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Democracy, Development and the Executive Presidency in Sri Lanka

Rajesh Venugopal
London School of Economics (LSE)
r.venugopal@lse.ac.uk

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Abstract:
This paper examines the developmental causes and consequences of the shift from a parliamentary to a semi-presidential system in Sri Lanka in 1978, examining its provenance, rationale, and its unfolding trajectory. In doing so, it draws on a wide range of sources and a decade of research on Sri Lankan history and politics, and engages with debates on the role of institutions and democracy on development. It sets out an argument in brief that the executive presidency was born out of an elite impulse to create a more stable, centralised political structure to resist the welfarist electoral pressures that had taken hold in the post-independence period, and to pursue a market-driven model of economic growth. This strategy succeeded in its early years 1978-93, when presidents retained legislative control, maintained a strong personal commitment to market reforms, and cultivated alternative souces of legitimacy. In the absence of these factors, the presidency slipped into crisis in over 1994-2004 as resistance to elite-led projects of state reform mounted and as the president lost control of the legislature. Since 2005 the presidency has regained its power, but at the cost of abandoning its original rationale and function as a means to recalibrate elite/mass power relationship to facilitate elite-led reform agendas.

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INTRODUCTION

How do political institutions affect economic development? Since the early 1990s, the theory and practice of economic development has been transformed by the idea that 'institutions matter' and that economic outcomes are best explained by the institutional environments that beget them. Consequently, a wide assortment of developmental pathologies have been traced back and reframed as institutional problems, whether of poor design, weak enforcement, non-transparency, accountability, over-centralisation, multiplicity, low capacity, weak legitimacy, or elite capture. The promotion of economic development is as a result widely understood to be a matter of engineering and enhancing an optimal and functional institutional regime of political rules, with a concomitant set of rewards and punishments.

This paper contributes to that broad field of study by exploring the developmental causes and consequences of a major institutional change that took place in Sri Lankan development history: the shift from a parliamentary to a semi-presidential political system with the introduction of a powerful executive presidency in 1978. The semi-presidential system was introduced as part of a new constitution in 1978, and was the most significant change to the country's political architecture since independence in 1948. Moreover, there was a distinctly developmentalist rationale that inspired it, and that it was brought into being to serve.

The main difference between a presidential and parliamentary system of government is in the relationship between the executive and the legislature. In parliamentary systems, the executive, including the prime minister and the cabinet, is composed of sitting members of the legislature. In a presidential system on the other hand, the executive is headed by a directly elected president, so that there is a greater separation of powers between the executive and legislature.

There is a significant debate in the political science and economics literature on the relative merits of presidential versus parliamentary systems for democratic resilience, government stability, and effective policy-making (Linz 1990, Shugart 1992, Cheiboub 2007, Elgie 2004). Persson and Tabellini (2005:276) suggest that 'presidentialism could lead to overall better policies in consolidated and solid democracies but not in more precarious democratic situations'. Cox and McCubbins (1991) argue that the separation of powers in a presidential system makes it less decisive in policy-formulation, but resistant to reversal and thus more resolute in carrying it forward through implementation. Keefer (2004) instead argues that policy outcomes are only weakly affected by constitutional choice.

Indeed, at first glance, the switch from a parliamentary to a semi-presidential system in Sri Lanka did bring about evident changes to development policy. The Westminster-style prime ministerial system of 1948-77 is widely characterised as a period when electoral populism led to the growth of unsustainable welfare spending, excessive state regulation of economic activity, and economic stagnation. In contrast, the switch to the Gaullist semi-presidential system in 1978 gave birth to a more authoritarian politics and to a new era of market reforms, economic dynamism, and global re-integration.

But a closer inspection of the actual processes involved would reveal a far more challenging and complicated reality. Economic growth did increase in the years following the introduction of the executive presidency, but often in unexpected and counter-intuitive ways that were only indirectly connected to the new institutional system. The rapid growth and structural transformations that were evident through market reform-led growth in the south also occurred in parallel with the escalating civil war in the north-east, generating a schizophrenic mix of development amidst destruction. The market reform programme was itself no textbook shift from state to market: it was accompanied by a massive expansion of the state, first through large rural development schemes, and later through the fiscal impact of the expanding defence budget, each of which created knock-on effects within and beyond the economic sphere.

In other words, the superficial correlation between the presidential system and higher economic development provides an incomplete, if not entirely misleading answer, and leaves the most important questions un-addressed. More broadly, the study of political institutions and economic development struggles to address three key methodological problems. Firstly, there is the challenge of endogeneity, and understanding how to uncouple cause and effect: do institutions lead to development or is it vice versa? Secondly, while correlations abound, there is a need to better understand the actual processes and causal sequences. Thirdly, what are the other contextual variables at play that explain why the same institutions, even in the same country, can produce very divergent outcomes over time?

This paper seeks to address some of these prevailing challenges by taking a more actor-centric perspective of how institutional reform is rationalised, conceived and implemented, and then evaluates its outcome under that framework and set of criteria. That is, institutional change and the economic consequences that result are not cast within the confines of a causal relationship to isolate and test in itself, but as a political project to be approached from the perspective of a historically informed political sociology. This involves tracing the origins and rationale of the executive presidency in Sri Lanka, identifying its social constituency of support, and then explaining how this project unfolded in practice, and with what consequences.

In analytical terms, this trajectory is mapped out across the terrain of the broader relationship between democracy and development in Sri Lanka, and with particular reference to the 'elite/mass discontinuity', which James Manor described as the 'principal political cleavage in the polity of Sri Lanka' (Manor 1979:22). This paper takes Manor's typology (written incidentally in the immediate aftermath of the 1978 constitution) as the point of departure to view how elites and masses (particularly with reference to the Sinhala-Buddhist majority), positioned themselves on opposite sides of the main issues of political contention with respect to economic policy and also to the ethnic conflict.

The empirical basis for this paper is eclectic and diverse. It includes both primary and secondary evidence from a variety of different sources as warranted to advance, illustrate, and substantiate the narrative, but is largely based on an accumulated body of original research and fieldwork conducted by the author on Sri Lankan politics and the economy from 2004-2012, based on interviews, documentary evidence, archival research and statistical data.

In brief, modern Sri Lankan constitutional history has four distinct periods: the Donoughmore constitution of 1931-47 that introduced universal franchise and a significant measure of self-government; the Soulbury constitution 1948-71, which created a Westminster style parliamentary system under dominion status at independence; the Republican constitution of 1971-77, which largely continued the basic domestic political architecture of Soulbury, but which ended dominion status; the 1978 Gaullist constitution which introduced an executive president and proportional representation-based voting for the legislature.

The academic literature on development as well as the guiding wisdom during the colonial period was that development has to precede democracy: stable democracies are only tenable at later stages of development with higher levels of income and education. This is the thrust not only in Seymour Lipsett's classic work on the subject, (Lipset 1959) but also in Adam Przeworski, who comes to the same conclusion from an opposite direction of causality. Whereas Lipsett essentially argues that the poor are ill-suited to democracy and vulnerable to demagogic extremists, Przeworski argues that it is the rich who will find democracy intolerable because of the threat it poses to their wealth (Przeworski 2008). Indeed, Przeworski et al (1996) attach a statistical probability of 0.12 for democratic survival in a poor country with per capita income of less than $1000 – implying that the expected lifetime of a poor democracy is 8.5 years.

As such, theory holds that premature democratization in poor, under-developed countries, such as late-colonial Ceylon would cause either democracy or development to suffer. Such countries would either revert to non-democratic authoritarian regimes (in form if not in substance), or else suffer extended periods of retarded and distorted development. Or else, they could chaotically zig-zag through a half-way system where weak democratic institutions and weak developmental outcomes reproduce one another. In contrast, the experience of successful late-developing countries in East Asia such as South Korea and Taiwan is illustrative: both remained under authoritarian regimes during the period of their industrialisation, and did not democratize until the 1980s, by which time they had already achieved a substantial measure of prosperity.

This mainstream consensus has of course endured a vibrant set of critiques and alternate theories of the sequence from economic development to democracy (Moore 1966, Evans 1979, O'Donnell 1973, Nelson and Huntington 1986). Nevertheless, it remains significant not because of it has greater explanatory power or empirical validity as such, but because it has wide currency and are influence on the ground. As such it has relevance not just for its analytical content but because it is a component part of that reality under study.

The argument in brief is that Sri Lanka's executive presidency was born out of an elite impulse to create a more stable, centralised and authoritarian political structure that would overcome and reverse the negative economic effects of a populist electoral democracy. It would they hoped, help revive economic growth under a market-driven development regime. This project succeeded (on its own terms) in its early years, when the presidencies of J.R. Jayewardene (1978-88) and Ranasinghe Premadasa (1989-93) retained legislative control and maintained a strong personal commitment to market reforms. It later struggled and went into crisis under the Chandrika Kumaratunga presidency (1995-2005) as resistance mounted from above and below. The presidency itself was rescued from crisis by Mahinda Rajapakse presidency (2005-2015), but at the cost of rejecting the project and rationale that gave rise to it and by embracing the electoral populism that it was created to resist.

TASTING THE FRUIT BEFORE PLANTING THE TREE: 1948-77

The internal debate on democracy and development needs to be traced back to the colonial government reforms of the late-1920s, and the hearings of the Donoughmore Commission that was entrusted with making recommendations for a new constitution. Political reforms had since the 1880s gradually expanded the quantity and quality of native representation within the colonial government, and the nascent Ceylonese elite that had been thus drawn in expected and lobbied for further such gradual reforms. However, the Donoughmore Commission, which arrived in Ceylon in 1927 had more ambitious and radical reforms in mind. They proposed a significant expansion in self-government but linked this to an even more significant expansion of the franchise – hitherto restricted to men of education and property – to all men and women aged 21 and over.

Ceylon's political elite, composed entirely of wealthy, educated, westernised native men, were aghast at the idea of such a radical reform. Almost unanimously, they opposed the extension of the vote to those they considered manifestly unsuited and unprepared for it.[1] Their most senior and respected personality, Sir Ponnambalam Ramanathan, wrote in outrage that it was 'an utter stupidity' to 'transfer political power to a dangerous mob' (Ramanathan 1930, cited in Russell 1982:18). Yet it went ahead. Under the Donoughmore constitution (1931-47), the crown colony of Ceylon – not even a dominion yet – was the first country in Asia, and the first 'non-white' part of the empire to be granted such extensive self-government, and also the first to have universal suffrage. Ceylon's first such election in 1931 took place a full two decades before it would happen in India.

The political enfranchisement of the entire adult population quickly changed the nature of political competition and the incentives that guided the behaviour of political elites. By the mid-1940s, the government had initiated a range of transformative social welfare schemes such as subsidized food, free education, and free public health, which changed life for the better for the large majority that had hitherto been deprived of these (Jayasuriya 2010). As a result, by the early 1960s, Sri Lanka was being described as an unusual and precocious development miracle. Between 1946-63, the infant morality rate dropped from 141 per 1000 to 56 per 1000 while life expectancy increased from 43 to 63 years. The adult literacy rate, which was already comparatively high in 1946 at 58 percent rose quickly to 72 percent

[1] Manor (1989:78) lists the only three people who advocated universal franchise in Ceylon as a trade unionist A.E.Goonesinha and two British residents.

by 1963. These improvements also occurred in the absence of anything near a commensurate increase in economic growth, so that Sri Lanka had, in terms of social welfare indicators, burst into the league of countries that were a factor of between five and ten times wealthier in terms of income (Isenman 1980).

These historic gains notwithstanding, it is also not possible to ignore the many negative features that were also intrinsic to this process, and which would vindicate the apprehensions, however condescending they seem in retrospect, of the Donoughmore era elites. Universal suffrage granted abruptly to an impoverished rural population who had never actually asked for it was quickly exploited and captured; first by dominant social groups and later by the kind of 'extremist demagogues' that Lipsett explicitly warned of. Electoral competition fuelled and channeled a growing tide of ethno-nationalism in the Sinhalese and Tamil communities into frontal political confrontation that eventually escalated into civil war. The 'ethnic fratricide' that Stanley Tambiah wrote of evocatively after the 1983 riots (Tambiah 1986) did not result from the dismantling of democracy, but was more likely as Jonathan Spencer describes, one of its illiberal consequences (Spencer 2008).

Electoral politics also created incentives for political aspirants to hand out generous public welfare schemes that taxed the productive sectors of the economy to fund not investments, but unproductive consumption subsidies. Joan Robinson, the Cambridge economist famously remarked that 'Ceylon has tasted the fruit before she has planted the tree' (Robinson 1959: 41). Emblematic of the economic and political dysfunctionality of the time was the institution of the rice subsidy, and its quick elevation to the status of a political 'holy cow'. Introduced initially as a war-time measure, the subsidy grew to occupy 20 percent of all government expenditures and became electorally impossible to withdraw, even when the government was in fiscal distress.

Indeed electoral politics under universal franchise was creating a super-heated political environment that had by the 1950s, upturned the dull and docile elite politics of the colonial era. With the general strike, or 'hartal' of 1953, the enactment of the ethnically divisive Sinhala-only language act of 1956; the assassination of the prime minister by a monk in 1959 and island-wide ethnic riots in 1958, the democratic dystopia of mob rule predicted by the Donoughmore era elite appeared to have come true. Even though many surviving members of that native elite were actually at the helm, and were themselves deeply complicit in presiding over and politically profiting from these tumultuous events, they nevertheless viewed the unfolding political and economic chaos in their midst with evident concern and distaste.

One manifestation of the depth of desperation that had set into the *ancien regime* about the need to correct course and redress the excesses of electoral democracy was a failed coup d'etat in 1962. The main protagonists in this 'colonels' coup' were a group of senior (but second echelon) military and police officers whose educational, social, and religious background (they were for example, almost entirely Christian) and family connections linked them closely to the erstwhile colonial-era social and economic elite. David Horowitz's study into the coup, based on an extensive set of interviews with the conspirators, clustered the reasons that motivated it around a familiar set of complaints by the members of that social stratum. These include 'unrest, strikes, no discipline', 'danger from the left', and 'politicians pandering to the mob' (Horowitz 1980).

It emerged only much later that three of the senior-most members of that very elite: the former prime minister, Sir John Kotelawala, the opposition leader Dudley Senanayake, and the president, Sir Oliver Goonetileke, were complicit in the plot, and were to have stepped forward to assume control and re-constitute a new executive after the putsch. Fatefully for the subsequent history of democracy in Sri Lanka, not only was the conspiracy uncovered and stopped at the eleventh hour, but the role that the leader of the opposition Dudley Senanayake, played in it was never fully uncovered until after his death in 1973, by which time he had been re-elected and had gone on to serve another full term as prime minister (Wriggins and De Silva 1994: 113-120).

The other, far more successfully executed plan, emanating from largely the same impulse, and from a leading politician of the same opposition party and vintage, was the Gaullist semi-presidential system. Conceived, nurtured, and introduced almost single-handedly by J.R. Jayewardene, the broader, unspoken compulsion that guided the executive presidency was, as with the coup d'etat, one of protecting political decision-making from the heat of electoral pressures. As Horowitz (1990:77) describes, 'Its principal purpose was to create a political executive with a fixed term that would permit the incumbent to make unpopular decisions'. In the case of Jayawardene and his party colleagues, there was an ambition to turn the clock back to the golden age of political, economic, and inter-ethnic stability of the early post-independence years when they were in power.

This is of course an opportunistic misreading of that period, and belies the fact that as the first finance minister of independent Ceylon from 1947-51, J.R. Jayewardene's budgets - viewed at the time as a bold Keynesian departure from the stifling liberal orthodoxy of the colonial-era – were a precursor of much of what was to come later. The taxation of the plantation sector to fund consumer subsidies, welfare expansion, and even some measure of planning and import-substitution industrialisation were all projects advanced (albeit in a more cautious manner) by the very person who would, three decades later, seek to dismantle them, and to force that genie back into its bottle.

The historical source material on the provenance of the executive presidency in Sri Lanka is surprisingly sparse. There was by all accounts, no long-standing debate on the issue within Jayawardene's United National Party (UNP), or even among the broader political, journalistic, or intellectual milieu. It appears instead that the idea belonged to Jayewardene himself, and was announced publicly for the first time in a speech that he made in 1966 (Wilson 1980). In its form, it was clearly inspired by the 'semi-presidential' or 'premier-presidential' system of the French fifth republic, and the way that it appeared to correct the deep imbalances wrought by the Westminster system.

The separation of the executive from the legislature ensured that the chief executive would stand above the petty bickering and fickle alliances of parliament. The fixed time-line for a presidential term ensured that policies could be formulated with a longer, more dependable time-line for their implementation, and be free of the imminent threat of a loss of confidence and collapse of the executive. One additional important change wrought by the 1978 constitution in addition to the executive presidency was the switch from a first-past-the-post constituency based legislature to one based on multi-member constituencies elected through a proportional representation system. This was to address the unfairness of the massive, undeserved parliamentary majorities that the plurality voting system had produced in 1956, 1960 (July) and 1970 to the detriment of the UNP.

In substance though, the idea of concentrating centralized powers in the person of the executive president responded directly to the compulsion to contain the excesses of electoral democracy. As Jeyaratnam Wilson, a close confidant of Jayewardene who played an influential role in framing the 1978 constitution describes, the problem was that 'the major contenders were merely auctioning away the limited assets of a society which was traversing the road to economic ruin' (Wilson 1980: 1). Consequently, Urmila Phadnis describes how 'The changeover from the Westminster model of a parliamentary system to a de Gaullist type of presidential system was justified on the ground that, for the acceleration of economic develoment as envisaged by the new regime, a strong and stable government was required.' (Phadnis 1989:163)

The imperatives that guided the newly empowered presidency corresponded with Jayewardene's admiration of the developmental results achieved by his more authoritarian contemporaries elsewhere in Asia. It also bears mention that the brewing crisis of governability that afflicted many Westminster-style systems during the 1960s-70s had led to a growing admiration of the presidential system by political elites across the former British empire, and its adoption by countries such as Nigeria, Ghana, and Uganda.
That said, despite the measure of international inspiration involved, the simultaneous adoption of a radically different political system and a new economic development regime was an original experiment in its own right and not the prevailing international fashion. Market reforms were also not forced on Jayewardene by the IMF at the knife-edge of a balance of payments or debt crisis bailout. Indeed Sri Lanka was one of the first countries in the developing world to implement such a radical change of course, five years before the rest of Asia, Africa, or Latin America would do so far more grudgingly.

"LET THE ROBBER BARONS COME": 1977-94

Much has been written about Sri Lanka's market reforms, not just domestically but internationally, where it became the subject of a heated controversy between the advocates and critics of market reform and its role in growth versus poverty (Isenman 1980, Bhalla and Glewwe 1985, Anand and Kanbur 1991, Osmani 1994, Dunham and Jayasuriya 2000).

In the first two years of the reforms, the new UNP government deregulated with speed and gusto. It liberalised foreign trade, removing import controls, reducing export duties, and devaluing the exchange rate. It eliminated subsidies on food and petrol and liberalised internal agricultural markets. It encouraged foreign investment, established export processing zones, modified labour legislation, and deregulated credit markets. Foreign investment, which was practically zero for most of the 1970s, picked up to the level of US$50 million a year in the early 1980s (UNCTAD 2000).

This was the period in which the century old reliance on agricultural commodity exports as the bedrock of government finances and foreign exchange earnings was finally overcome, and was displaced by the new economy of tourism, garment manufacturing, and financial services. Between 1977-86, the share of exports from agricultural commodities (primarily tea and rubber) dropped from 70 percent to 40 percent, while industrial goods (primarily garments) went up from 8 percent to 40 percent. The garment industry continued to expand steadily, aided by the unveiling of new export-processing zones, and had the mid-1990s, accounted for half of all exports as tea was reduced to one-fifth (UNCTAD 2000).

As a result, Sri Lanka witnessed a surge in foreign trade and private-sector led growth after 1978 that fundamentally transformed the structure of the island economy and government finances. There was also a noticeable increase in economic inequality in this period that continued to grow well into the 1990s. As Osmani (1994:294) describes, 'there is clear evidence to suggest that post reform growth has been of an exceedingly unequalizing kind'.

The record would thus suggest that the new political system had succeeded in pulling Sri Lanka back from the precipice of economic collapse; and that a judicious recalibration towards a more resolute policy-making structure was needed to introduce a more rational economic regime, albeit at the transitional cost of higher inequality. In other words, 'command politics' was needed to bring the command economy to an end. There is however, much that is missing from this story without which it lacks not just colour and texture but many of its essential facets. Although the UNP's intention may well have been to engineer a more authoritarian, electorally insulated policy-making structure in order to pursue a technocratic agenda of market deregulation, there were other aspects that came along with it that limited, moderated and even reversed the concentration of power at the apex.

The high-tide of authoritarianism that Jayewardene personified in the 1980s came about not just because the executive presidency provided him with many powers, but because this was buttressed by overwhelming legislative support. Throughout his term in power (1977-88), Jayewardene had a parliamentary super-majority (140 of 168 seats) inherited as a relic of the previous constitution and its first-past-the-post system. No such majority would be possible again under the new proportional representation rules. Nevertheless, by preserving the 1977 parliament, and by controversially extending its life through to a second, unelected term until 1989, Jayewardene afforded himself an unprecedented measure of power over an exceptionally long period of time. In his ten years as president, Jayewardene had the luxury of passing fourteen constitutional amendments, each of which required a two-thirds legislative majority. His successor Ranasinghe Premadasa would also pass another two amendments in the dying days of that extraordinarily elongated parliament in December 1988.

Proportional representation would, once inaugurated in 1989, change the structure of legislative representation entirely, and produce deeply fragmented parliaments out of which fragile multi-party ruling coalitions would be strung together. This not only improved the representative quality of parliament in several dimensions, but it also served to constrain the powers that subsequent presidents after Jayewardene wielded, requiring them to share power and make deep compromises with many smaller coalition partners. Unlike the presidency, the legislature had no fixed term limit, remaining vulnerable to sudden collapse and electoral recall, and therefore, far more responsive to the popular pulse and to its murmurings of discontent. In time, this element would lead to the deceleration of the pace of market reforms after Premadasa, and eventually, to its indefinite suspension under Rajapakse. One simple indicator of the changing power of the presidency vis-à-vis the legislature is in the rate of constitutional amendments that have been passed. Between 1978-88, constitutional amendments happened at the rate of about 1.5 per year. In the 25 year period 1988-2013 after that, the rate dropped to about 0.1 per year.

In order to explain the story of market reforms in Sri Lanka, it is necessary to understand the involvement of a much larger and more complex set of actors than is immediately apparent, as well as an extraordinary array of political and ideological mechanics and theatrics. Having traumatically lost power to a wave of economic and ethno-nationalist populism in 1956, the UNP had, since then, consciously sought to repair its inherited identity as an unelectable party of rich urban cosmopolitans. As Jayewardene himself put it, the task was to 'correct the image of the UNP which was considered a conservative, capitalist party' (Jayewardene 1992: ix), and he largely succeeded in this historical mission, at least for a while.[2] In order to get the UNP re-elected and to implement a counter-populist economic agenda of market liberalization and the de-welfarisation of the state, Jayewardene set about finding alternate sources of populist legitimacy and consent. This happened on the one hand through an exaggerated performance of Buddhist religiosity, and on the other, through a series of high-profile, high-budget rural development schemes.

Once elected into power with an overwhelming legislative majority in 1977, and the powers of the executive presidency at hand, Jayewardene's development agenda was not restricted to the market reforms, foreign investment and export-processing zones that it is known for. Indeed these elements were often overshadowed by the massive expansion of the state under public sector investment projects that increased the state employment head-count by 20 percent in his first five years in power (Herring 1994). Most vivid of the many rural development projects of the time was the revitalization the Mahaweli development project. Originally conceived in the 1960s as a thirty year project of electrification and irrigation-based rural development covering 39 percent of the land-mass of Sri Lanka, the project was under Jayewardene compressed and accelerated to fit within six years, in which time, six reservoirs and five hydro-electric power plants were to be built, along with the irrigation of 112,000 hectares of land (World Bank 1986, Tennekoon 1988).

The reform agenda continued to unfold under Premadasa through the UNP's adroit ability to camouflage its business-friendly reforms under the thunder and lightning of populist

[2] See De Silva and Wriggins (1994), particularly chapter 14-16 for a fairly sympathetic account of Jayewardene's reforms within the UNP in the 1973-77 period.

ethno-religious outreach and rural development programmes. A considerable part of Premadasa's personal attention was spent designing, implementing and communicating his massive public housing scheme (Sirivardana 1986, Robson 1983, Brow 1990), the new *Janasaviya* poverty alleviation programme, the two hundred garment factory scheme for rural job creation, and the *Gam Udawa* village development 'awakening' schemes (Stokke 1995, Dunham and Kelegama 1997). Unusually for a poor South Asian country where such spending is frequently associated with clientelist excess, the wastage of public funds, and corrupt misgovernance, the brief Premadasa period is nevertheless viewed in retrospect as relatively more successful in its stated aims. Even though many of these negative elements were present, the programmes were nevertheless imaginative and innovative and reflected Premadasa's personal commitment and zeal towards their success.

Moreover, given the extent of its association with high profile religiosity and poverty alleviation, it is instructive to note that the Premadasa period remains in the memory of corporate leaders as a golden age of government responsiveness and business-friendly efficiency. This was the point at which Sri Lanka most closely resembled an authoritarian East Asian developmental state. It was corrupt, but efficient; intolerant and rough with critics, but business-minded and results-oriented; it suppressed unions, but was generous and innovative with welfare schemes. It featured the inscrutable and demanding personality of Premadasa at its apex, ably assisted by a phalanx of hard-working and competent bureaucrats such as Bradman Weerakoon and R. Paskaralingam. The government managed to deliver, both in terms of attracting foreign investments, but also in getting garment factories located in the rural hinterland where they provided jobs and incomes for poor families. In this brief period of 1990-93, the UNP's vision of an authoritarian market-driven globalized economic growth and poverty alleviation briefly reached its pinnacle. This was in essence, what the executive presidency aspired to do (Dunham and Kelegama 1997).

The other important feature that shaped, and left a deep imprint on the development agenda in that period was the escalating civil war. By the second half of the 1980s, the war in the north and the brewing JVP rebellion in the south had claimed a growing share of the state's resources, and was imposing a heavy toll on the economy. A series of economic analyses in the 1990s began to attach a developmental cost to the war, estimating the direct costs such as the diversion of scarce resources to military purposes, the destruction of physical capital, and the interruption of production and trade, as well as indirect costs such as the flight of human capital and foregone foreign investment (Arunatilake et al, 2001, Marga Institute et al 2001, Grobar and Gnanaselvam 1993). As a result, there was a growing consensus that the conflict had come to pose an unbearable burden on the economy, and that it needed to be resolved, even at heavy cost if need be, in order for the country to progress.

If war was seen on the one hand as an obstacle to development, then it was the flip-side of a widely held view that development was the solution to the conflict. Both the Tamil separatists of the north, and the Sinhala-Marxist insurgents of the *Janatha Vimukthi Peramuna* (JVP) in the south were widely associated with the frustrations of poorer, socially disadvantaged groups in those communities. It led consequently, to the identification of economic development as an urgent need and a potential alternative route to conflict resolution. In consequence, development has since 1977 frequently taken on the implicit if not explicit rationale of addressing the root causes of unrest in youth unemployment and rural poverty.

But in reality, the way that development and war interacted was far more complex than the relatively straight-forward task of tallying up the costs of war, or in the causal link between poverty and violence. Market reform and the ethnic conflict were the two leading policy items on the agenda of the UNP government for most of its 17 years in power, and these two items were deeply inter-connected at the political, socio-economic, and ideological level. At one level, the UNP's exaggerated display of Buddhist religiosity and Sinhala patriotism – which was at least partly in order to compensate for the evident unpopularity and illegitimacy of the market reforms - had the obvious knock-on effect of further alienating the Tamil minority.

The results of the 1982 presidential election show that the UNP's support was weakening amongst rural Sinhala Buddhists, probably as (Moore 1984) suggests due to a conjoined cultural/economic rejection of the reforms. It created a situation by the early-1980s where the continuation of the market reform agenda required the government to demonstrate that it was defending the interests of the Sinhala Buddhists, even if it meant alienating the Tamils and painting itself into a corner on the ethnic issue. Through the early 1980s, Jayewardene was forced into an increasingly confrontational posture on the ethnic conflict and was unable, for fear of arousing Sinhalese opposition, to make the concessions that would pull it back from the brink. In effect, the stability of the government, and the pursuit of its market reform plan depended indirectly on its refusal to pursue an appropriate course of conflict resolution (Venugopal 2011a).

PRESIDENTIALISM UNDER CHALLENGE: 1994-2005

By the second decade of the war in the mid-1990s, the nature of the presidency and its relationship to the development agenda had changed entirely. After 17 years in power, the UNP lost power in 1994, and with that came an end to the unambiguous commitment to market reform that it provided. In its place, a left-centre coalition called the People's Alliance (PA) came to power, winning both parliament and the presidency under Chandrika Kumaratunga. The PA was in many ways an enlarged version of the left-centre United Front (UF) coalition that was in power from 1970-77 under Kumaratunga's mother, Mrs Sirimavo Banadranaike. Unlike the UF in the 1970s, the PA was not dependent on legislative support from the communists, but she nevertheless did appoint a number of communist leaders to important ministerial positions in the coalition government.

Moore (1997) describes how President Kumaratunga handled the challenge of balancing the left and right by appointing technocrats to key economic decision-making posts, while retaining party populists such as Mahinda Rajapakse in cabinet to ensure the coalition's electoral dominance. As a result, market reforms and economic growth sputtered on between 1995-2001, but often at an uneven pace. Some important reforms, including large privatisations went through in this period, but they happened amidst prevarication, self-doubt, and internal tension at the top. In line with the greater scepticism towards market reforms that had taken hold domestically and internationally at the time, Kumaratunga promised to moderate the reforms with a 'human face' and demonstrated greater personal commitment and energy towards addressing their social impact. In substance, this took the form of scrapping Premadasa's trademark poverty alleviation scheme, the *Janasaviya* project and replacing it with a new one, *Samurdhi*.

In the aftermath of the tumultuous and violence-scarred decade of the 1980s, Sri Lanka was being transformed along a number of different axes at very different rates. On the one hand, there was a striking contrast between the 'normal' development processes in the south and the abnormal, crisis-ridden situation of humanitarian relief and persistent insecurity in the north. But even in the south, there was a growing rift between the prosperity of globally connected, urban sectors of the economy such as finance, tourism and garments, versus the persistent poverty of the small paddy farmer. Inequality grew steadily since the late 1970s, but at a particularly sharp increase in the 1990s-2002 period, as high rates of economic growth were matched by very low rates in poverty reduction (Gunatilaka and Chotikapanich 2006, Narayan and Yoshida 2005). Moreover this growth was overwhelmingly concentrated in urban districts such that the poverty headcount was either the same or had increased in 9 of 17 districts during the 1990s (excluding the north-east). There was also a significant sectoral imbalance in the growth, which came largely from the industrial and service sectors, whereas there was an unusually rapid decline in the agricultural economy.

In that context, the intersection of normal development and the war created a series of perverse and unusual outcomes. For example, by the late-1990s, the army had become the biggest employer in the country, and the largest source of formal sector cash employment for young Sinhalese men from rural backgrounds, particularly those from the outer rural periphery (Venugopal 2011b). In parallel, there was a steady flow of rural women seeking work in the garment factories of the free-trade zones in Katunayake or Biyagama (Shaw 2007), and also to the Middle East as domestic workers (Gamburd 2000). A historic de-agrarianization of the workforce took place during the 1990s as the share of the working population in agriculture, which had remained largely unchanged since the 1950s, dropped from 47 percent down to 32 percent. During this period, when commodity prices for crops such as paddy were in steady decline, and farming was often unremunerative, remittances from migrant workers and soldiers did much to support the welfare of rural households, and to prop up the village economy in the Sinhala south.

Meanwhile, in the war-torn north-east, the kinds of transformations underway were entirely different. A journey past the frontiers of 'normal' Sri Lanka, beyond Medawachchiya, Kantale, or Welikanda often gave one the impression of arriving at an entirely different land, where the developmental debates on market reform or labour legislation were entirely irrelevant. Large parts of the north-east had been under the intermittent control of the LTTE since the mid-1980s, and were mostly excluded from government economic statistics, although it was well known to relief agencies and public servants by the early 1990s that the people of the north-east were among the most deprived, vulnerable, and under-served in the country (Sarvananthan 2008).

This also meant that basic public services such as electricity, telephones, roads, hospitals and schools, were either entirely lacking or in very poor repair, having suffered war-damage followed by extensive periods of stagnation and under-investment. This situation was exacerbated in the decade of the 1990s, when the conflict was transformed from a low-intensity guerrilla insurgency to an increasingly frontal conventional war fought with artillery and large troop movements. During this period, wide swathes of land, including heavily populated areas such as Jaffna city itself, had changed hands, displacing hundreds of thousands of people who remained transient in an out of relief camps and other such forms of temporary shelter until the end of the war.

Due to the heavy media restrictions in place, most people in the south were never exposed to this ongoing devastation, and remained largely insulated from it, living their lives in an entirely different set of realities and challenges. Partly in order to disturb this, the LTTE had during the 1996-2001 period, changed tactics to inflict a direct and vivid economic impact on the country's prosperous economic nerve-centre. The January 1996 bombing of the Central Bank, the October 1997 bombing at the Galadari Hotel, and the July 2001 attack on Katunayake airport all had a serious impact on the segments of the new, post-liberalisation economy that had thus far avoided getting directly entangled in the war. One consequence of this was that corporate leaders, who had hitherto been quietly sympathetic of the Kumaratunga government, became frustrated and eventually tired of her strategy of 'war for peace', and lobbied instead for a negotiated end to the war, even if that ultimately meant sharing power with the LTTE.

The period of the second Kumaratunga presidency between 2000-2005 brought the executive presidency into an unprecedented crisis, with its powers significantly weakened. The overlapping political, military, and economic crisis that the Kumaratunga government found itself in during 2000-2001 led first to a difficult and short-lived coalition, and then to a complete loss of the legislature in December 2001. Following a rare election victory for the UNP in mid-term parliamentary elections, Sri Lanka faced the unusual situation of a hostile relationship between president and parliament. Under this 'co-habitation' period that ensued between December 2001-April 2004, the executive presidency was reduced to the position of a Westminster-style figurehead while Ranil Wickremasinghe as prime minister took firm control of the executive and formed a government.

Aware of the ticking political clock against him, and of the vulnerability of the co-habitation arrangement, Wickramasinghe was eager to achieve quick successes that he could have available to present to the public in time to contest himself for the upcoming presidential elections of 2005. As a result, the new government rushed through a series of far-reaching initiatives on the two most controversial and long-standing items of state reform, the ethnic conflict and market liberalisation - often in a brazen and demonstrative disregard for the president. Within weeks of coming to power, the new government signed a cease-fire with the LTTE, and followed it up with direct negotiations. At the same time, they also secured an unprecedented amount of foreign aid and pushed through a highly ambitious legislative agenda of market reforms.

But co-habitation ultimately proved unworkable: Wickremasinghe's government was destabilised and toppled in a constitutional coup by the president after barely two years in power. When its popularity was tested in mid-term elections in April 2004, the UNP lost its majority and suffered a huge backlash against the economic and ethnic elements of his agenda. Despite the massive international support and funding from the western donors for his government, and to some extent because of it, Wickramasinghe found himself wanting in domestic support, particularly from the core Sinhala-Buddhist demographic.

Some elements of Wickramasinghe's market reform and fiscal austerity programme were particularly unpopular, such as the withdrawal of the fertilizer subsidy, and a public sector hiring freeze. But perhaps more substantial than these individual budgetary line items was the larger strategic failure of statecraft. Wickramasinghe, unlike Jayewardene or Premadasa, made the mistake of presenting his core agenda in its naked, technocratic, counter-populist core, without any alternative avenue of legitimacy or patronage that could be used to disguise it or buy-off opponents. In doing so, he rendered his agenda vulnerable to attack from a two-pronged charge that it was against the interests of the Sinhalese majority, and that it would damage the economic welfare of the poor and vulnerable at large (Venugopal 2009).

There are two important conclusions on the executive presidency and market reform that emerge and are reinforced by the events of 2001-2004. Firstly, even under Sri Lanka's constitution, which is balanced heavily in favour of the president, the executive power of the presidency still depends heavily on control of the legislature, without which the president can be reduced either to an ornamental role, or to a constitutionally empowered obstructionist. Secondly, there remain very deep currents of popular opposition to the market reform process in the electorate, and this can under certain circumstances, as in April 2004, become a systemic factor that sways the outcome of parliamentary elections. Beyond the growing disenchantment with the peace process in the south, fuelled to no small degree by the LTTE's provocative ceasefire violations, the Ranil Wickramasinghe government's breakneck pace of market reform in 2002-2003 became a significant element in catalysing the opposition movement that ultimately unseated it. Moreover, it led the subsequent UPFA government, which was now heavily dependent on coalition support from the JVP, to halt the economic reforms entirely and to adopt a pronounced anti-reform posture.

THE POPULIST PRESIDENCY: 2005-

To recapitulate the argument thus far: after reaching its high water mark under Premadasa in the early 1990s, the executive presidency and the market reform programme slipped slowly into crisis over the next decade. Kumaratunga's early promise to abolish the presidency, and to moderate the reforms with a human face had led to a period of flux and ambiguity, ending eventually in the disintegration of the reform agenda and the dramatic weakening of the presidency. As an institution that is electorally more connected to the popular pulse, parliament had in the Kumaratunga period, become the vehicle through which mass politics returned to challenge the largely elite-driven projects of state reform (on the economy and ethnic relations) that the executive presidency had been empowered to push through. The relationship between president and parliament had swung decisively in favour of parliament in this period, and the project of the executive presidency envisioned by Jayewardene lay in disarray.

Faced with this crisis, the Rajapakse presidency's historic challenge was to reverse that equation, and to reassert the power of the presidency. In order to do so, he had on the one hand to play a complicated game of carrots and sticks to bring small parties over to join his coalition, and to entice opposition parliamentarians to defect and join his government. The most important such 'carrot' that Rajapakse wielded in this regard was his ability to reward opposition parliamentarians with ministerships, and indeed, there was an unprecedented expansion in the number of ministers and ministries in this period. Beyond this, Rajapakse also wrought a more substantial ideo-political shift by wresting the mantle of counter-elite popular mobilisation away from parliament. In doing so, he turned what were the presidency's weaknesses into his strengths, and what were traditionally the means of achieving state reform, into the ends in itself.

Rajapakse's first term was dominated by the last phase of the civil war, and by his quest for a stable legislative majority: and he was fortunate on both counts. A steady drum-beat of military victories against separatist rebels in the north-east did much to buttress his personal popularity with the core Sinhalese electorate, and this assisted in his campaign to divide and conquer parliament. In his first two years in power, Rajapakse managed to end his parliamentary dependence on a mercurial and difficult coalition partner, the Janatha Vimukthi Peramuna (JVP), and its contingent of 37 coalition MPs by winning over a large section of the other large opposition party, the UNP, including several of its senior leaders. Then, in a political master-stroke, he managed to split the JVP itself in April 2008, winning away its leading demagogue Wimal Weerawamsa to his side. Despite a brewing economic crisis and high levels of inflation that increased trade union pressure, Rajapakse's public image in the south continued to soar during the war, with the crushing military defeat of the LTTE in May 2009 translating into a resounding electoral victory at the presidential and parliamentary elections of 2010.

Having thus successfully reasserted the power of the presidency in his first term, Rajapakse had in his second term in the post-war period turned its energies towards an economic revival under a nationalist oriented vision of developmentalism. The 2010 election manifesto, *Mahinda Chintana: Vision for the Future* made a specific commitment to doubling per capita income and an eight percent annual economic growth rate. In the meanwhile, Rajapakse not only maintained a safe rhetorical distance from any market reforms, but his manifesto declared the market reform to have ended in 2005, such that the Rajapakse presidency since then represented a new post-market reform period. Indeed, at the time of writing, most reforms have remained suspended since 2005, although there remain there are substantial continuities at play. Although there had been a minor re-nationalisation (Sri Lankan Airlines), and the launch of a new public sector airline (Mihin Lanka), the economic policy of the Rajapakse period has been one of treading water rather launching any sustained campaign of rolling back the market reforms.

In place of the market reforms, and its association with a western-oriented comprador capitalism, the new post-war developmental regime under Rajapakse has a distinctly nationalist and non-western orientation with three key features. Firstly it signified the reversion to 'hardware' over 'software'. That is, the government has prioritised the construction of airports, ports, expressways, and other such monuments of economic infrastructure, with the clear aim of bringing the island's ageing hardware up to date, and catching up for the time lost during the war. It was in essence a reversion to an older, grander developmental vision that held sway internationally during the 1950s and 1960s, and that due to its scale and scope, necessarily places the state back in a more commanding position. In contrast, there has been a conscious de-prioritisation, and even a hostility for 'software': the kind of smaller, village-level projects of poverty alleviation and empowerment frequently implemented by NGOs rather than states, that had gained greater prominence since the end of the Mahaweli project in the 1990s.

Secondly, it signified a shift away from western aid donors to non-western donors, particularly China. Most of the western donor countries who had been closely involved in the 2002-2005 peace process, became very critical of the Rajapakse government. The government in turn viewed western-funded aid projects, particularly those in the north-east, with suspicion as nodes of subversion, and subjected them to an increasing burden of surveillance and control. In their place, China emerged as Rajapakse's preferred development partner, financier and implementer, with Chinese public sector firms constructing some of the most important and high profile projects of this period, such as the Hambantota port and the Katunayake expressway.

Thirdly, it signified an approach to post-war transformation in which economic development was promoted in lieu of a political solution to the ethnic conflict. The Rajapakse government has from the very beginning, been sceptical of the very existence of an ethnic conflict, and has instead viewed it as terrorist violence fuelled by regional under-development. As a result, and also in order to preserve its popularity with the Sinhalese electorate, Rajapakse has been resistant to the idea of recognising, engaging with, or addressing Tamil grievances through state reforms and through any process of accountability. Instead, his government has sought to accelerate economic and infrastructure development in the north-east, and to use this, often closely under the direction of a militarised civilian administration, as a political weapon to win the support of the Tamils, and to undermine the appeal of ethnic Tamil politics.

What then, in summary, has been the impact of Mahinda Rajapakse on the weakened, crisis-ridden presidency that he inherited? The answer in brief, is that the presidency was rescued, but in doing so, its rationale and logic was inverted. That is, whereas the presidency was initially designed to shield the executive from the heat of day-to-day electoral vulnerability, and from the ethnic nationalist and welfarist economic pressures, Rajapakse has instead embraced and championed both of those tendencies. The three previous executive presidents: Jayewardene, Premadasa, and Kumaratunga had often been charged with *conceding* to economic populism, and *pandering* to ethnic chauvinism, the implication being that these were necessary tactical evils of the political game that they were forced to endure and perform for reasons of expediency, and perhaps even against their own better judgment. Politics was in this sense, understood by its protagonists to be a game in which elites used bread and circuses to distract the masses in order to get on with the business of government undisturbed.

Rajapakse instead, has championed an agenda of cultivating mass popularity and immersing himself in mass politics in a far more transparent way without it being used in the pursuit of any hidden elite-driven agenda. Opposition to economic neo-liberalism and the cultivation of Sinhala nationalism was under Rajapakse not a means to an end, a tiger to be ridden, or a fig leaf to lend legitimacy to some unpopular counter-populist agenda of economic or ethnic reform: it became, perhaps by default, the end-game and the agenda in itself. The rationale for the presidency has in that sense had to be sacrificed in order for the presidency itself to survive.

CONCLUSIONS

This paper has charted the developmental causes and consequences of Sri Lanka's executive presidency. Rather than trying to define the problem as a causal relationship in itself, the approach here has been to broaden the parameters of study, and to understand institutional change and economic transformation as a historically situated political project.

Sri Lanka's executive presidency emerged from a distinct rationale to transform what its framers viewed as the negative effects of electoral democracy on economic development and on policy formulation more broadly. The ambition behind the project was to forge a powerful centralised political structure that could push through market reform policies that were otherwise electorally unfeasible. The context within which the executive presidency is explained in this narrative is the broader terrain of democracy, the enduring elite/mass divide, and the way that this divide was articulated in terms of the opposing positions that each side took with respect to the dominant issues of political contention.

In practice, the quest to tame electoral populism and establish an elevated, empowered presidency in the service of an unpopular economic strategy was intensely complicated, not least because of its overlap with the ethnic conflict. It worked best in its early years when the agenda benefited from three overlapping factors. Firstly, it had the strong personal commitment of the president to market reforms. Secondly, the president had to command the support of a dependable, loyal legislature. Thirdly, the president had to deploy a sophisticated array of countervailing sources of popular legitimacy in order to avoid a backlash to the reforms.

In the absence of these factors, opposition to the elite-led projects of economic and ethnic state reform gained strength during the Kumaratunga period and gained strength within parliament. As Kumaratunga struggled to control a rebellious parliament for most of her second term, the executive presidency slipped into crisis and frequently appeared weak and powerless. This situation was eventually reversed under Mahinda Rajapakse during 2005-10, but only at the cost of abandoning the market reform agenda altogether – and thus inverting the logic of the presidency.

What this means is that with the benefit of hindsight, Sri Lanka's executive presidency has failed under its own terms. The attempt to institutionally recalibrate the elite/mass power relationship (in favour of elites) and to use this as a means to resolve Sri Lanka's deepening economic and ethnic crises worked as envisaged only very briefly, and was within three decades, subverted and neutralised. What this implies is two-fold. Firstly, it speaks to the depth and strength of the two agenda items: economic welfarism and Sinhala nationalism as central axes and impulses of Sri Lanka's political sociology. Secondly, it suggests that elites are weaker actors than is widely assumed and that their position is far more ephemeral and contingency-prone.

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