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PRODUCTIVE EFFECT OF CONSUMPTION - REVALUING
THE SOCIAL COST OF 'FREE RICE' IN SRI LANKA

Justin Wimalasiri Wickramasinghe
(B.A. (Hon), M.Ec., App.Soc.Stat. (Vidyodaya),
Attorney at Law)

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ABSTRACT

Recently little systematic work has been undertaken on the quality of labour force as a factor in promotion of economic growth in less developed countries. In addition to measures which encourage acquisition of more and better skills, nutritional improvements of the labour force, seem to be an important aspect of human capital formation, which are important prerequisites of economic growth.

Malnutrition and under-nutrition is dominant among the low income workers in less developed countries. The energy intake of the low income workers appears to be inadequate for 'hundred per cent productivity'.

Several experimental studies done in both developed and less developed countries during the last four decades, show that increased calorie intake by under-nourished workers leads to increased productivity.

It is hard to establish the relationship between calorie intake and productivity of labour due to the ability of the human body to adapt to changes in calorie intake within a certain degree, without affecting the ability to carry out physical activities. But experiments have shown that a change of about 400 calories a day would affect the ability to carry out physical activities of the worker.

Government expenditure on food subsidy in less developed countries, particularly in Sri Lanka, has been considered a welfare measure; and often is argued that such expenditure is made at the cost of economic growth. But nobody has examined the direct benefit of such measures.

According to Blanc (1975) about 30 per cent increase in productivity can be expected from a moderately active person who increases his daily calorie intake from 2000 calories to 2500 calories. In Sri Lanka,

per capita calorie intake of manual workers is around 2000 calories a day. If two measures of rice per week are given to them, their daily calorie intake will increase by about 900 calories. Hence, minimum of 30 per cent increase in productivity can be expected from the consumption of additional rice.

It appears that the value of the expected incremental output resulting from increase in productivity of manual workers alone is sufficient to cover the cost of this ration of rice to everyone in the community.

Therefore, it seems the problem of 'free rice' in Sri Lanka is a problem of managing the economy efficiently in such a way as to be able to realise productivity increases made possible by increased consumption