

Fiscal Devolution: A Stepping Stone towards Conflict Resolution in Sri Lanka

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Muttukrishna Sarvananthan

Abstract

Countries afflicted by claims of territorial sovereignty within nation states have been predominantly preoccupied with sharing of administrative and political powers, as in the case of the armed conflict in Sri Lanka. This article argues that fiscal devolution has the potential to empower the regions within contested nation states and thereby contribute to conflict resolution in countries afflicted by internal strife and armed conflict, taking Sri Lanka as a case in point.

Keywords

Conflict resolution, fiscal devolution, post-war reconstruction, provincial public finance, Sri Lanka, tax reform

For too long, the political processes in Sri Lanka to resolve minority grievances have been preoccupied with the nature of the state (unitary versus federal), unit of devolution of political and administrative power (village, district or province), language, land, police and other administrative issues. Very little discussions have taken place regarding the division of financial/fiscal powers between the centre and the peripheries. All the previous political processes have failed on one political and/or administrative issue or the other.

Even the externally imposed provincial council system under the Thirteenth Amendment to the Constitution has not lived up to the expectation of the minority communities because of the lack of devolution of land, law and order and fiscal powers. Though land and law and order power devolution continue to be contested, the matter of fiscal devolution has not attracted the attention of the protagonists or the opponents of the Thirteenth Amendment thus far. So, this window of opportunity should be made use of to promote fiscal devolution as a stepping stone towards a durable political solution to the grievances of the minorities,

Muttukrishna Sarvananthan is Principal Researcher, Point Pedro Institute of Development, Point Pedro, Northern Province, Sri Lanka. E-mail: sarvi@pointpedro.org