitutional initiative is the replacement of bigotry and intolerance by understanding; suspicion by confidence; and exclusion by empowerment and fruitful partnership. Once they are implemented, they will build a strong basis for people of all races, religions, cultural and social backgrounds, speaking all languages to build together, a strong and united country."





>> **Before the Presidential election,
Colombo, 14th December, 1999.**

"I have sacrificed a father and a husband on the altar of another form of political violence, which prevailed in this country. I wish to ensure the Tamil people, that I am equally concerned as you are, in seeking an end to the war and a resolution to the ethnic problem."

"There is an ethnic problem in this country and it's only viable resolution lies in a politically negotiated settlement."

"I do not wish to bequeath upon our children the horrors that you and I have lived through in the past decades. Let us together march into the new millennium with peace and in harmony, to rebuild a new Sri Lanka brimming, with the vigour and vitality of an enlightened and united nation."

>> **Address to the nation the President
Chandrika Bandaranaike Kumaratunga,
8th May 2000**

"The Tamil people of the North and the East are clearly against the politics of fascist terrorism. What they ask for is to enjoy the rights that they are entitled to as Sri Lankans and live in dignity as Sri Lankans."

>> **Address to the Nation after re-election
as President for a second term.
Colombo, 22nd December 1999**

"Let us do as our various faiths tell us all to do, and leave behind the pettiness and spitefulness and difference to achieve this first, most desperate and most urgent target of peace, before we attempt to achieve all else."

>> **On the 52nd Anniversary of Independence
4th February 2000**

"Our Independence was achieved in order to enable the Sri Lankan people's will to reign supreme, to achieve economic prosperity and equal opportunity for all Sri Lankan citizens. As we know, this simple and easily achievable aim has been frustrated for almost two decades by this ethnic conflict."

"We must continue in earnest to offer equal opportunities to every citizen of this country, we must share political power and guarantee all this, constitutionally."

>> **At the Presidential Secretariat
15th May 2000**

"I am a Sinhala Buddhist, but this Government belongs to all communities including Sinhala, Tamil, Muslim, Burgher and Malay living in this country, and this Government is working according to the requirements of all these communities."



>> **Address to the Nation, 24th May 2000**

"People of Sri Lanka in their entirety are today facing a most decisive moment in their history. The whole nation is facing a grave crisis as regards national security. We have to face the battle of protecting the sovereignty, territorial integrity and unity of the country and safeguarding the people."

"Let us eschew all petty considerations and unite to safeguard the nation. Let us join hands, let us be magnanimous and fight together to achieve victory."

>> **Address to the Nation on War Heroes' Day, 7th June 2000**

"We cannot drag this war and make the future of our children bleak. So we invited the LTTE to the negotiating table despite their killing of innocent people, destruction of national property and even an attempt to take my life. The doors for peace are still open for them because we need to ensure the minority communities of their just rights."

>> **In Parliament, when she presented the Draft Bill of the New Constitution, 3rd August 2000**

"The ethnic crisis is an issue concerning democracy in this country. We expect the fact there is a strong and underlined political reason for the ethnic crisis that prevails today. This political reason is none other than the fact that there is no political understanding on the solution of this-problem. The war is but a consequence of the ethnic crisis. There have been many hair-splitting arguments and counter arguments about what should be done to solve this problem....It is my honest belief that none of these arguments or legalistic and ideological positions that have been continued for the past fifty years have brought about any solution to this problem.... An ounce of practicality has more value than a ton of ideology."

"The real cause of this ethnic crisis is that the minority communities have not had a fair or reasonable opportunity to share in the political social and economic power structure in this country. This is now the problem of the system of government now in place in our country. When we built up the post-colonial state structure we did not think of designing alternative structures which would suit a pluralistic society. We have failed to carry out successfully that fifty years of history has thrust upon us, to establish a new strong and united Sri Lankan nation."





>> **Address on the 53rd Anniversary of Independence
4th February 2001**

"Many countries which emerged as free nations with us had diverse populations of different ethnicity, religious beliefs and spoken languages but most of them managed to build powerful and united nations who could settle their domestic affairs in peace without conflict. We have failed singularly in this regard."

"We are not fighting the Tamil people...we are fighting only a small group of extremists who resort to terror to intimidate a nation to grant unreasonable demands."



>> **The M.H.M Ashraff Memorial Lecture, delivered
five days after 9/11, 16th September 2001**

"Terrorism is destructive. It is neither radical nor revolutionary. Terrorism stems usually from conservatism and is vengeful. The only ones who gain from terrorist warfare are the terrorists themselves, and the war industry - the arms manufacturers and their agents."

"We need to desperately study and understand the true causes of terrorism and terroristic movements.... It is injustice that has engendered violent or terroristic responses from those who feel victims of that injustice..."

"Peace is more than the simple absence of war. It entails the active engagement in the battle for construction; for reconstruction, for identifying and rectifying the root causes of war and conflict."

>> **Address to the Nation following
the LTTE attack on the
International Airport and
Air Force Base at Katunayake,
25th July 2001**

"As the Head of State and the President of all the peoples of Sri Lanka, I invite, once more all political parties to join me to put an end to the challenge of terrorism and to further strengthen democracy and the supremacy of the people, in this land of ours...in order that we together may rebuild this nation, as an undivided, strong and humanistic one."



>> *Address to the Oxford Union
29th October 2001*

"I believe most honestly and strongly that the most effective response to terrorism is to stop generating it."

>> *At the eleventh SAARC Summit in
Kathmandu, Nepal - 5th January 2002*

"We have failed them. We have for too long allowed our perceptions of injustices that we believe have been perpetrated against us ... to prevent us from sitting down honestly to begin the search for solutions. For what matters in the final count for the starving, dispossessed millions of our peoples are practical achievements, in order to resolve their problems."

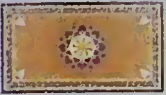
>> *Madhavrao Scindia Memorial Lecture
in New Delhi - 23rd April 2002*

"The challenge of the 21st century for many countries and quite certainly for South Asia would remain the enterprise of building pluralist, multi-ethnic and multi-cultural Nation-States. For this we would certainly have to manage the existing diversity within our nations and direct the richness of this diversity towards positive change."

"To achieve all this we must learn to draw strength from the richness of diversities, rather than reject that which is different thus, exacerbating diversity into conflict."

"India has managed to cope with the myriad diversities within it, while maintaining a sufficiently stable political system.... In Sri Lanka, we have faltered in the essential task of nation-building with much less diversity of race, religion and language ... we have failed to address the issue of building a truly pluralist Nation State."





>> **Keynote Address at the Sri Lanka Development Forum
Colombo - 6th June 2002**

"Sustained economic growth will not be possible without restoring peace and political stability to our country. This could be achieved only when every Sri Lankan citizen, irrespective of race, religion or political creed would live in dignity and equal opportunity."

>> **Address to the Nation
9th August 2002**

"The Peace we all strive for should be attained within a framework that would ensure equal rights and protect democratic freedoms for all communities living in this country."

"Negotiations should aim at arriving at a permanent solution to the ethnic conflict through a reform of the structure of the State in a manner that will help to resolve the problems of the Tamil people, while providing justice to the Sinhala and Muslim peoples. This is the core issue."

>> **At the inauguration of the
National Consultation on Ethnic
Reconciliation
26th July 2002**

"Peace cannot be achieved only by winning wars... Peace must also be achieved if it is to last a long time, in the hearts and minds of the people."

"We should commence the widest possible consultation and dialogue amongst all our peoples. Amongst people belonging to every ethnic community, religious denomination, political beliefs and creed on the need for peace... for bringing about ethnic harmony... so that those actually and directly engaged in the peace process could take into account all those concerns, proposals, and suggestions as they go along the path of reconciliation and peace."



International Advocacy for Peace and Children

With UN Secretary General
Kofi Annan



With Bill Gates and Carol Bellamy,
Head of UNICEF at the UN Special Sessions
for Children - May 2002



With His Holiness Pope John Paul II
on his visit to Sri Lanka



With former South African
President Nelson Mandela

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8th Anniversary of the Presidency



Her Excellency
Chandrika Bandaranaike Kumaratunga
President of Sri Lanka

12 November 2002

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