



Pathfinder Economic Flash

How Easy Money can Destroy Communities and the Economy: Wigneswaran's Exposure

Chief Minister of the Northern Province, Justice Wigneswaran, has elaborated upon how diaspora remittances have deleterious effects. He has said that these remittances were having a very adverse impact on the lifestyles of the Tamils in the North. In his view, it was causing irreparable damage to the community, especially young people. Historically, the North was known as a socially conservative society which attached very high priority to education, a strong work ethic and simple living. The Chief Minister has rightly highlighted that the easy money received from abroad was fueling consumerism and traditional values were being abandoned. It can be argued that these are modernizing trends which are inevitable in a community coming out of a 30-year conflict and being exposed to the globalised world of the internet and satellite television. More worrying is the Chief Minister's assertion that a new culture was being embraced where youth smoked, consumed alcohol and drugs and were distracted by a looser attitude towards interaction with the opposite sex. At the same time, the traditional work ethic was being eroded. Justice Wigneswaran, in his speech, stressed the importance of the economic upliftment of the North and urged the youth of the area not to be interested only in migrating abroad or living on remittances from the diaspora.

The Pathfinder Foundation (PF) which has conducted studies and public seminars in the North has encountered businessmen whose main complaint was the difficulty of attracting labour for their enterprises. This is, according to them, was mainly due to the flow of diaspora remittances.

The PF is of the view that these issues, which have been raised by Justice Wigneswaran, are not confined only to the North. While remittances have had an extremely positive impact on the country's balance of payments and poverty reduction, they have also contributed to a set of circumstances that are eroding the traditional social fabric of the country. Increasing family breakdown, alcoholism, drug-taking, gambling and social problems such as incest have reached a level that now requires the concerted attention of the authorities of all the provinces.

As a first step, it is important that multi-disciplinary research is undertaken to better understand the full extent and dimensions of the problem. The next step should be an extensive and informed public discussion of the issues leading to well-coordinated evidence-based policies to address the full ramifications of the overdependence on migration and remittances. Chief Minister Wigneswaran has done a service to the country by opening up a discourse on these difficult and important issues that require urgent attention. The Chief Ministers' Forum could be a useful mechanism for taking the lead in advancing the agenda on remedial action to address the underlying issues which are leading to a serious erosion of social values in the country.

This is the Forty Third Economic Flash published by the Pathfinder Foundation (PF).

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