

## Economic Development and National Defence in Sri Lanka

M. M. Jayawardena<sup>1</sup>

The discussion on national defence and economic growth/development goes back to the deep roots of history, despite the marginal academic interest. The accumulated studies in the literature of economics of defence show an ambiguity of the theoretical underpinning of the subject matter. But every country allocates a comparatively significant % of GDP on national defence. (Todd Sandler and Keirth Hartley 1996).

Until 1970s, defence services in Sri Lanka had been almost purely ceremonial. The size of defence was merely less than 1% of GDP with the bottom line objectives. Thereafter, it has increased up to 7% in certain years (e.g.1987, 1995). The national defence in Sri Lanka holds a crucial responsibility under the prevailing conflict ridden atmosphere and the geo-political position of the island nation in the face of economic growth and development. Here, the expected contributions of national defence is hypothetically identified as 'product', 'equality', 'employment' 'social transformation', 'self esteem' and 'stability'.(9<sup>th</sup> conference of S/L Studies, 2003).During the study period, from 1970 to 2004, the economic growth rate has been from -1.4 to 6% per annum with an average growth rate of 4.2%. The product contribution against the increase of the size of national defence is not sufficient. Secondly, through the recruitments to the armed forces, the rural sector/underprivileged population has been benefited directly and also through trickle down effects. Therefore, the equality contribution has been positive. Similar positive contribution can also be observed with respect to the employment contribution, because defence has become one of the major effective sources of employment. Fourthly, though it is too early to comment on its positive contribution to the social transformation, there is a tendency towards a new 'social contract' as the extreme parties of the society have begun to moderate their views and move towards coexistence. However, with respect to the social transformation the legitimate forces are still to contribute to prevent the exploitation by the extreme elements like the LTTE. Fifthly, during the last thirty years or so the self-esteem of the nation has been severely affected mainly because of the setback in the discipline and the goal directed behaviour of both the individuals and the nation under conflict ridden atmosphere. Finally the failure to compensate the opportunity cost created by heavy defence on health, education and other infrastructure investment has negatively affected on the stability as well as the progress of the country. This has been further aggravated by the continuous inflation mainly resulted from the defence burden. The study shows firstly that the hypothesized contributions cannot be cardinally measured and secondly, that in the Sri Lankan context in particular, those hypothesized contributions are insufficient for the economic growth and development. Thus, it is important to study whether it is a problem of the identified theoretical frame or a possible inefficiency and/or other limitations of the functioning of national defence in Sri Lanka towards the set objectives.

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<sup>1</sup> General Sir John Kotelawala Defence Academy , E-mail:  
anatumjayawardena109@hotmail.com