

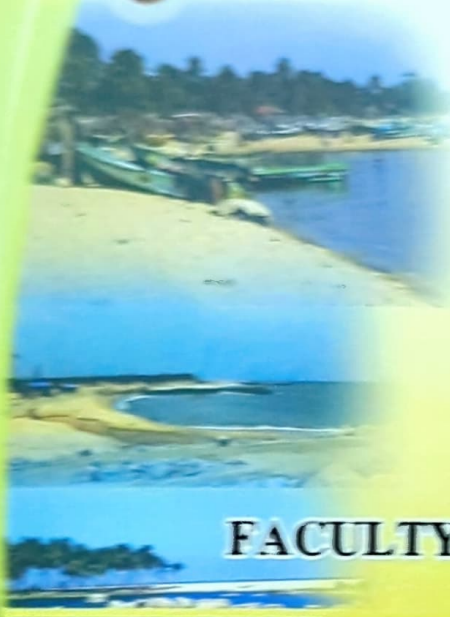


ABSTRACTS

South Eastern University of Sri Lanka

**National Conference on
Regional Development 2011**

10th & 11th Dec. 2011



FACULTY OF ARTS AND CULTURE



The Degree of Economic Openness and Sustaining Ethnic Peace in Sri Lanka

Navaratnam Ravinthrakumaran¹

A numerous studies have examined the determinants of sustaining ethnic peace in multi-ethnic developing countries and report on myriad contributory factors including economic, political, and cultural issues. It is natural to observe many correlate since ethnic wars tend to gain their own momentum and proceed for a variety of reasons that are not directly related to the initial causes. Sustaining ethnic peace is a constant challenge that policy makers have to grapple with, even in developed countries. Good governance and high and shared economic growth often top the list of conditions necessary to achieve ethnic peace. How to get good governance with high and shared growth in Sri Lanka are key questions. In this framework, the purpose of this paper is to draw attention to the conditions necessary to sustain ethnic peace in Sri Lanka. This paper performs an econometric model based on time series data over the period 1977 to 2009. All the data were gathered from various annual reports of the Central Bank of Sri Lanka, Penn World Tables, World Development Indicators and Polity IV data set. From the analysis this paper identified the degree of economic openness exerts a highly statistically significant effect on economic growth, improves the quality of governance, and reduces the probability of ethnic conflicts. Once set in motion, openness is likely to generate a virtuous feedback loop between government policies and the socio-economic environment. As the economic pie gets larger it would be easier to implement other policies that are needed for redistribution, social development and ethnic peace.

Key words: Economic Openness, Good Governance, Economic Growth, Ethnic Peace

* To whom correspondence should be addressed: navaravi@econ.cmb.ac.lk

¹ Senior Lecturer, Department of Economics, University of Colombo.