Two islands, different growth paths

Sri Lanka and Singapore, 1950 to the latest evidence

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Abstract

Was Sri Lanka richer than Singapore before their paths diverged? The answer depends on the measure, but the comparable income evidence does not support that familiar story. Historical estimates put Singapore ahead in output per person in 1950; World Bank data show the same ordering in 1960. Ceylon had a larger total economy and important social achievements, neither of which means higher average income. This case follows Singapore's shift from entrepôt trade toward export manufacturing and higher value activities, alongside Sri Lanka's controls, liberalization, civil conflict, uneven investment and eventual debt crisis. It separates documented policies from hypotheses about their effects and compares income using consistent units. The latest shared annual outcome is 2025, not a completed 2026. The practical question is how Sri Lanka can sustain productive investment without sacrificing inclusion or fiscal safety. Singapore offers lessons in implementation and adaptation, not a model that can be copied wholesale.

Opening hook: was Sri Lanka really ahead?

The appealing story says Ceylon started richer, then Singapore overtook it. The comparable GDP-per-person records inspected for this case tell a different story. The Maddison Project Database 2023 estimates 1950 real GDP per person at 1,997 for Ceylon and 3,572 for Singapore, in 2011 international dollars. These are reconstructed historical estimates, not a contemporary official income survey. [S1]

The World Bank's separate current-dollar series starts in 1960: about US$146 per person for Sri Lanka and US$428 for Singapore. Different measurement systems should not be spliced into one continuous series, but neither supports a Sri Lankan income lead at those starting points. [S2]

The more useful question is not "How did we lose a lead we certainly had?" It is "Why did an already-richer trading city accelerate so far ahead, while Sri Lanka's own progress repeatedly fell short of its potential?"

The decision for the reader

Reconstructed policy dilemma, not a quotation from an official: should Sri Lanka prioritize new showcase projects, broad protection for domestic firms, or reliable export capacity supported by fiscal and institutional repair? The historical record informs those choices. It does not determine a mechanical answer or make Singapore's political system a prerequisite for growth.

1. Define "ahead" before explaining it

Income per person. GDP divided by population measures average domestic output, not a household's wage or disposable income. In a multinational hub, some domestic output accrues to foreign owners. Distribution, housing costs and public services still matter. The Singapore statistics department separately reports GDP and gross national income per person; those concepts are not interchangeable. [S3]

Total economic size. Ceylon's much larger population changes the comparison. The Maddison workbook estimates 1950 populations of about 7.533 million for Ceylon and 1.022 million for Singapore. [Desk calculation] Multiplying each by its GDP per person gives approximately 15.04 billion and 3.65 billion 2011 international dollars respectively. Ceylon's estimated total was about 4.12 times Singapore's even though its output per person was lower. These totals inherit the uncertainty of both historical inputs. [S1]

Social development. Sri Lanka's education and health achievements deserve credit in their own right. The World Bank's 2004 Development Policy Review recognizes strong human development relative to income, alongside uneven poverty reduction. That does not establish that Ceylon exceeded Singapore on every welfare measure in 1950. Comparable World Bank life-expectancy estimates for 1960 put Sri Lanka at 60.6 years and Singapore at 65.6. We cannot turn a regional social-development reputation into an unverified bilateral ranking. [S4, S2]

Exhibit 1. Long-run income estimates, one unit throughout

Maddison Project 2023; real GDP per person, 2011 international dollars, rounded to whole units. Historical reconstructions; not current US dollars. [S1]

1950: Sri Lanka 1,997 | Singapore 3,572 | ratio 1.79
1960: Sri Lanka 2,064 | Singapore 3,464 | ratio 1.68
1965: Sri Lanka 2,118 | Singapore 3,991 | ratio 1.88
1977: Sri Lanka 2,582 | Singapore 10,790 | ratio 4.18
1990: Sri Lanka 3,864 | Singapore 22,666 | ratio 5.87
2022: Sri Lanka 10,705 | Singapore 80,320 | ratio 7.50

Ratios are [Desk calculations]: Singapore divided by Sri Lanka, using unrounded workbook values. The series shows divergence, not its causal decomposition. The 2022 endpoint contains Sri Lanka's crisis contraction and must not be mistaken for a normal year.

A source limit that matters

The underlying early series are reconstructed from historical national accounts and subsequent research. The workbook names Ichiro Sugimoto's 2011 Singapore historical GDP study for 1900-59. It does not provide a separate new Sri Lankan country study in that update's source list. Avoid false precision, and do not claim the ordering has been proved for every possible welfare concept or every year before 1950. [S1]

2. Starting conditions: neither a blank slate nor an effortless advantage

Ceylon's economy and Singapore's trading city were structurally different. The World Bank review describes Sri Lanka's subsequent shift from land-intensive plantation exports toward labour-intensive manufacturing. Singapore's government historical account describes an economy heavily dependent on entrepôt trade, with insufficient industrial employment for its growing population. [S4, S5]

Singapore had assets as well as problems. Its established trading role and connections were a platform on which new activity could build. Yet the official account describes serious housing and employment problems at self-government in 1959. A relatively high average output figure did not mean every resident was prosperous or that the city already had a modern industrial base. [S5]

Scale cut both ways. Singapore's small domestic market was a constraint. Its proposed merger with Malaysia was partly a strategy to obtain a larger market, according to the government's history. Separation in 1965 removed that route and accelerated the search for external markets. Sri Lanka's larger economy did not automatically make its domestic market sufficient for high-productivity industrial scale. The latter is an analytical inference, not a measured effect. [S5-S6]

Social investment was not the mistake. The 2004 World Bank review records Sri Lanka's achievements in education and health, but also infrastructure weaknesses, uneven opportunities and unfinished reforms. The evidence does not require choosing between public services and economic productivity. Judgment: the policy challenge is to fund services sustainably and connect human capabilities to productive employment, rather than treating literacy itself as an export strategy. [S4]

Chronology with a measurement warning

In 1950 neither jurisdiction should be read through today's territorial, political or statistical arrangements without care. The historical database identifies the territories as its country series; it is not measuring two already-identical independent nation-states. Singapore's self-government in 1959 and separation in 1965 mark later political milestones. [S1, S5-S6]

By 1965, World Bank current-dollar GDP per person was about US$156 in Sri Lanka and US$517 in Singapore. By 1990 it was US$491 and US$11,862 respectively. These figures describe output valued at each year's exchange rate. They should not be used to estimate real income growth across time; the real series on the preceding page is designed for that different purpose. [S2]

The starting-point verdict

Sri Lanka was not "ahead" on the comparable GDP-per-person measures inspected here. It was a larger total economy with meaningful social assets. Singapore's later achievement was therefore the widening of an existing income advantage through sustained structural change, rather than a verified reversal from below Sri Lanka's average income.

3. How Singapore grew: build, connect, upgrade, correct

Build an agency and the inputs firms needed. Singapore established the Economic Development Board in 1961. The government historical account describes industrial infrastructure as an initial task. After separation, the strategy emphasized export production and attracting foreign companies with capital, expertise and global networks. Responsibilities were later divided among EDB, Jurong Town Corporation, DBS and Intraco. [S5-S6]

Sell beyond the domestic market. The 1965-70 account records a switch toward export-oriented industrialization and labour-intensive employment. The key distinction is access to customers outside Singapore, not simply keeping tariffs low. Factories also needed land, power, logistics, workers and administrative support. The record documents those policy choices; it does not estimate the separate contribution of each one. [S6]

Connect training and industrial demand. The same account describes vocational training and human-capital development, alongside industrial infrastructure. Judgment: a literate workforce becomes more productive when firms can use its skills and training changes with demand. The analogy for Sri Lanka is stronger than the claim that one country "valued education" while the other did not. [S6]

Move up the ladder when conditions changed. The official account of 1979-84 describes restructuring toward higher-value activity and infrastructure upgrades. EDB's September 2025 account traces manufacturing from early labour-intensive production toward precision engineering, electronics and biomedical production. These are documented shifts, not proof that every sector-selection decision was optimal. [S7, S8]

Correct mistakes rather than canonize them. Singapore's 1985 recession interrupted growth. Its government history identifies weak global demand, structural problems and rising costs linked to wage correction. A subsequent economic committee recommended wage flexibility, temporary restraints and other changes. Those were responses to a setback, not evidence that the original policy never failed. We do not use the page's imprecise CPF percentage wording as a quantitative exhibit. [S7]

Mechanism hypothesis, not causal proof

Foreign investment, export access, infrastructure, skill development and policy adaptation plausibly reinforced one another. Better reliability could attract firms; firms could bring markets and knowledge; training could support upgrading. This two-country comparison cannot isolate those channels from geography, external demand, migration, global capital or historical circumstances.

Nor does it prove that restrictions on political competition or labour organizing caused prosperity. Industrial-relations arrangements had distributional and political implications. The official sources describe the government's strategy; they are not a neutral welfare evaluation of every consequence. The transferable test is whether an institution delivers fair, reliable outcomes, not whether Sri Lanka copies its name or political setting.

4. What happened in Sri Lanka: growth, interruptions and fragility

Controls before the opening. The World Bank's 2004 review describes inward-looking policy in the 1960s and part of the 1970s, following an earlier expansion of public controls. Its assessment links those choices to performance below potential. That is an institutional diagnosis, not an experiment establishing how many dollars one policy cost. [S4]

1977 changed the direction. Trade and investment liberalization and free-trade zones helped shift production from plantation exports toward garments and other manufacturing. The review also stresses favourable external conditions, including aid and the Multi-Fibre Arrangement quota system. Some import-substituting firms were displaced without adequate safety nets. Sri Lanka did open; the story cannot be reduced to uninterrupted protectionism. [S4]

War interrupted the opportunity. The same review dates the civil conflict from 1983 and describes damage in the North and East, effects on tourism and investment, fiscal pressure and diversion of policymakers' attention. It also records continuing national growth during conflict. This case does not repeat speculative estimates of the income Sri Lanka "would have had" without war as observed outcomes. [S4]

Peace was necessary, but not a complete growth programme. A later World Bank regional assessment dates the end of the war to 2009. [S12] Judgment: removing a security constraint does not by itself repair skills matching, infrastructure, fiscal management or investment rules. The 2004 review already identified investment constraints beyond conflict. Later debt and governance evidence shows why one should not explain the entire subsequent path with the war alone. [S4, S9-S10]

Shocks met policy weaknesses. The IMF's March 2023 programme report describes late-2019 tax cuts, suspended reforms, a thin reserve buffer, high debt and loss of international market access from 2020. It records continued external bond repayment and an effectively fixed exchange rate from April 2021 while foreign-exchange income weakened. The pandemic and commodity shock compounded domestic vulnerabilities. External debt service was suspended on 12 April 2022; the report dates formal default on international sovereign bonds to 18 May. These are distinct events. [S9]

Governance was economic infrastructure. The IMF's 2023 governance diagnostic identifies weaknesses in public financial management, accountability and rule-based enforcement as macro-critical. Judgment: corruption risk and unclear responsibility can weaken the link between public borrowing and productive services. The diagnostic does not supply a numerical share of the Singapore-Sri Lanka income gap attributable to corruption. [S10]

Avoid the convenient single villain

This record spans policy regimes, conflict, external shocks and institutional weaknesses. No ethnicity, electorate or party is a sufficient explanation by itself. Nor is a port, a leader or an IMF programme a sufficient remedy. The relevant question is which constraints repeatedly prevented productive investment and which repair can endure across governments.

5. Where the comparison stands now

"Today" means evidence inspected on 7 October 2026. The latest shared completed annual GDP data are for 2025. Singapore publishes more recent quarterly national accounts, but a quarter is not a comparable full-year income-per-person observation for both countries. [S2-S3]

Exhibit 2. Same-year comparison, different concepts

2025 current US-dollar GDP per person. World Bank WDI: Sri Lanka US$5,002.08; Singapore US$98,813.98. [Desk calculation] Singapore/Sri Lanka = 19.75 times. This is an exchange-rate-valued output comparison, not a ratio of purchasing power or average salaries. [S2]

2025 purchasing-power-adjusted real GDP per person. World Bank WDI, constant 2021 international dollars: Sri Lanka 14,582.76; Singapore 139,592.61. [Desk calculation] Ratio = 9.57 times. This price-adjusted measure produces a much smaller gap than current US dollars. Neither result should be described simply as "Singaporeans earn twenty times more." [S2]

National-source cross-checks. CBSL's 2025 snapshot reports Sri Lanka's GDP per person at US$5,003, rounded and marked provisional in the annual review's tables. Singapore's statistics department reports 2025 GDP per person of S$129,194 and GNI per person of S$107,365. The Singapore-dollar figures are not directly compared with US-dollar Sri Lankan figures. Differences in revisions, conversion and rounding explain why national and harmonized numbers need not be identical. [S3, S11]

Recovery is real, but the lost period matters. WDI reports Sri Lankan real GDP growth of -7.35% in 2022 and -2.03% in 2023, followed by +4.99% in 2024 and +4.95% in 2025. These are later data, not the IMF's contemporaneous crisis forecasts. [Desk calculation] WDI real GDP per person in constant 2015 US dollars is about 0.4% below its 2019 level in 2025. That comparison describes a lost growth interval; it does not mean every household remained equally affected. [S2]

Long-run progress was not zero

Maddison real income per person rose in both countries between 1950 and 2022: approximately 5.36 times in Sri Lanka and 22.49 times in Singapore. [Desk calculations, S1] Sri Lanka's income did not simply decline for seven decades. It grew much more slowly relative to Singapore and then suffered a major crisis. This distinction matters for a fair comparison.

Caveat on interpretation

PPP estimates are revised when international price comparisons change. Historical reconstructions, WDI current-dollar data and WDI constant-PPP data are separate exhibits. They cannot be joined into one unlabeled chart. Output per person also does not settle affordability, inequality, rights or individual well-being.

6. What Sri Lanka can take, with conditions

The goal is dependable opportunity within Sri Lanka's own geography and social obligations, not a second city-state.

Protect stability before promising a leap. Judgment: investors and households need predictable monetary, fiscal and external financing conditions. Evaluate tax changes and public projects against funding, debt exposure and service delivery. Do not advertise low taxes without a credible revenue and expenditure plan. The crisis record shows why thin buffers make shocks harder to absorb; it does not prescribe one universal tax rate. [S9-S10]

Make export execution the unit of reform. Judgment: choose a narrow set of constraints experienced by existing and potential exporters. Test power reliability, customs consistency, logistics and access to skills. Publish comparable service measures before expanding subsidies. Singapore's agency and infrastructure history suggests coordination matters; copying an EDB label does not ensure the same results. [S5-S6]

Keep human development, connect it to opportunity. Judgment: preserve broad access to education and health, while improving skill relevance and pathways into work. A larger rural population and geographically dispersed services make Sri Lanka's task different from Singapore's. This comparison cannot justify abandoning inclusion to improve a headline GDP ratio.

Compete for knowledge as well as capital. Judgment: assess foreign investment by repeat operations, training, supplier links and domestic income retained, not announced dollars alone. Some high-output activities may generate income for foreign owners. GDP, GNI and household income answer different questions. Use all three where reliable data exist. [S3]

Build correction into the policy. Judgment: give pilots a stated purpose, a review date and published outcomes. Stop or redesign measures that raise costs without improving productivity. The Singapore recession episode is a reminder that adaptation, rather than permanent loyalty to a policy, belongs in the lesson. [S7]

The competing choices

Showcase-first. Announce large infrastructure and incentives before testing demand or fiscal exposure. Risk: liabilities can arrive before customers.

Protection-first. Shelter broad sectors while postponing service and skills fixes. Risk: protection can become permanent.

Reliability-first. Stabilize the financing environment, remove specific export bottlenecks and support workers through adjustment. Risk: less visible benefits require sustained implementation.

Recommendation, explicitly judgment

Prefer reliability-first, with transparent evaluation and social protection. Do not turn Singapore's history into a promise of its income level. The historical record supports better questions about sequencing and delivery, not a guaranteed growth recipe.

Discussion. Which measure defines success? What can exporters verify within a year? Who bears adjustment costs?

Sources, definitions and limits

All records read on 7 October 2026. Numbers are historical estimates, statistical observations or labelled calculations. Policy mechanisms and recommendations are explicitly judgments/hypotheses. National-source rounding/revisions are retained. No full-year 2026 GDP is presented.

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