

6.8 Review of Changes in Pattern of Trade from Colonial Period to Post –Independence Era.

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ABSTRACT

The Sri Lankan economic system was drastically changed from a closed feudal agrarian subsistence economic system to a dual economy comprising a plantation sector and a backward subsistence agrarian sector under the British Colonial rule. The economy changed in this way was later branded as an export economy. An export economy is defined as one with not merely a high ratio of imports & exports to national income but one in which all the important macro economic variable such as government revenue & expenditure, private investment, import & national income itself possess strong functional dependence upon the level of exports receipts.(Snodgrass: 1966).

But, this economy became favorable only in limited boom periods. All other times this economic system has not been in favor of the economy. Therefore, attempts were made even during the British colonial period to change this trade pattern, first, by trying to diversify the economy through industrialization. But, industrialization could not make any impact on changing this pattern of trade. Even by obtaining the independence in 1948 and then, by following more government interventionist policies starting from 1956 this trade pattern could not be changed. For example, by 1959,90% of export income of the country came through the exports of few primary commodities. Even the situation prevailing by 1977 was not much different from that of the end of the 1950s. However, economic reforms made in 1977 onwards have made a considerable impact on changing the trade pattern in Sri Lanka. Accordingly, Sri Lanka's export structure has been changed from more dominant situations of primary export earnings to the earnings of manufacturing products & the earnings of the migrant employees. However, the manufacturing exports are concerned they are concentrated on low value added garments exports. Therefore, this study reveals that primary exports still plays a major role in deciding the country's economic growth. As such, this study highlights that the trade pattern emerged during the colonial period can be still seen in the economy.

Key words:- Trade, Colonial era, Subsistence Economy, Plantation sector, Industrialization