

**THE SERVICE ECONOMY  
IS THERE A DANGEROUS  
DICHOTOMISATION OF WEALTH?**

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Second Edition

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*This small monograph is the third in a series presented by Carl Muller, best known in Sri Lanka for his devastating style as author and journalist. He is himself one of the small minorities in his island home and has yet maintained his essential "Lankan-ness" in the forceful "minority role" he plays.*

*This essay in, in a sense, the reflections of one who is concerned at the way the economy of Sri Lanka is going. As he points out, the wealth sticks and is not spread!*

### *Diuretics to purge the economic system of its inefficiencies*

It was the recent South-Asian economic crisis that made Sri Lanka take a hard look at the deep-running problems that seemed to cut into the very heart of the sources of wealth and recovery.

It is not that I wish to sound alarmist, but there is a case to be made for the belief that more is at stake in Sri Lanka's own recovery from the recent recession than at any time in the past. This time, with the glaring lessons of Indonesia and Malaysia to taunt our own economic pundits, we were compelled to accept such things as "good corporate governance" and also float our rupee.

Recessions and crises do have their positive side. They seem to serve as diuretics, purging the economic system of its inefficiencies and allowing it to grow once again. However, we are now seeing the setting down of a new economic style – a face that we hope will generate the wealth needed to maintain prosperity.

A studied look around will tell the most unbiased economic observer that jobs in the industrial sector are fast disappearing. Sri Lanka tried its damndest (and with a political orchestra for

accompaniment) to claim the Newly Industrialised Country (NIC) tag. High were the hopes and higher still the tones of the political combo with its serenades to our growing industrial greatness. But let's admit it, shall we: we never gained industrial might. Indeed, today we are fast losing the claims to being an industrialised country. We have found, sadly enough, that, competitors are producing and manufacturing as well as and even better than we can; but when the trumpets are blown as often as not, we wallow in the publicity and fanfare that attends each export of biscuits to Azerbaijan or a consignment of batiks to the boondocks.

Let's face it. Regional and international competition is gutting our industries and our manufacturers keep tightening the screws. The jobs that industry was able to produce are no longer there. Now it is more likely employment under duress where the name of the game is the Ministerial "chit" that bearer *must* be employed!

We see this happening in many Western countries too. Take America: in that country there was always a rebounding industrial sector to carry the entire economy to new levels of prosperity.

In his book "*Across the Board*", Michael E. Raynor pointed