

Sri Lankan government responds to COVID-19 by mobilising the military and helping the financial elite

Saman Gunadasa
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As Sri Lanka's confirmed coronavirus cases rapidly increase, anxiety is growing amongst the population about the lack of proper healthcare and the impact on jobs and livelihoods.

On Monday evening, government authorities announced that 43 people have been identified as coronavirus infected. Some 212 are currently under observation at several hospitals and more than 4,000 are in quarantine.

Sri Lanka now confronts a situation similar to a partial lock-down. The government of President Gotabhaya Rajapakse announced a four-day holiday this week, beginning Monday, throughout the public sector, with the exception of health and state administrative services. It called on private sector businesses to follow suit. All education institutions will also be closed for more than a month.

A ban was imposed on all in-bound flights yesterday, expanding an earlier decision to cancel flights from 13 European countries and some Asian countries, including South Korea. About 80 short-distance train services have been stopped and yesterday the Colombo Municipal Council closed parks, clinics, sports grounds and libraries for two weeks.

Significantly, the government has mobilised the military to oversee quarantine centres. Yesterday President Rajapakse established the National Operation Centre for the Prevention of the COVID-19 outbreak. It is not under the control of medical experts but Army Commander Major General Shavendra Silva. A presidential press release said that the centre "will coordinate preventive and management measures to ensure that healthcare and other services are well geared to serve the general public."

The government has released a barrage of propaganda material to the press, including photos of health workers and armed forces personnel sanitising airports, trains, buses and establishing a few improvised quarantine centres. Public Health Inspectors, who are supposed to track people under quarantine, have complained, however, that they lack proper equipment, such as thermal scanners, and are having difficulty managing the situation.

The Rajapakse government has not made any announcement that it will boost funds to overhaul the dilapidated public health system, which is a product of grossly inadequate budget allocations by successive governments. Instead it has rushed to back up big business and international investors.

On Monday, Sri Lanka's Central Bank issued a statement to "assure the financial market of the provision of liquidity as necessary to counter any impact arising from the evolving situation." It was released after Sri Lanka's All Share Price Index fell by 145 points to 4,874 points—a new eight-year low. Colombo's tiny stock market has been closed for the first two days of this week.

The Central Bank also cut its rates by 25 basis points to a 6.25 percent deposit rate and slashed the statutory reserve ratio 100 basis points to 4 percent, easing credit for stock market financiers.

Central Bank Governor W.D. Lakshman warned: "[I]t has increasingly become evident that domestic economic activity during the year 2020 would continue to be affected through various channels by the spread of the pandemic."

According to the International Monetary Fund, the global economy, which was expected to slowdown in

2020, is now heading towards a recession because of the COVID-19 pandemic. Sri Lanka's debt-mired economy will be a casualty of this crisis.

Rajapakse told a video conference of South Asian Association of Regional Cooperation (SAARC) leaders on Sunday that the Sri Lankan "economy has taken a severe blow, especially in the tourism sector... Our exports are also adversely affected by this situation."

Indian Prime Minister Narendra Modi, who called the SAARC meeting, said people should not "panic" but "prepare" to face the situation. At the same time he announced a pathetic \$10 million for SAARC countries to fight the pandemic. The attitude of other SAARC leaders was no different. They failed to pledge any new funds to deal with COVID-19 at the meeting.

The *Sunday Times* cited a senior treasury official's analysis, which suggested that Sri Lanka's financial losses from the pandemic would be between \$9.1 and \$18.2 billion or around 10 to 20 percent of gross domestic product (GDP).

Sri Lanka's main exports—apparel, rubber products, tea, spices and fish—are sent to the European Union, the United States and the United Kingdom which are being badly hit by the pandemic. Loss of revenue from tea is estimated to reach a staggering \$520 million, while reductions in the apparel sector are predicted at \$10 million. According to initial estimates, a \$750 million overall drop in exports is inevitable in the second quarter of the year.

Joint Apparel Association Forum general secretary Tuli Cooray said the small and medium sectors of apparel exporters are the worst affected. "The payment of salaries and bonuses will become a problem and the crisis would be severe due to the New Year holidays in April," he said. Cooray called for government backing for bank loans to the industry.

Treasury has also estimated that the pandemic will see workers' remittances to Sri Lanka drop to \$4 billion this year, down from \$6.7 billion last year.

Thousands of Sri Lankan migrant workers are employed in Italy and South Korea, which are among the countries hardest hit by coronavirus. The Middle East, which is the main sourcing region of foreign remittances to Sri Lanka, is also badly affected.

Provisional treasury estimates show that this year's tourism revenues will fall to \$1.5 billion, a 30 percent drop compared to 2018 tourist earnings. The

cancellation of "on-arrival visas" and the travel ban on 13 European countries, along with South Korea, Iran, Qatar and Bahrain, are already having a serious impact on the industry.

Workers in the sector are probably the main victims so far. Contract and temporary workers confront job losses, while permanent employees are faced with drastic cuts to their incomes. "Our main concern is the payment of salaries for the permanent staff," said Tourist Hotels Association president Sanath Ukwatte.

Concerns are now being raised in the media and in ruling circles about the eruption of major social struggles over the lack of health facilities and job security, along with immanent wage cuts.

An editorial in the March 12 edition of the *Island* cautioned that, "COVID-19 has the potential to cause socio-political upheavals and even unleash anarchy [in Sri Lanka]." It referred to recent riots in Italian prisons and warned that scarcities of basic items and "street riots in locked-down cities cannot be ruled out."



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