
SRI LANKA IN 2001

Year of Reversals

===== Amita Shastri
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For a year that began on a cautious note of optimism for Sri Lanka's president, Chandrika Kumaratunga, 2001 proved to be a difficult one consisting of one reversal after the next. In October 2000, the president's coalition of parties, the People's Alliance (PA), succeeded in regaining control of the parliament through a post-election alliance with a small minority party, the Sri Lanka Muslim Congress (SLMC). The new year, however, ushered in efforts at peace talks that failed, increasing economic difficulties, a loss of confidence in the president leading to a dissolution of parliament, and finally hard-fought elections won by the opposing major party, the United National Party (UNP). This transferred control over the government in Sri Lanka's Gaullist-style political system to the UNP, compelling Kumaratunge to share power, an eventuality she had done everything to avoid. While the developments did little to resolve the island's ethnic crisis, the challenge posed by the separatist Liberation Tigers of Tamil Eelam (LTTE) seems to have been blunted. This last along with the compulsion to "co-habit" in power that has been placed by the electorate on the two major parties may well provide the most hopeful basis for a resolution of problems in this fragmented polity in the future.

Failed Peace Efforts

The year began with hope created by the Norwegian attempt to sponsor peace talks between Kumaratunga's government and the LTTE. Yet, Norwegian envoy Eric Solheim's repeated visits to the island in the first half of the year failed to break the deadlock between the two. The LTTE had called a unilat-

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eral ceasefire for the holiday season from December 24, 2000, for a month and then extended it by another month. Based on past experience, President Kumaratunga, however, refused to agree to a ceasefire until the LTTE agreed to begin talks to end the war.

Open conflict resumed with the LTTE breaking its own ceasefire deadline by two days and attacking navy patrol boats. The Sri Lankan air force retaliated by bombing the LTTE naval bases. The fierce battle for advantage hardened the position of both sides. Simultaneously, the government faced criticism from its peace lobby for not having taken advantage of the opportunity to negotiate with the Tigers during the ceasefire. By early June, peace envoy Solheim had been sidelined, having been excluded from talks held between Kumaratunga and the Norwegian foreign minister; LTTE denounced this demotion of Solheim's role in the peace process.

The reality was that the two combatants' positions were too far apart for peace talks to result in anything lasting. The government's constitutional reform proposals (formulated more than three years prior), which sought to return Sri Lanka to a parliamentary system and carry out a far-ranging decentralization of powers to the regional level to solve the ethnic problem, had already been rejected by the Tigers as inadequate. The right-wing elements among Sri Lanka's Sinhalese-Buddhist majority stridently opposed such decentralization and are tacitly supported by the UNP. The government, thus, still could not put together the two-thirds majority in parliament necessary to pass its proposals. Yet, the proposals remained the only specific ones offered by any party for debate, even though to keep its lines to the Tamil constituency open in Sri Lanka's highly competitive party system the UNP had joined foreign donors and non-governmental groups in calling on the government to open talks with the Tigers to resolve the civil war.

The collapse of the peace process was underlined by the deadly attack of a suicide squad of elite "Black Tigers" on the island's only major international airport near Colombo. Marking the 18th anniversary of the ethnic conflict, on July 24, 14 LTTE suicide bombers succeeded in destroying 13 aircraft at the airport; including eight military jets, helicopters, and trainer planes. All the militants and eight security personnel were killed, with another 12 injured. The US\$300 million worth of damage in one blow to its small fleet of civilian and military aircraft left the government stunned and open to criticism of poor security. Predictably, the attack resulted in a sharp decline in tourism, travel, and business activity and increased economic difficulties for the government.¹

1. *India Today International*, August 6, 2001, pp. 34–35.

Economic Difficulties

The government's economic difficulties of the year were compounded by the high level of defense spending and budget deficits. Official figures presented early in 2001 showed that the defense budget had increased by over 20% over the previous year, to US\$270 million, a figure less than what had actually been spent with the increase in fighting against the LTTE in mid-2000. With about 17% of budgeted government spending going to defense, it was clear that Sri Lanka could not afford the existing level of defense expenditure.² Government debt stood at about 97% of the value of the country's gross domestic product (GDP). The Central Bank of Sri Lanka estimated that the economy would grow by 4.5% in the year, a drop from the rate of 6% it had attained in 2000.

The economy's actual performance proved to be far worse than predicted. The GDP growth rate was estimated to be \uparrow 0.6%. A bad agricultural season led to a drop in that sector of 2%, while industrial growth increased by a meager 2.1%. The political crisis caused policy paralysis after June and plummeting economic and business activity. A series of populist measures, in the form of pay and pension increases for public servants and reintroduced subsidies, announced by the outgoing government to shore up its support boosted the fiscal deficit to well over the targeted 8.5% of GDP. Inflation rose to about 13% for the year, contributing to the government's growing unpopularity.³

Loss of Confidence

The public's attention, which had been focused on the peace process, was soon drawn to the maneuvers in the parliamentary arena to overthrow the government. Factionalism and restiveness at being out of power led the UNP to launch a motion of no-confidence against the PA-led government. In Sri Lanka's Gaullist-style system, a loss of majority of the president's coalition would force the resignations of the prime minister and the cabinet and undermine the president's power. Seeking to blunt this threat, the PA's more conservative segments started talks with the UNP for a national unity government that would include the UNP in the cabinet. This possibility threatened the king-maker role assumed by the SLMC, the minority party whose 11 members of parliament (MPs) had provided Kumaratunga's PA a winning majority after the October 2000 elections. The SLMC's leader, Rauff Hakeem, defected with six of his MPs to the opposition. The joint opposition of 116 MPs coalesced around the UNP to demand a debate on a

2. *Hindu*, February 9, 2001.

3. Economist Intelligence Unit (EIU), *Quarterly Economic Review, Country Report: Sri Lanka* (London: EIU, December 2001), pp. 3, 6.

no-confidence motion against the ruling coalition, which was left with only 109 seats.

Faced with this reversal, Kumaratunga suspended parliament on July 11 for two months in a desperate bid to avoid losing control over the government. Under the Constitution, she could only dissolve the parliament on October 10, a year after the last general election. Seeking to strengthen her position, Kumaratunga initially proposed holding a referendum to gain support in favor of a new constitution that would reform the political system. Facing strong opposition to the referendum, the government abandoned it in favor of entering into an agreement with the Sinhalese left-radical party, the People's Liberation Front (JVP). The JVP promised conditional support from outside the government, its demands including a drastic pruning of Kumaratunga's oversized cabinet to 20 ministers, cutting wasteful government expenditure, and passage of a constitutional amendment setting up four independent commissions to oversee the fair functioning of the judiciary, the police, the public service, and elections. Kumaratunga demoted 24 cabinet ministers and sacked close to 50 deputy ministers. The 17th amendment was duly passed creating the various commissions. The JVP declined any ministerial posts, preferring a course of self-abnegation to promote their public image.⁴

The alliance with the JVP, which consistently opposed talks with the LTTE and any concessions to the Tamil minority, caused the exit of several leading members from the PA coalition who had staunchly advocated a policy of accommodation of Tamil demands. The 15 MPs to leave included the erstwhile minister of constitutional and ethnic affairs, G. L. Pieris, one of the architects of the constitutional reforms offered by the PA to resolve the ethnic crisis, as well as the general secretary of the Sri Lanka Freedom Party (SLFP), S. B. Dissanayake. Four Tamil parties (except the Eelam People's Democratic Party [EPDP]) that had supported the PA since 1994 in its search for a solution also withdrew their support and turned toward the UNP. In effect, the above developments manifested the erosion of the broad-based multiethnic coalition forged by Kumaratunga to her advantage in 1994 and a return by the SLFP-led coalition to its previous predominantly center-left Sinhalese political base.

Parliamentary Overthrow

Failing to maintain a majority, the president dissolved the parliament in October and called for fresh general elections in early December. Poor governance, economic stagnation, and the high cost of living caused the war-weary

4. For details, see *Tamil Times*, September 15, 2001, pp. 4, 6–7, 13–14.

electorate to reduce its support for the ruling coalition. Yet, the UNP barely won the election owing to its lack of an imaginative alternative project.

Promising free markets and peace talks, the UNP led with 109 seats to the 77 won by the PA under Sri Lanka's proportional system of elections. This left the UNP four seats short of a majority in the 225-seat legislature, a shortfall it made up with the help of a fortuitous five seats won by the SLMC. The UNP-led coalition, the United National Front (UNF), which included the defectors from the PA and two estate Tamil parties, got 45.6% of the total vote to the PA's 37.3%.⁵ The UNP led in 17 of the 22 multimember electoral districts, the PA only in Moneragala, and SLMC in Digamadulla. The JVP gained at the expense of the PA, winning 16 seats and 9.1% of the vote. The four-party Tamil National Alliance,⁶ which took a pro-LTTE position, won 15 seats and led in the three Tamil districts of Batticaloa, Vanni, and Jaffna. The pro-PA EPDP won only two seats in Jaffna.

The election was declared as Sri Lanka's most violent after the 1988–89 elections. Chief Election Commissioner Dayananda Dissanayake stated that the police received 2,233 complaints of campaign-related violence, which included 46 deaths because of clashes between political rivals. In contrast, 35 of the 65 people killed during the parliamentary poll of 2000 were victims of bombings by Tigers. A nation-wide curfew was announced because of violence in some areas around the country. Dissanayake also alleged that the government had put pressure on him as he tried to hold a free and fair election.⁷ There were especially serious irregularities in the conflict-affected areas of the northeast.⁸

For the first time in Sri Lanka, the prospect of co-habitation, inherent in the Gaullist presidential system, became a reality. With the presidency held by the PA but the majority in parliament being UNP, the latter formed the government. Though invited to, the PA decided not to join the UNP and form a national government. The president allowed the new prime minister, Ranil Wickremesinghe, a free hand in selecting his cabinet and declined to take charge of any of the portfolios.

5. *Hindu*, December 8, 2001.

6. The four parties are the Tamil United Liberation Front, the All Ceylon Tamil Congress, the Tamil Eelam Liberation Organization, and the Eelam People's Revolutionary Liberation Front.

7. "Record Body Count in Lanka's Bloodiest Ballot," *Agence France Presse*, December 8, 2001, at *Sify News*, <<http://headlines.sify.com/351news2.html>>.

8. Himangi Jayasundere, "Disturbing Factor Was How the Two Major Parties Organised Themselves—PAFFREL [People's Action for Free and Fair Elections]," *Island*, December 22, 2001, <<http://www.island.lk/2001/12/22/>>.

Setbacks for Terrorism

The year's setbacks were not all felt by the government, but also by its intractable opponent, the LTTE. In large part because of the continued efforts by Kumaratunga's government to pursue diplomatic means to isolate the LTTE abroad while it attempted to forge a consensus favoring a decentralization of powers as demanded by Tamils at home, various governments agreed to place a ban on the LTTE to make it more amenable to a negotiated solution. The LTTE's growing international isolation was evident in its being declared a terrorist organization by the U.K. and Australia, a status to which it had already been assigned by India, the U.S., Canada, and other countries. Leading LTTE figures, including its chief Velupillai Prabhakaran, had already been early in the year on Interpol's most-wanted list for murder and terrorism. Reportedly, these measures put pressure on the LTTE's financial operations and economic sources of funding. Despite this, it was generally felt that because of the LTTE's military standing, it would be necessary to involve its leaders in negotiations to resolve Sri Lanka's ethnic crisis—a stand echoed by the non-EPDP Tamil parties in Sri Lanka.

Hostility to terrorism sharpened worldwide after the September 11 attacks on the World Trade Center and the Pentagon in the U.S. There was a tightening of laws and procedures relating to international terrorism across Europe.

In what was deemed a significant development, in late November Prabhakaran withdrew his movement's long-standing demand for an independent homeland. Consequently, when the LTTE announced another unilateral ceasefire on December 24, the newly elected UNP government reciprocated and pronounced itself in favor of resuscitating the Norwegian facilitation of the peace process.

Thus, despite its many reversals, the year ended on a potentially more hopeful note than it began. With popular opinion having expressed itself in favor of peace and accommodation, both the major parties being compelled to work together in power, and the Tamil militants under pressure to come to some agreement within a united Sri Lanka, the first tentative steps to a power-sharing arrangement acceptable to all sides may yet be taken.