

Review

In a series of books, Nihal Sri Ameresekere meticulously documents and analyzes the ways in which corrupt forces in Sri Lanka and abroad plundered the country's resources through the 1990s and early 2000s. He argues persuasively that the policies adopted by the government of Sri Lanka during this period, at the behest of the International Monetary fund (IMF), the World Bank, and the Asian Development Bank, set the stage for widespread corruption and allowed an unprecedented illicit transfer of public wealth into privileged and private hands.

Like many countries around the world during this period, Sri Lanka adopted a development agenda based on privatization. The government arranged the outright sale of facilities at the port of Colombo, of the national insurance company, and of the country's prized tea plantations. In addition, Sri Lankan ministries entered into supply contracts with private banks and construction agreements with foreign firms. These arrangements, sales and transfers, which uniformly favored the private sector were, according to the international financial institutions, the high road to increased productivity, growth and social equity.

It was not to be. Instead, through primary sources, Mr. Ameresekere's research shows, Sri Lanka's productive and revenue-producing enterprises were sold to insiders at fraudulently low prices through back-room deals in collaboration with officials at the highest levels of government. Corrupt or incompetent auditors took a cut and predatory domestic and foreign investors benefited handsomely.

As an advisor to the Minister of Finance of Sri Lanka, and Chairman for a short while of the Privatization Commission, Mr. Ameresekere had access to individuals and documents that demonstrate the pervasiveness of the corruption and theft that emptied the Sri Lankan Treasury. Using primary sources, he demonstrates that systemic corruption was no secret to government officials, foreign investors or aid institutions. At best, those responsible looked the other way and at worst they participated. Beneficiaries included foreign banks and construction firms, the largest corporate conglomerate in Sri Lanka and financial and political elites. All of this took place in a country exhausted and impoverished by a brutal and protracted civil war.

The series of books documents extensive public interest litigation before the Supreme Court of Sri Lanka, where Mr. Ameresekere, who is not an attorney, successfully represented the public. In addition to documenting fraudulent privatizations, he covers hedging / derivative deals by foreign banks, fiscal mis-management by the Treasury, and an international construction project that defrauded the government. These books also reveal how the World Bank has misdirected its lending to the Sri Lankan judiciary, which might have addressed the corruption issue more effectively. In total, the series is a comprehensive chronicle about combating economic crime, fraud and corruption in the private and public sectors, as now addressed by the UN Convention Against Corruption.

For readers who seek firsthand accounts of the ways in which international financial fraud takes place, these books are invaluable. For those who want to know what has really occurred over the last twenty years of "development," these books are an important contribution, for schemes such as those described by Mr. Ameresekere were surely not confined to Sri Lanka. Clearly and comprehensively, Mr. Ameresekere shows how it was that a few well-placed people appropriated the wealth of a country while claiming to strengthen its institutions and promote growth. Moreover, He shows that to date, few have been held to account and that this impunity is in itself a crime.



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