

Sri Lanka's Economic Crisis: A Feminist Response to the Unfolding Humanitarian Crisis

Feminist Collective for Economic Justice

A History of Failed Economic Policies and Continued Mismanagement

Sri Lanka is currently facing the worst economic crisis in its post-independence history. The country is short of foreign exchange reserves to pay for imports for many essentials, including fuel, which is affecting the functioning of the economy and crippling the lives of its people. Sri Lanka is struggling to repay the foreign debt that had accumulated over the years bringing it to the brink of a liquidity crisis.

There is now a monumental crisis in political power in the country. In this context we affirm that the humanitarian economic crisis remains immediate and primary for ordinary citizens. All measures suggested by us below, are that of enabling fundamental mechanisms of governance to exhibit efficiency. Collapse of the existing government notwithstanding, we still demand that State mechanisms perform their fundamental duties of ensuring the rights and welfare of the people. We recognise that people feel a deep frustration with the political class and emphasise the urgent need for the citizens of Sri Lanka to have governance systems that can restore the confidence of the people.

The calamity unfolding before us has been in the making for a long time due to deliberate choices made by consecutive governments in power. Sri Lanka has been a dependent economy for decades and has felt the impact of global economic shifts. However, undergoing the International Monetary Fund's (IMF) Structural Adjustment Programme in the late 1970s, significantly shifted the country towards liberalisation or the 'open economy' model. It meant that restrictions for external trade—of imports and exports—were removed. However, over the years, foreign direct investments did not flow into the country as promised. Instead, imports

have remained higher than exports, resulting in a huge deficit in our external trade accounts, currently at an untenable nine billion USD.

Even during the pandemic, with no management of the economy, Sri Lanka's imports grew in 2021 by 28.5% (Central Bank 2021) including an increase in consumer goods imports. Sri Lanka earns its foreign exchange through exports: mainly of garments and tea, remittances of domestic workers, and tourism. These sectors are heavily dependent on exploiting women's labour. However, the country's capacity to earn foreign exchange was further impeded by the COVID19 pandemic in the last two years and continues to look bleak given the Ukraine war and travel advisories.

After the end of the prolonged war in 2009, Sri Lanka acquired massive amounts of foreign debt, including borrowing from capital markets, international sovereign bonds (currently this constitutes 40% of the country's foreign debt) at higher interest payment rates, in addition to obtaining bilateral and multilateral loans. The Central Bank responded by printing money to address the declining debt situation, which invariably resulted in inflation—the rapid increase in prices for essential goods and services. As of March 2022, inflation is at a 15% high and the inflation for food items has risen to an unprecedented 26%. According to government data, prices of rice have increased by 50%, tomatoes by 164%, leeks by 188%, brinjal by 76%, beans by 70%, carrot by 70%, wheat flour by 32%, dhal by 42 %, dried fish by 70%, and chicken by 61% when compared to last November 2021.

Efforts by the Central Bank to peg the rupee value to the dollar failed to produce positive results. Currently, the floated rupee value has depreciated rapidly to Rs.306 to a USD, making imports even more expensive. The government responded by restricting or delaying

imports, which resulted in shortages of medicines, medical equipment, some essential food items (e.g. milk powder), and fuel. However, no effort has been made to date to control distribution of essential items and fuel, encourage local production or develop import substitutes to reduce the hardships for the people.

The country has now obtained credit lines and more loans from India and China to address the debt situation. Talks are underway with the IMF for assistance and discussions around restructuring foreign debt. An IMF agreement seems inevitable at this point, given the government's inaction to address the crisis with other alternatives in a timely manner. Those solutions will only provide a short-term and inadequate fix while resulting in significant immediate and long-term difficulties for the people.

For example, it is expected that an IMF loan facility might improve the country's credit ratings and allow it to borrow again from capital markets. While this may address the liquidity crisis, perhaps only in part, it cannot be made at the expense of government services and social protections, the curtailing of which will not address the hardships people are facing on a day-to-day basis. The government will be pressured to decrease its spending and forced to privatise education, health, and electricity provisions and other services that are important to people's survival. Increases in the cost of utilities and transport fares have already occurred. It may also result in narrow or loss of social security schemes and weakened labour laws.

Economists are warning about hard times ahead; however, they are not explicit about who will be forced to swallow the 'bitter pill'. Key actors such as the IMF and neoliberal economic thinkers may assume that fiscal consolidation by way of austerity policies can be the answer to make debt sustainable. However, regressive tax policies such as the increase of indirect tax via VAT and cuts in public expenditure will only undermine the possibilities for much needed productivity improvements and inclusive economic growth including in social infrastructure. It must be understood that adequate investment in health, education, and care services is required to improve human productivity and wellbeing.

The government's erratic move to ban chemical fertilisers in 2021, on the pretext of encouraging organic fertiliser use has contributed to a drop in food production and the severity of the food shortages currently experienced by the people. As a result, it is now dependent on other countries even for rice, for which Sri Lanka had achieved self-sufficiency since 2005. Decades of neglect of the agricultural sector and declining government investments had adversely

impacted farmers and fishermen, including women in these sectors. The importance of ensuring food security was driven home in the last two pandemic ridden years, with the disruptions to global supply chains and the unemployed returning to attempt cultivating in available plots of land. However, apathy and lack of support towards those initiatives by the government remained. Economic growth was mainly attained through infrastructure and real-estate development in the post-war years and less priority was given to improving local production and industries. As a result, due to the lack of local jobs, people have been forced to seek jobs through migration.

Sri Lanka has a regressive taxation policy, where indirect taxes form about 80% of the government tax revenues. Thus, ordinary citizens have borne a bigger share of tax burdens, while public expenditure on social investments have progressively declined. The current government reduced direct taxes especially for the rich as soon as it came into power, resulting in a reduction in government revenues as well. Thus, the economic crisis Sri Lanka is faced with is two-fold: a crisis in its external trade/balance of payments resulting in a drop in foreign exchange, and a fiscal deficit crisis impacting the government's ability to spend on essential services for the people. So far, the government has not resorted to imposing taxes on the rich by increasing direct taxes or by introducing a wealth tax. Instead, the full burden of the collapse of the economy has been transferred to the lower rungs of society.

Facing A Humanitarian Crisis

The situation is fast turning into a humanitarian crisis for the people. We have already witnessed the loss of lives directly due to pressures of the crisis. Rapid and uncontrolled increase in prices of essential items is leading to starvation and the fear of a famine is present. Theft and crime are increasing as people become desperate for survival and the possibility of a food riot is predicted. People's capacity to function normally and attend to day-to-day chores have deteriorated. The pace at which the situation is deteriorating and the uncertainty about the present and the future are causing panic and fear among the people. These conditions can contribute to downward mobility, resulting in more people falling into poverty and increased inequalities. The country will experience a massive set-back, unravelling the progress we have made in terms of high social indicators in spite of modest economic growth, even in spite of a protracted war. Therefore, launching a humanitarian operation in partnership with the government and civil society is urgently needed, with a focus on preventing widespread starvation and chaos.

In Our Homes

The impact of the economic crisis in Sri Lanka is felt across all corners of the island. However, daily-wage earners, those dependent on micro, small, and medium enterprises, the urban working poor and other communities living in poverty, and those who were already marginalised in society for their ethnic, religious, caste, gender, and sexual identities are more affected by the deepening crisis. Vulnerable groups who are discriminated against and isolated without much social support, such as low-income LGBTQ people are facing homelessness and destitution. Rising prices of essential items have depleted their monies in hand, and this is in a context of living on subsistence wages before the crisis.

Access to health and nutrition related items such as milk, *triposha* (nutritional food supplement), medicines, menstruation products, and contraceptives are difficult to find in the markets. Incomes are spent on securing food, affecting other expenses on essentials such as rent payments and utilities and people fear becoming homeless. Many are losing their meagre assets as they pawn their jewellery, mortgage and even sell their lands, which means their financial security is lost and they become trapped in debt. Adding to the inaccessibility of food for survival is the rising costs and shortages of fuel necessary for cooking, transport, and small livelihood ventures, further stifling the chances for people to make a living. Families are unable to cook meals due to the lack of gas, kerosene, and the increasing cost of firewood.

The shortages and inaccessibility of essential foods and commodities are affecting every other sphere of life: health and wellbeing, education, relationships, and social cohesion. Power cuts are affecting children's education and parents are stressing about ensuring access and educational items for their children, while being forced to ration meals at home. Travel to school, work, and even to secure daily essentials has become too expensive as public transport fares have drastically increased. Shortages of paper have further affected exam schedules and provision of textbooks. The emotional and psychological impact of the stresses and desperation around personal and family financial survival and the general wellbeing of people is adversely affecting their ability to engage in day-to-day routines.

Communities who were repeatedly affected by tragedies over the last few decades—the long-drawn-out war, tsunami, Easter bombings, and the COVID19 pandemic—and were already stripped of the societal support networks, and had experienced economic losses in terms of properties, livelihoods, and loved ones, are

yet again gazing at another blow to their chances of building a life. Many have not recovered from the trauma and grief of the past tragedies, lingering memories, and quest for truth and justice. When meaningful justice and adequate compensations were not granted to such communities, facing another catastrophe of the nature we are witnessing is undoubtedly challenging.

The burden of a flailing economy invariably falls on women as the economic risks are pushed down and into the home sphere. Women are now faced with an exacerbated double burden of earning an income as well as managing their homes and increased unpaid care burdens in a context where both those domains are under immense stress. Families are forced to separate when the adult members travel distances in search of jobs causing strain on intimate relationships. Mounting frustrations and fears about the uncertainty of living in a collapsing economy, experiencing hunger and lack of basic comforts are all dealt with within the home, causing violence to erupt that is most often directed towards women and children. Domestic violence is increasing as a consequence of the stresses on the family. It has become particularly difficult for women who were already living in abusive conditions. Mothers depending on maintenance payments to ensure the wellbeing of children are not receiving their monthly payments. Legal modes of asking for enhancements or recovering non-payments are ineffective against excuses that fathers have no income or have their own expenses to consider.

Working People

Sri Lanka's working people are concentrated in the informal sector, while industry owners and employers enjoy much power over their employees in the formal sector. There is little protection for informal sector workers and the constant push to reduce protections for formal sector workers in order to further exploit their labour can be observed in the midst of the current crisis. Discussions around labour laws focus on reforming them to provide more 'flexibility' for the benefit of the employers. Although plantation workers won the struggle for a Rs.1000 increase in wages, the agreement is not properly implemented. With the ongoing crisis, plantation workers are being paid less and demanded to pluck more tea per day. Collective agreements securing basic labour rights are not respected, even rejected by employers.

Reports suggest that exports of manufactured products have increased; however, those working in free trade zones, including the garment sector, were treated with disregard during the pandemic. They are

facing new hardships with the steep rise of prices and rents for their boarding houses. Daily wage earners, including domestic workers have lost their employment. Communities dependent on farming are struggling to make a living, with increasing costs of fuel, animal feed, and fertilisers and other essentials for their work. Fisher communities have staged several protests due to the shortages and increased costs of diesel and kerosene. While we are a country that is surrounded by sea, fisherfolk are yet unable to make a living.

It is widely acknowledged that Sri Lanka's economy is overwhelmingly dependent on women's labour as they earn the highest foreign exchange, in the plantation and garment sectors and working as domestic workers in countries abroad. Furthermore, women contribute to the national economy in the informal sector in agriculture, fisheries, services, and domestic labour. Thus, women are overwhelmingly represented in this category of working people. The crushing load borne by the working people in the midst of this crisis, is essentially the load women have to bear.

Why a Feminist Economic and Political Analysis is Important

Sri Lanka's overall economic policy trajectory over the decades have impacted women's labour, and with it every sphere of women's lives; their material conditions, mobility, aspirations, and status in society. The economy is overwhelmingly dependent on women's labour, including as the earners of the country's foreign exchange, and the wealth that was created by exploiting women's hard labour has been squandered. While no one is held accountable for this loss, women are yet again being made to bear the burden of the economic crisis as well. The crisis has now been turned into a women's issue, where women are made to bear all the risks of the flailing economy. Women's labour is both unacknowledged and invisibilised, particularly in the reproductive/home sphere. Thus, the full extent of the impact of the current economic crisis also remains hidden.

In spite of women's contributions to the economy, women are not allowed a seat at the table to make economic decisions or influence the trajectory of the country's economic design. Women's concerns are not raised enough in decision making circles. As a result of this lack, women are left with little protection or support to weather the economic crisis, making them fully vulnerable to its impact. Discussions about Sri Lanka's economic crisis have been dominated by economists, particularly neoliberal ideologues. The analysis and narratives put forward have focused on

the macro issues that affect the interests of the ruling and business classes, and not from the perspectives or realities of working women.

Mainstream macroeconomic narratives tend to dehumanise the crisis, focusing only on statistics and numbers. Responses to the crisis from such a perspective do not address the pressing concerns of women, working people, and marginalised communities. It is concerning to observe that feminist voices are missing in commentaries on the economic crisis. The few women who are active in commenting have expressed neoliberal thinking and advocate for anti-women, anti-poor policies. Among other feminist activists, there is a lack of both confidence and clarity about the economic crisis. While acknowledging the current scenario, it is important to remember that we have had a long history of feminists who have contributed with a political economic analysis and critique (Kumari Jayawardena, Swarna Jayaweera, etc.) and many other women activists who have challenged economic oppression at every turn of history in this country, whose legacies are there to follow. A feminist political economic analysis is essential to provide a complete understanding of the depth and breadth of the economic crisis, and to bridge the gap between the macro and micro manifestations of it.

Women's groups and trade unions have put forward demands for social security, better wages, and labour protections, and their longstanding demands were not heeded. Feminists have called on the government to be responsible, transparent, and accountable for all borrowing and spending decisions and measures taken. They have repeatedly asked for government policy to be based on gender equality and human sustainability on all fiscal and borrowing decisions made. Feminist economists from the Global South facing similar crises, have called for remedial measures such as debt cancellation and for economic strategies that do not undermine human rights for debt sustainability. They have emphasised the need for tax justice which enables human sustainability to take precedence over property rights. Feminist political economists in different parts of the globe have long proven that fiscal consolidation has greater adverse effects on low-income women since they are unequally positioned within the economy and because women are more dependent on public services, social protections, and cash transfers. Therefore, feminists have called for more emphasis on tax justice by increasing revenues through taxing wealth and profit rather than cuts in social protections.

Feminist politics in general has meant speaking truth to power, exposing multiple forms of oppression, contribute to deepening the analysis of an issue by using

a gender lens, amplifying the voices from the margins, and organising for social change. Formulating a clear vision and clarity of thought about the current economic crisis from a feminist perspective is necessary. Studying the dominant narratives, the politics and intentions behind those narratives and solutions proposed, and developing our own critique of those narratives can be the initial step. Keeping the focus on the women who are going to be most affected by this, by being in constant conversation with them, and having an ear to the ground and ground realities is important to not lose focus. A feminist response should have a long-term view in mind. The alternatives we support must be cognisant of the long-term consequences for the most marginalised in our country. Drawing a programme that addresses the immediate needs with approaches that in the long-term can contribute towards structural change is important.

Feminist analysis has focused on challenging power hierarchies and dismantling structural oppression. In the political economic sphere, it would mean challenging the power hierarchies that remain between bigger and stronger economies and weaker economies, between the wealthier communities in Sri Lanka and the impoverished communities, between employers and employees, between buyers and sellers, between income earners and those without incomes. During an economic crisis, class contradictions become explicitly visible. The dominant narratives and solutions proposed invariably will benefit the privileged classes rather than the exploited classes. The major faultline is the class line in this crisis. A feminist analysis must be able to expose the class contradictions and strengthen our solidarities with working-class women and marginalised communities. Being in dialogue with women who are in positions of privilege, such as parliamentarians, political party leaders, economists, NGO leaders, community leaders, etc. and challenging them and providing a class analysis of the emerging crisis can be another role feminists can play during this time.

Feminist politics has also demonstrated a politics of care, particularly through building solidarities with marginalised groups. This also means we approach the crisis with a strong gender lens to deepen the understanding of those with whom we form class-based alliances: trade unions, workers collectives, cooperatives, and other like-minded groups. Furthermore, minimising the losses and harm to the women and communities we work with, and for marginalised groups are priorities. Helping each other survive this crisis would also mean challenging some of the norms and usual ways of working and fulfilling our needs. Collectively organising

our day-to-day activities could be one way of doing this, which would require challenging the traditional family/household structures to accommodate this change. Women's groups have shown much resilience through prior challenges; of war-time survival, post tsunami recovery, women-led farmers' struggles, land struggles, and organising against microfinance debt, and those experiences which were based on solidarity approaches can be drawn on now to face this new challenge.

What the Government should do to Respond to this Humanitarian Crisis

We are concerned by the lack of empathy and recognition of the suffering, uncertainties, and fears faced by the people, and that the government has not presented us with concrete plans to alleviate their pain caused by the economic crisis. We urge the government to take the following steps immediately to address the unfolding humanitarian crisis:

1. Plan and Implement an Island-Wide Food Distribution System: A food distribution system to reach all households with basic essential ration packs. Basic foods should include rice, oil, sugar, tea, *parippu* (lentils), *triposha*. Existing systems of Sathosa, Samurdhi, and Cooperatives should be strengthened to reach everyone. Many more working people in Sri Lanka are living in precarious situations and are falling into poverty. Therefore, the food distribution system should be planned to be delivered universally.

We reject the idea of implementing 'targeted' programmes to 'reach only the selected poor' as recommended by certain economic advisors. Following the approach of targeting in the midst of a crisis that is causing a spiral into poverty defies logic and will only delay and harm people already in dire straits.

2. Prioritise Nutrition and Food Sovereignty: The government should keep to its budget promises made to its citizens particularly in relation to nutrition and food security in the 2022 budget, such as the nutrition basket for pregnant and lactating mothers, which the government promised to extend for 24 months. Citizens were promised a relief basket to alleviate the pressures of rising costs of living. School midday meals programmes and household level relief for children should be ensured.

A vital component of food security is ensuring control on kerosene and gas prices, to support household energy requirements. Agricultural responses should urgently ensure that subsidies to farmers are put in place, and relief for fisheries and farming communities is extended.

3. Samurdhi Support System must be Strengthened:

Samurdhi benefits are being cut in many districts and different excuses given at community level Samurdhi meetings for why it is so. However, the reality is that more families are falling below the poverty line and therefore there is a need to expand Samurdhi benefits. The monthly payments to Samurdhi members must be increased to match the rising cost of living.

4. Health Sector must be Supported by the State to Secure and Provide Medicines, other Essential Medical Equipment, Health Products, and Reproductive Health Services

5. Assistance Programmes (Referral, Support, and Services) to Address Starvation, Homelessness, Destitution, and Domestic Violence:

The government must set up urgent support schemes to address issues of starvation, homelessness, destitution, and domestic violence. These programmes must be accessible to vulnerable persons in communities across the country. State officials must be directed to provide these services without discrimination, prejudice, and judgment. As the increase in sexual and gender-based violence becomes inevitable, State and non-State services should ensure support services including women and child centred shelters. Responses must be timely, emergency calls must always receive urgent attention, and a survivor-centred (protect rights, privacy, recovery of victim to build victim confidence, without any blaming or shaming or tolerance of retaliation) approach must be adopted.

6. Immediate Measures to Secure Public Revenues to Implement above State Programmes:

We urge the government to implement progressive taxation to meet the country's public revenue needs, including introducing appropriate wealth taxes. It must be ensured given the context that direct taxation does not add to the burden of the poor and working people of the country. The government must ensure that public revenues are utilised to implement social security programmes that are responding to the crisis alongside measures to recover the economy.

7. Prioritise Labour and Land Policies that Protect People's Financial Security:

Successive governments have failed to address the need for a land policy that addresses people's needs, aspirations, the climate crisis, and the need for a people-focused labour policy. During this crisis, given the strong tendency to move towards exploitative measures, existing labour protections and

land rights should not be undone. Distribute land to women smallholder agricultural farmers who are producing essential grains.

8. Consult Women: Responding to this crisis requires consultation and participation of women. Given the dismal representation of women in decision making, it is crucial that advisory bodies, processes and responses have direct involvement of women, particularly representation of women workers' and affected women.

Finally, we invite Women's Groups, Trade Unions, Farmers' and Fisher collectives, Cooperatives, Religious institutions, NGOs, and progressive political movements to join in solidarity for urgent action to respond to the unfolding humanitarian emergency that is threatening to destroy our children and our collective futures.

Ideas for Collective Action:

- Pressure the government to respond to the emerging humanitarian crisis
- Mobilise and lobby Local Councils, Provincial and DS level state bodies to put in place urgent humanitarian response plans including the storing and distributing food rations, organising community kitchens, subsidising transport/school service, responding to incidents of violence in the homes (particularly domestic violence), organise safe housing/shelters for those who will become homeless as well as those who experience violence
- Urge Provincial and Zonal Education offices to ensure children's immediate and nutritional needs are addressed in preschools and schools by providing mid-day meals/*thripasha* and sanitary napkins, arranging school transport for students, organising collective study centres during power-cuts for students, lobbying printers and other shops/officers using paper to donate towards recycling books
- Open spaces for those who are homeless such as churches, temples, mosques, and organising volunteers for collective cooking
- Start collective kitchens with community groups
- Ensure representation of women, working people, and vulnerable groups, in the planning and decision-making tables, and that mechanisms for transparency and accountability are activated

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