

## Sri Lanka in 2021

*Vistas on the Brink*

### ABSTRACT

The Rajapaksa government consolidated its position with new laws, special task forces, and public-sector appointments. With the opposition wiped out, Sri Lanka now has a unipolar political landscape. Two successive waves of COVID-19 infections caused a rising death toll and necessitated severe lockdowns. The resulting economic problems exposed structural weaknesses in Sri Lanka's macroeconomic constellation, with depleting foreign exchange and an acute debt burden. These interlocking crises triggered new forms of protest and a new convergence of previously disparate societal opposition.

**KEYWORDS:** COVID-19 pandemic, debt crisis, illiberal democracy, militarization, Port City, public protest

The year 2021 was preceded by tense and turbulent dynamics. In 2020, the Rajapaksa government consolidated its position with public appointments of acolytes, a landslide electoral victory for the Sri Lanka Podujana Peramuna (Sri Lanka People's Front, SLPP), and further centralization of power through the 20th Constitutional Amendment. The spread of COVID-19 bolstered the government's illiberal and militarized style of governance. The enforced cremation of COVID-19 victims fueled false Islamophobic rumors that Muslim food and religious practices contribute to the spread of the virus. The economy plummeted due to the public shutdowns and restrictions, which also put a stop to foreign tourist arrivals (Wickramasinghe 2021). These developments cast a shadow over how Sri Lanka's social, political, and economic situation unfolded in 2021.

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## A UNIPOLAR POLITICAL LANDSCAPE

Two years after Gotabaya Rajapaksa's election as president, the Rajapaksa family, the SLPP, and the most powerful state institutions have effectively converged into one family-party-state apparatus in 2021. Joining his brothers Gotabaya (the president) and Mahinda (the prime Minister), Basil Rajapaksa was appointed minister of finance in July, even though he had not stood for elections and had previously been declared ineligible as an MP given his dual citizenship. The outgoing finance minister, Ajith Nivard Cabraal, a well-known affiliate of the family, was reappointed governor of the central bank. Namal Rajapaksa, son of Mahinda, continues to occupy a place of high political significance in the government. Other family members and affiliates have percolated into government bodies across the board. In parallel, several professionally reputed officers have resigned in protest of policy decisions or have been laid off after voicing criticism, including three experts from the National Medicines Regulatory Authority, and the chairs of the Consumer Affairs Authority and the Paddy Marketing Board.

In pursuit of its leading slogan, Vistas of Prosperity and Splendour, the government has established a raft of special-mandate presidential task forces, which operate alongside Sri Lanka's established institutional architecture. The Rajapaksa administration has continued to draw on (former) members of the armed forces to occupy positions of leadership (Fonseka and Dissanayake 2021). The budget proposals for 2022 continue to prioritize defense (Rp 373 billion, or USD 1.8 billion) over health and education (Rp 328 billion, or USD 1.6 billion) (*Island* 2021). Nearly half (49%) of public-sector wages are borne by the military (Verité Research 2021).

With both of Sri Lanka's traditionally dominant political parties imploding, the opposition is in complete disarray. The center-left Sri Lanka Freedom Party had succumbed to the SLPP by 2019. The center-right United National Party was reduced to single seat in 2020 and forced the remaining block votes to a new electoral vehicle, Samagi Jana Balawegaya (Peace-People's Power). Its leader, Sajith Premadasa, has not been able to project the political charisma of his father (former president Ranasinghe Premadasa), and as a party, Samagi Jana Balawegaya has not been able to offer a credible political alternative.

Against the background of anti-Muslim violence in recent years, Sri Lanka's Muslim community is acutely aware of the risk of new skirmishes,

extremist Sinhala-Buddhist groupings, intolerance of Islamic cultural or religious practices, and defamation of Muslim businesses and organizations. Key leaders of the Muslim community remain in custody on poorly defined grounds, including the leading politician Rishad Badiutheen and the prominent lawyer Hejaz Hizbullah.

## CONSTITUTIONAL AND LAW REFORM

The government's public commitments to constitutional reforms of 2020 remained unfulfilled in 2021. The Committee of Experts appointed to draft a new constitution has ceased to receive submissions from the public, and there have been no updates on subsequent deliberations. Similarly, the Parliamentary Select Committee on electoral reform has not reported any progress. With provincial elections deferred indefinitely, the Provincial Councils remain on hold, while the governors (who are appointed by the president) effectively run the (supposedly devolved) provincial governments.

With the enactment of the Colombo Port City Economic Commission Act (No. 11 of 2021), a special economic zone has been declared for the Port City, a prestigious land reclamation project for a new metropolitan precinct off the coast of the historical heart of the capital. Initiated in the early 2010s, financed with Chinese loans and contracted out to the China Harbour Engineering Company, the Port City has been central to the development projections of the Rajapaksa family, but it has received persistent criticism in terms of urban planning, environmental impact, and financial and procedural transparency. The institutional architecture of this act is a more complex version of the special economic zones established under the Board of Investment (which proliferated in the postwar era) and the high-security zones that were used during the war. The act governs most activities in the geographical zone, which comes under a president-appointed commission (Samararatne 2021).

The status of Islamic law in Sri Lanka continued to be contentious. One aspect is the campaign of Muslim advocacy groups that challenge the absence of a minimum age of marriage in Sri Lankan Islamic law. They demand reform of the Muslim Marriage and Divorce Act of 1975 and seek redress for other discriminatory provisions against women, such as the prohibition of the appointment of female judges to Islamic courts (Balachandran 2021). A second aspect is the Sinhala-Buddhist campaign aimed at curtailing and

undercutting the juridical space for Muslim law altogether. A presidential task force mandated to prepare a draft act on the concept “one country, one law” was created in October. The group is chaired by Galagodaaththe Gnanasara Thero, a highly controversial Sinhala-nationalist Buddhist monk, who has been accused of hate speech and inciting violence as the head of Bodu Bala Sena, a militant Buddhist faction that has been directly associated with attacks on the Muslim community. The concept of “one country, one law” is subject to public mockery, given the flouting of the law by known figures of the country’s elite, including members of the Rajapaksa family and Gnanasara Thero himself.

### PANDEMIC AND RESPONSE

Sri Lanka experienced two waves of the COVID-19 pandemic in 2021; the second was more deadly than the first. By July 2, over 3,000 COVID-19 deaths had been reported; by October 22, the total was over 13,500. Sri Lanka’s reported COVID-19 mortality rate, 62 per million inhabitants (Johns Hopkins University 2021), is moderate by global standards, but significantly higher than its South Asian neighbors’. The vaccination drive prioritized the Western Province. The sequencing of priority groups has been criticized for being unclear and untransparent (Peiris 2021). By October the government reported that 89% of Sri Lankans over twenty years old had been fully vaccinated.

The expert opinions of public health professionals were peripheral to the government’s pandemic response (Peiris 2021). In July and early August, the Sri Lanka Medical Association was compelled to make repeated requests of the president for an immediate lockdown to prevent the spread of disease. From May to June and from August to October the country was placed under “travel restrictions” which effectively amounted to a stay-at-home order with a few exceptions, including leaving home for essential services. An inter-provincial travel ban introduced in May remained in place until October. The government’s pandemic response continued to be a combination of regulations adopted under the Quarantine and Prevention of Diseases Ordinance of 1897 (a colonial statute) and measures introduced without a clear legal basis (Peiris 2021). The government has not heeded the calls for new legislation to deal with the pandemic.

Some pandemic responses were weaponized against Muslims. Burial of the remains of COVID-19 victims continued to be banned until February,

despite clear absence of a scientifically substantiated need. The lifting of the ban coincided with a meeting of the UN Human Rights Council and was widely interpreted as a response to international concern for the fundamental rights of the Muslim minority. The burial of Muslim COVID-19 victims continues to be a problem because the government now restricts these funerals to Iranathivu, a remote island off the west coast.

Though largely crowded out from public debate by the pandemic, the structural public health problem of kidney failure in agrarian areas continues to be significant. The exact causes of chronic kidney disease of unknown etiology (CKDU) remain unknown, but some evidence points to the long-term effects of agrochemicals.

### ECONOMIC STAGNATION

Sri Lanka continues to suffer heavy economic setbacks due to the disruptions and restrictions meant to mitigate the pandemic. While it shares this plight with many countries across South and Southeast Asia, Sri Lanka's economic prospects look unusually grim. On the surface, the projections for annual growth in GDP, which vary between 3% and 4.5% depending on the source, seem hopeful, though they need to be placed against the background of a 3.6% decline in 2020.

The country's macroeconomic situation leaves no space for such optimism, however. The government's debt burden is close to becoming a crisis. Though the pandemic has aggravated it, this crisis has had a long gestation. In the immediate postwar years (2010–2015), Sri Lanka experienced rapid growth, mainly due to economic decompression and associated investor optimism after nearly three decades of armed conflict. The Mahinda Rajapaksa government bankrolled large-scale development programs financed by multilateral, Chinese, and other lending, which were premised on a trajectory of sustained rapid growth. Several consecutive developments dimmed these prospects: growth rates dropped, infrastructural investments yielded limited returns, and the 2018 constitutional crisis followed by the 2019 Easter bombings resulted in a downgrading of Sri Lanka's credit rating from the B to the C bracket.

The sudden economic squeeze precipitated by the pandemic laid bare the erosion of macroeconomic fundamentals (*Daily Financial Times* 2021). As was the case ten years earlier, the Rajapaksa government set out to shore up

electoral buy-in with tax cuts, the distribution of political largesse, and megalomaniac infrastructure projects, but the economic conditions are fundamentally different now. Rather than reaping the fruits of a postwar decompression, the country faces a pandemic recession, and rather than leveraging an infrastructure-oriented lending boom, its low credit rating curtails access to loans. With the difficulty of attracting foreign credit and an unrelenting trade deficit, the foreign exchange reserve has plummeted from USD 8 billion to USD 2.5 billion in the past two years (Verité Research 2021).

The real economy stagnated due to the pandemic, possibly aggravated by the militarized and yet haphazard way it was handled. The cost of living continued to soar due to a combination of global commodity trade disruptions and Sri Lanka's monetary position. The looming depletion of foreign exchange reserves necessitated additional restraints on imports, causing scarcity of everyday essentials for virtually every Sri Lankan household, including gas canisters, milk powder, and fuel. On August 30 the government declared a state of emergency to cap prices on essential goods but had to backtrack when sustained demand and reduced supply resulted in acute shortages.

The cost of debt servicing now equals nearly three-quarters of the government's tax revenue. The rapid exhaustion of the foreign currency reserves needed for both imports and interest payments on foreign loans exposes Sri Lanka to an acute liquidity crisis. Faced with the peril of disorderly default, critics have argued Sri Lanka should negotiate a restructuring of its debt (de Mel, de Mel, and Kapilan 2021). Though possibly averting an even less attractive scenario, such restructuring would come at a price. The need to regain financial credibility pressures the government to sacrifice its pivotal public legitimization strategy of doling out tax cuts for the rich and public-sector jobs and welfare benefits for the poor. This pressure could drive up the political temperature and aggravate the democratic backsliding.

## NATURAL ENVIRONMENT

Sri Lanka, while rich in biodiversity and natural resources, is vulnerable to the growing impact of climate change (ND-GAIN 2021). In 2021, several environmental disasters and mismanagement raised alarm. On the west coast, the maritime ecology and the fishery sector were adversely affected after the *X-Press Pearl*, a ship carrying a variety of poisonous chemical cargo, caught fire and was wrecked near Negombo in June. Human–elephant conflict

continues to be a grave problem for life and agriculture in rural Sri Lanka—and an existential threat to the remaining wild elephants in the country (*Colombo Page* 2021).

## PROTEST AND DISSENT

The combined hardship and dismay over the pandemic, human rights, inflation, and the style of governance has instigated a raft of protests. The adaptation of battlefield concepts and governance techniques from the war-torn Northeast to the rest of the country, of which there have been many examples over the last decade, is increasingly matched by a parallel convergence of protest movements against such approaches.

Long-standing protests by families of the disappeared and other communities affected by the war have been joined by other forms of opposition. The Catholic Church continues to demand justice and accountability for the 2019 Easter Sunday attacks and alleged government negligence in the gestation of this violence. Teachers' unions struck from work since July, demanding that their salary arrears be paid and that they be provided facilities for online teaching. The Federation of University Teachers Association resisted a bill that would legalize the de facto practice of admitting civilians to Kotelawala Defence University. In parallel, farmers protested a ban on chemical fertilizers, introduced in May. The government claimed that the ban was meant to address CKDU. While the disease is a widely felt public health hazard, the farmers opposed the lack of consultation on the implications of these new rules and the poor supply of organic fertilizer due to the government's lack of planning.

Protests gathered force in July and August, when diverse forms of opposition joined hands. Several organizers of the protests were arrested and detained (Journalists for Democracy 2021). Grave incidents of police brutality and deaths in custody were reported, prompting a statement by the Bar Association of Sri Lanka (2021) and a request to the Inspector General of Police from the Human Rights Commission of Sri Lanka (2021) for a report on measures taken to prevent further deaths. The escalation around these protests generated more widely felt concern over militarized governance. The persistent protest by families of people who disappeared in the murky networks of the government's punitive system of the war years now resonate with a different set of political constituencies dismayed by the present

excesses of executive power. Fueled by growing economic pressure, frustration over the handling of the pandemic, and contempt for government misconduct, these protests depart from established fault lines and pose new challenges to the government.

## CONCLUSIONS

For Sri Lanka 2021 combined a very familiar set of political dynamics with the exceptional strains of a global pandemic, which then brought structural social and economic strains to the brink of crisis. In a peculiar parallel to the Indian Ocean tsunami, 15 years earlier, an unforeseen externality unsettled entrenched positions—a perceived act of God that warranted exceptional measures and relegated established issues to the background, but which also triggered new anxieties and enabled new alliances and opposition. The combined strains of democratic decay, the pandemic, and economic downturn confronted the government with an extraordinary mix of problems. While parliamentary opposition has fractured, societal discontent has become ubiquitous. The exceptional circumstances facilitated new repositories of dissent, where previously dispersed fronts of opposition—on minority issues, the rule of law, economic mismanagement, agrarian issues, and the education sector—started to coalesce in unusual ways.

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