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Sri Lanka Strategic Assessment 2016

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Executive Summary



Sri Lanka underwent a major political transition in 2015 with the election of President Maithripala Sirisena and the establishment of a new coalition government between the United Front for Good Governance (UNFGG) and one faction of the United Peoples' Freedom Alliance (UPFA). The Sri Lanka Strategic Assessment analyses six spheres of contestation within Sri Lanka's current political context, and assesses their impact in terms of securing peace and accelerating inclusive growth in the future. These spheres of contestation have been identified and classified along two axes: horizontal contestation and vertical contestation. The former deals with contestation within and between communities, while the latter deals with contestation between the Sri Lankan state and citizens.



Communal Contestation

1

‘North-South’ or Sinhala-Tamil contestation has remained unresolved, as a political resolution to the ethnic conflict has yet to materialise. The change in government has improved prospects for its resolution: there is now an ‘alliance of moderates’ embodied in the Sinhalese and Tamil political leadership currently in key positions of political power. However, while contestation between the Sinhalese and Tamil political spheres has moderated, contestation within them has sharpened. The prevailing moderate consensus is subject to two key vulnerabilities: (i) mutual incompatibility, where the strengthening of moderates on one side of the ethnic divide undermines the other; and (ii) perverse political incentives for both Sinhalese and Tamil moderates to defect to more radical positions. Such incentives are especially high given the absence of a wider public consensus on reconciliation to sustain the current elite-level moderate consensus.

2

Religious violence has been a persistent problem that political transitions alone are unlikely to address. This Assessment focused on violence between Buddhists and religious minorities, particularly Christians and Muslims. Two types of religious violence have manifested: (i) persistent, low-intensity chronic violence, and (ii) sporadic episodes of high-intensity acute violence. Religious violence is further driven by two factors emanating from the state: (a) political patronage granted to groups propagating hate speech and violence against religious minorities, which in turn undermines law enforcement efforts to prevent religious violence; and (b) discriminatory policies and administrative practices. The escalation of chronic violence to acute violence, often through ‘trigger events’, represents the most immediate challenge to peace building.

3

Tamil-Muslim contestation has been a persistent feature in the North and East, prior to and throughout the war. While violent confrontations between Tamils and Muslims have ceased post-war, Tamils and Muslims in the East continue to compete for the benefits of ethnicised political patronage in accessing the state, such as in securing land, jobs or basic local services. Tamil-Muslim contestation is thus firmly rooted in their relationship with the structure of the state and the administration of local-level services. While this contestation remains regional, it has a direct impact on how both communities view devolution, particularly on the issue of re-merger of the Northern and Eastern Provinces where strong resistance from the Muslims is expected.



State vs. Citizen Contestation

The interplay between political resolve for policies and public resistance to them can form a basis for contestation between citizens and the state. Given the competition within the ‘two-headed’ government, the current political equilibrium is marked by a tendency for weak political resolve, particularly in the face of public resistance. The intensity of resistance is based on the anticipated and actual outcomes of economic policies in terms of economic growth and a sense of economic justice. State-citizen contestation is highest when economic growth is low, coupled with a high sense of inequality or unfairness. This Assessment accordingly considers economic policies that can exacerbate the state-citizen contestation in relation to the following spheres of contestation:

4

Trade union activism is currently the most visible form of contestation in the policy sphere. A trust deficit has developed between the several unions that initially supported Maithripala Sirisena’s presidential campaign and the government. Unions are strongly opposed to proposed pension reforms, in anticipation of mismanagement of the funds by the government, and consequently, injustice to workers. Unions have also mobilised in opposition to the proposed Economic and Technical Cooperation Agreement (ETCA) with India. There are also areas in which trade unions have mobilised against industry and not just the government, stemming from the perception that the interests of industry have taken precedence over those of labour. Low job security, shortage in earnings, and inadequate access to social protection can point to a three-way contestation between labour unions, the government and industry.

5

Youth discontent stems from the mismatch between youth aspirations and availability of economic opportunities, coupled with a sense of injustice around the perceived lack of a fair playing field. Youth unemployment in Sri Lanka is high, including among graduates. State university students represent the most organised youth movement, and their perception of injustice and inequality is a key driver of student mobilisation. While they have become relatively less powerful as drivers of contestation over recent years, youth movements have been able to mobilise professional bodies over areas of shared interest, such as opposition to private higher education. This solidarity strengthens public resistance and can escalate the contestation against policies that have high political resolve in the government.

6

Marginalisation of domestic industry groups, specifically sectors such as agriculture and small and medium enterprises (SMEs), which depend entirely or mainly on the domestic market, is another source of contestation. The movement towards economic liberalisation and expansion of trade with India has created a growing sense of injustice as well as fears that the new government is unfairly pitting the local entrepreneurs with foreign competitors. Domestic industry groups are highly influential and well-organised, and have proven able to mobilise alongside other groups with shared interests, such as trade unions. The interests of local industry groups can also interact with other drivers of contestation, such as Sinhala-Buddhist nationalism or fears of foreign intervention, with knock-on effects of also marginalising ethnic minority businesses.

FUTURE SCENARIOS AND RECOMMENDED STRATEGIES

This Assessment identifies four scenarios that could emerge in the next four to five years:

- Scenario 1: Strong policy alignment within UNFGG-UPFA coalition
- Scenario 2: Weak policy alignment within UNFGG-UPFA coalition
- Scenario 3: UNFGG-led government
- Scenario 4: UPFA-led government

With regard to the six identified spheres of

contestation, three possibilities may arise:

- The scenario may have no impact on current levels of contestation i.e. the status quo would remain
- It may increase contestation i.e. contestation would intensify and move closer (even marginally) towards violence
- It may decrease contestation i.e. contestation would reduce in intensity and move closer (even marginally) towards peaceful settlement

An overview of the potential impact of the four scenarios on the six spheres of contestation is presented below:

	Sphere of Contestation	*Status Quo	Continued UNFGG-UPFA Coalition		Collapsed UNFGG-UPFA Coalition	
			Strong Alignment	Weak Alignment	UNFGG-led Govt.	UPFA-led Govt.
Communal Contestation	Constituency opposition to moderates	Moderate	Decrease	Increase	Increase	No Impact
	Religious violence	Low	Decrease	No Impact	No Impact	Increase
	Tamil-Muslim contestation	High	Increase	Decrease	No Impact	No Impact
State vs. Citizen Contestation	Trade union activism	Moderate	Increase	No Impact	Increase	Decrease
	Youth discontent	Moderate	Increase	Increase	No Impact	No Impact
	Marginalisation of domestic industry	Moderate	Increase	No Impact	Increase	Decrease

*Status quo' refers to the status as at the time of writing i.e. February 2016. 'Low', 'moderate' and 'high' refer to the intensity levels of contestation in terms of its proximity to violent conflict, relative to certain 'high points' of contestation observed during 2010-2015.

The following programmatic priorities and approaches with regard to peace-building and inclusive growth may be considered:

- Enhancing the viability of moderates in both the Sinhalese and Tamil political spheres by promoting rights and justice.
- Preventing acute religious violence, particularly escalation from chronic to acute violence, by ending impunity for violating hate speech laws and by ensuring law enforcement responds effectively.
- Focusing on the re-emergence of Tamil-Muslim tensions, particularly with regard to a merger of the Northern and Eastern Provinces, and mitigating risks of heightened religious and racial tensions by strengthening service delivery and ensuring equitable access to state resources.
- Facilitating constructive dialogue between the state and trade unions, youth and domestic industry

groups by creating peaceful platforms for these actors to advocate for policy change.

It is noted that while the interests of trade unions, youth and domestic industry must be incorporated into the socioeconomic policy agenda, a strong coalition government could threaten the interests of these actors. Yet a strong coalition government is essential to dealing with some of the spheres of communal contestation outlined above. Thus, considering Sri Lanka's political economy over the next five years, priorities of peace-building between communities on the one hand, and inclusive growth on the other, could be at odds with one another. Accordingly, TAF and other development and peace-building actors, together with the donor community, must mitigate the effects of coalition politics on the various spheres of contestation. They must accordingly design interventions that create and maintain an environment in which violence is contained and contestation is constructive.

ACRONYMS & ABBREVIATIONS

ACMC	All Ceylon Muslim Congress
APRC	All Party Representatives Committee
BBS	Bodhu Bala Sena
CAUG	Combined Association of Unemployed Graduates
CEPA	Comprehensive Economic Partnership Agreement
CEB	Ceylon Electricity Board
ETCA	Economic and Technical Cooperation Agreement
EPF	Employees Provident Fund
ETF	Employees Trust Fund
FSP	Frontline Socialist Party
FTZ	Free Trade Zone
KFTZ	Katunayake Free Trade Zone
FUTA	Federation of University Teachers Association
GMOA	Government Medical Officers' Association
ICEU	Inter-Company Employees' Union
ICT	Information and Communication Technology
ISFTA	India-Sri Lanka Free Trade Agreement
IUSF	Inter-University Students Federation
JHU	Jathika Hela Urumaya
JVP	Janatha Vimukthi Peramuna
KFTZ	Katunayake Free Trade Zone
LTTE	Liberation Tigers of Tamil Eelam
MOU	Memorandum of understanding
NPC	Northern Provincial Council
NCEASL	National Christian Evangelical Alliance of Sri Lanka
NTB	Non-Tariff Barriers
OEA	Organisation of Engineering Associations
OPA	Organisation of Professional Associations
PSC	Parliamentary Select Committee
SME	Small and medium enterprise
SLMC	Sri Lanka Muslim Congress
SOE	State-owned enterprise
TNA	Tamil National Alliance
TNPF	Tamil National People's Front
TPC	Tamil People's Council
UNFGG	United Front for Good Governance
UNP	United National Party
UPFA	United People's Freedom Alliance

Background

Following the January 2015 presidential election, The Asia Foundation (TAF) commissioned the Sri Lanka Strategic Assessment to better understand the country's

evolved context and to inform future programming. Verité Research (VR) undertook this study and set out to answer the following research question:

What are the main features of the national context in Sri Lanka— that inform future policymaking and programming in (1) securing peace and (2) accelerating inclusive growth and development?

The election of President Maithripala Sirisena on 8 January 2015 brought with it a major political shift from the entrenched rule of President Mahinda Rajapaksa, who was seeking an unprecedented third term in office. The fall of the Rajapaksa government saw a re-opening of political space and competition in Sri Lanka. Rajapaksa's populist government, along with its centralisation of power and authoritarian tendencies, was viewed as 'unbeatable'. The election saw a diverse range of political actors emerge to the fore in support of Sirisena, including the United National Party (UNP) led by Prime Minister Ranil Wickremesinghe. The UNP gained a plurality of seats in the parliamentary elections, and went on to form a coalition government with the Sri Lanka Freedom Party (SLFP), which Sirisena leads. The change in government and the closely contested election preceding it also led to an opening up of political space, which has seen greater civil society activism and freer expression of dissent.

The Sri Lanka Strategic Assessment accordingly analyses several spheres of contestation in Sri Lanka and assesses their impact in terms of securing peace and accelerating inclusive growth in the future. Apart from the section on research method, this Assessment is presented in three substantive sections. The first

focuses on inter and intra communal contestation i.e. 'horizontal' contestation. Three spheres of communal contestation are discussed in this section. First, it discusses North-South contestation i.e. contestation between Sinhalese and Tamils, as well as moderates and radicals within the Sinhalese and Tamil communities. Second, religious contestation i.e. contestation between Buddhists and Muslims, and Buddhists and Christians, are discussed. And finally, the section examines contestation between minority groups i.e. contestation between the Tamil and Muslim communities. The second section discusses contestation between the state and the citizen i.e. 'vertical' contestation. This section examines dynamics concerning policymaking, actors and policy outcomes in Sri Lanka. It further analyses three specific spheres of contestation between the state and the citizen: trade union activism, youth discontent and domestic industry marginalisation. Hence this Assessment analyses six spheres of contestation along two axes. The final section discusses future scenarios in Sri Lanka, and speculates as to how these scenarios would impact these six spheres of contestation. The section accordingly presents certain recommendations on programmatic strategies that TAF and other development actors could adopt in response to current and future challenges.

Research Areas, Outcomes & Methods

The Assessment entailed research in three areas, all of which directly relate to the primary research question. Each research area related to a specific set of research

outcomes. These outcomes fed into the classification and elaboration of certain dynamics of contestation and the six spheres of contestation.

Research Area		
		
The overall policy framework	The settlement of inter-ethnic and inter-religious contestation	Economic growth and stability
Research Outcomes		
An understanding of the current policy framework and related challenges.	A mapping of stakeholder positions, and a clear and realistic understanding of the potential for a permanent political solution to the ethnic conflict and the containment inter-religious violence.	An understanding of the economic landscape and trajectory, the economic sources of contestation, and a forward-looking assessment of economic priorities.

VR conducted a review and analysis of available literature pertaining to the three research areas in order to gain an understanding of key spheres of contestation. Moreover, it conducted interviews with key informants from government, civil society and the donor community to develop and validate findings. Key findings and hypotheses were then subject to review by a panel of peer reviewers on two occasions: an initial findings workshop held in November 2015 and a validation workshop held in January 2016. Apart from local and regional staff members of TAF, members of the donor community, and specifically the Development Partners Secretariat, participated in these workshops.

These stakeholders provided important feedback on findings, which enabled VR to refine its thinking.

While spheres of contestation have political and economic dimensions, VR learnt that a classification along such lines would be unhelpful, as these dimensions often overlapped. Instead six 'spheres' of contestation were identified and classified along two axes: 'horizontal' or 'inter and intra-communal' contestation and 'vertical' or 'state vs. citizen' contestation. This classification appears to be a more useful in terms of understanding the specific nature of contestation in Sri Lanka.

Communal Contestation



The political transition resulting from the 2015 presidential election saw a shift in inter-communal contestation away from the patterns seen in the immediate post-war era. The key shift has been in the nature of existing inter-communal contestation, rather than the emergence of new contestation. In other words, pre-2015 forms of inter-communal contestation have remained but have changed shape or direction significantly. This section focuses on three inter-communal contestation: (1) ‘North-South’ or Sinhala-Tamil contestation, (2) religious violence, and (3) Tamil-Muslim contestation.

3.1 'NORTH-SOUTH' CONTESTATION

The most prominent inter-communal contestation in Sri Lanka has been the decades-long conflict between the ethnicised Sinhala-dominated state and the minority Tamil polity.

While the emergence of both Sinhala and Tamil nationalisms in Sri Lanka pre-date Independence, divisive policies and practices over language, citizenship, economic opportunity, and representation in the state propelled Sri Lanka into a violent conflict between forces of the state and Tamil insurgents demanding a separate homeland in the Northern and Eastern Provinces. The war lasted almost three decades (with intermittent lulls in violence when negotiations were attempted) and came to an end in May 2009 under the Mahinda Rajapaksa government, with the decisive military victory of the state's armed forces over the Liberation Tigers of Tamil Eelam (LTTE).

The roots of the 'North-South' conflict are complex and multifarious, and broadly linked to the politics of state formation in Sri Lanka's transition to Independence in the 1940s. However, over time and particularly with the legacy of a civil war, the contestation displays attributes of both: (1) contestation between the Tamil polity and the state, and (2) contestation between Sinhala and Tamil polities. The two are deeply intertwined.

The following sections will discuss why in the current context, the emphasis has shifted from a 'North-South' contestation i.e. between the Tamil polity and the Sinhala-dominated state to 'North-North' and 'South-South' contestation i.e. within the Sinhala and Tamil polities.

3.1.1 Inter-ethnic contestation: exclusive nationalisms

At the heart of the conflict lay inter-ethnic rivalry between the majority Sinhalese and minority Tamils over the identity of and entitlements to state power. Post-Independence, the Sri Lankan state acquired a distinctly exclusivist ethno-religious identity - as one established mainly by and for the Sinhala people, and as custodian of the Buddhist religion (practiced by a vast majority of the Sinhala population). This exclusivist Sinhala-Buddhist character of the state has been reaffirmed by past policy and practice.¹ Both of Sri Lanka's 'autochthonous' Constitutions (the First and Second Republican Constitutions of 1972 and 1978

respectively, of which the latter is currently in force) were passed without the endorsement of key Tamil parties, and bestowed upon the state an affirmative duty to protect and foster Buddhism, while assuring the freedom of religion and other rights to all persons.

At the societal level, there remains a deeply held view of Sri Lanka as primarily the homeland of the Sinhala-Buddhist people while non-Sinhala-Buddhists are essentially alien 'others', whose citizenship and loyalty to the country are ultimately suspect. Mutual

accommodation and co-existence between Sinhala-Buddhists and these ethnic 'others' – the Tamils, Muslim and other minorities – can be conceived as deriving from a tacit social compact between communities, in which the Sinhala-Buddhists play the role of 'hosts' to the non-Sinhala Buddhist 'guests'. In this view Sinhala-Buddhists are Sri Lanka's primary citizens,² and freedoms enjoyed by the ethnic Tamil, Muslim and other minority communities are borne out of the 'goodwill' of the hosts (as opposed to any concept of individual or group rights). Hence, any movement towards a more equitable distribution of power necessarily undermines this arrangement of Sinhala-Buddhist 'host' privilege, and is deemed an unwarranted and illegitimate concession to belligerent 'guests'.

Tamil nationalism also adopted a similarly exclusivist form.³ In many ways, the hosts vs. guests dynamic of the Sinhala south is mirrored in the Tamil claims to a 'traditional homeland' in the north-eastern regions. Here, the Muslims and Sinhalese inhabitants of the Tamil homeland are deemed the 'guests'. The Tamil nationalist claim to a homeland has been expressed as the collective right to self-determination, not only of Tamils but also of Tamil-speaking peoples.⁴ While the former grouping reiterates the distinct 'nationhood' of the Tamils, the latter term – of 'Tamil-speaking peoples' – has been a point of contention between ethnic Tamils and the large Tamil-speaking Muslim community that inhabits the envisioned Tamil homeland.⁵

The Muslim polity has consistently rejected the idea of a north-eastern Tamil homeland. The Tamils' claim to the Eastern Province, in which large Sinhala and Muslim populations reside, has been particularly suspect. The label of 'Tamil-speaking peoples' has been perceived as a means of 'de-politicising' Muslim aspirations and interests, by subsuming them within a larger linguistic identity. The Muslims' rejection of

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the Tamil cause – despite living in close proximity to Tamils and speaking the same language – has been a source of suspicion and resentment among Tamil nationalists, as exemplified by the LTTE’s mass eviction of the Northern Muslim population in 1990.⁶ Anxiety over the prospects of Tamil domination have prompted Muslim political parties to demand autonomy in the East, either through separate administrative structures⁷ or power devolution to a geographically non-contiguous Muslim majority provincial unit.⁸ Hence, movement towards a resolution of the wider Sinhala-Tamil contestation is likely to be substantially undermined if the concerns of the Muslim ‘third party’ to the conflict are unaddressed, and particularly so if the question of a re-merger of the North and East arises in future discussions on power-sharing.

3.1.2 The post-war period: 2009 to 2015

The triumphalist rhetoric that surrounded the defeat of the ‘Tamil’ LTTE by the predominantly ‘Sinhala’ military in 2009 further contributed to the sense of Sinhala-Buddhist dominance in social and political life. The end of the war was not accompanied by meaningful attempts resolving the underlying pre-war Sinhala-Tamil contestation over state power, despite the availability of relevant material from several prior attempts to reach a Sinhala-Tamil consensus on power-sharing.⁹ Indeed, the political space for seeking such a resolution was severely constricted in the immediate post-war years. This period witnessed the resurgence in the political currency of Sinhala-Buddhism in both the state and society, with violent consequences in many instances. In this context, the alienation of Tamils and other ethnic minorities from the state became particularly acute under the previous government.

The most recent attempt to reach a political settlement to the ethnic conflict was the All Party Representatives Committee (APRC), appointed by Rajapaksa in 2006 to reach a cross-party ‘Southern’ consensus on power-sharing. The APRC’s proposals were presented to Rajapaksa in 2010. These proposals maintained the existing unitary framework, but envisaged a more pluralistic state with significant devolution of power to the provinces, central and provincial

legislatures, constitutional supremacy enforced by a Constitutional Court, judicial review of executive actions, and guaranteed civil, political, social and group rights. Despite this consensus on several key issues, the APRC process came to an inconclusive demise. The report was never

formally published and Rajapaksa made no further reference to its proposals. Meanwhile, the government pursued further centralisation of power under the Executive Presidency via the 18th Amendment to the Constitution passed in September 2010. The Amendment further diluted the devolution envisaged¹⁰ under the existing Provincial Council framework, particularly with respect to the finances of provinces and police powers.¹¹

In January 2011, bilateral discussions between government representatives and the Tamil National Alliance (TNA) were initiated.¹² Eighteen rounds of talks were held throughout the year. However, the discussions ended in a deadlock, with the government’s representatives reportedly failing to respond to the TNA’s proposals.¹³ Meanwhile in October 2011, a Parliamentary Select Committee (PSC) was appointed to for the purpose of finding a solution to the ethnic conflict. The PSC came to consist solely of representatives from the United People’s Freedom Alliance (the ruling coalition at the time, headed by Rajapaksa) as the UNP, the Janatha Vimukthi Peramuna (JVP) and the TNA boycotted its proceedings. The TNA maintained that a bilateral consensus must be reached as a pre-condition to its participation in the PSC, and condemned the PSC process as a disingenuous exercise by a government that was not genuinely committed to resolving the ethnic question.¹⁴

Hence, the years following the end of the war under the Rajapaksa government saw little progress towards resolving Sinhala-Tamil contestation, in both social and political spheres. Rather Sinhala-Buddhist nationalism reached new heights under the Rajapaksa presidency, buoyed by the military victory over the LTTE and the state’s role as a key enabler of nationalist mobilisation. The ethnic conflict came to be perceived as primarily a ‘terrorist problem’ that the state’s military victory had convincingly resolved, thus invalidating the need for further political resolution. Within this climate, prospects of addressing the long standing contestation between the Sinhalese and Tamils were exceedingly poor.

3.1.3 The 2015 opening

The election of a new government in 2015, under President Sirisena and Prime Minister Wickremesinghe has provided an important opening for the political resolution of the Sinhala-Tamil conflict. Sirisena’s campaign was endorsed by a wide range of anti-incumbency voices, including the TNA. The January 2015 presidential elections saw a high turnout in TNA strongholds, where the vote was overwhelmingly in favour of Sirisena. The outcome of the presidential and parliamentary elections of 2015 was a coalition



government between the SLFP and UNP, with substantial power-sharing between the President and Prime Minister.¹⁵ The SLFP-UNP alliance is historically unprecedented; the two have long been rival political parties that alternated terms in power. The current SLFP-UNP coalition represents a relatively moderate ‘southern’ political bloc, and has demonstrated greater willingness to pursue an agenda of post-war reconciliation and peace building.

Meanwhile, the TNA sits as the main Opposition party in Parliament, having secured 16 seats in the August 2015 general elections. Although it represents the formal political opposition, the TNA enjoys a greatly improved working relationship with the current government, and has expressed expectations of real progress towards a political resolution to the conflict.

Hence the current context presents an important turning point in Sinhala-Tamil relations: there is now an unprecedented ‘alliance of moderates’ across party and ethnic lines in key positions of political power. The results of the 2015 elections have empowered moderates on both sides of the Sinhala-Tamil ethnic divides with strong electoral mandates for reform.

3.1.4 Inter-ethnic to intra-ethnic contestation

Notwithstanding post-2015 optimism, the emergent Sinhala-Tamil moderate consensus remains deeply vulnerable to certain risks and limitations. First, while inter-ethnic contestation between Sinhala and Tamil polities has substantially diminished, intra-ethnic cleavages – within Sinhala and Tamil polities – have become more pronounced. In particular, the convergence imperative of the main Sinhala and Tamil political parties has galvanised relatively ‘radical’ oppositional groups from both sides.

Intra-Sinhala contestation

Within the Sinhala polity, the SLFP-UNP governing coalition has remained politically unstable, taking the form of a relatively weak ‘two-headed’ government rather than a unified or coherent political unit. The UNP contested the August elections under the banner of the United National Front for Good Governance (UNFGG) – an informal collective of political parties which together secured a total of 106 out of 225 seats in Parliament. The UPFA (within which the SLFP sits in Parliament) won 95 seats. The UNP-led coalition outperformed the UPFA coalition through a combination of recovering traditional UNP strongholds

in Sinhala majority districts and through strong ethnic minority party allies representing Muslims and Indian-Origin Tamils. The UNP and the SLFP went on to form a ‘unity’ government, with the SLFP’s Sirisena as President and the UNP’s Wickremesinghe as Prime Minister. The current political arrangement has lent itself to intense internal competition between Sirisena

and Wickremesinghe, with each attempting to consolidate their individual power bases. However, both parties remain too weak to govern on their own, necessitating a degree of cooperation to prevent political gridlock.

However, within the UPFA pro-Rajapaksa candidates (many who are also ideologically Sinhala nationalist) routed pro-Sirisena candidates in the intra-party open list ‘preferential voting’.¹⁶ This result, coupled with the presidential election’s outcome, suggest that the brief era of a consolidated Sinhala majority that gave Rajapaksa sweeping electoral victories in the past has since split between the two major parties. However, within the UPFA voter base, support for Rajapaksa and his brand of Sinhala nationalism remain strong, keeping the intra-Sinhala contestation strong in the aftermath of the 2015 elections.

Moreover, the UPFA includes a sizeable group that has remained loyal to the former president - despite the alliance’s leadership being transferred to President Sirisena. Pro-Rajapaksa parliamentarians, nearly 50 of the 95 UPFA members represented in Parliament remain within the UPFA but sit in the opposition. This dissident group has therefore emerged as the *de-facto* political opposition, and distinguished itself from the Sirisena administration by retaining the more hard-line Sinhala-Buddhist nationalist stance of the pre-2015 Rajapaksa-led UPFA.

Intra-Tamil contestation

In the Tamil polity, the TNA has also been subject to competition from both within and outside the alliance. The Tamil ‘radical’ opposition is currently embodied in the recently established Tamil Peoples’ Council (TPC). The TPC’s members include the Chief Minister of the Northern Provincial Council (NPC) C.V. Wigneswaran (elected in 2013 under the TNA’s banner), leader of the Tamil National Peoples’ Front (TNPf) Gajendrakumar Ponnambalam, and prominent Tamil civil society actors.¹⁷ The TNPf (and the closely associated Tamil Civil Society Forum) has condemned the TNA’s perceived compromises with the ‘Sinhala’ government. The party has also rejected the Thirteenth Amendment to the Constitution as a minimum

The current context presents an important turning point in Sinhala-Tamil relations: there is now an unprecedented ‘alliance of moderates’ across party and ethnic lines in key positions of political power.

framework for further deliberation of power-sharing, and has maintained that international mediation is vital in negotiations towards a political settlement to the ethnic conflict.¹⁸ While the TPC has sought to present itself as an alternative to the TNA, its political agenda has remained unclear.

The TNA has also seen dissent from within its ranks, particularly among the elected members of the NPC. In February 2015, the NPC passed what came to be known as the ‘Genocide Resolution’, alleging the genocide of Tamils by successive Sri Lankan governments and calling for an international investigation to this claim by the International Criminal Court. This stance is contrary to that of the TNA’s leadership, which has favoured a relatively more cooperative approach to engaging with the Sinhala political leadership in the south. The resolution was positively received in the North, signalling the impatience among the Tamil people over the moderation of the TNA national leadership’s stance.

Nevertheless, the TNA remains the most electorally viable Tamil party. It has maintained sufficient confidence among the Tamils to garner 69 per cent of the Jaffna district vote share and 55 per cent of votes in the Wannu regions of the Northern Province in the 2015 parliamentary elections, a resounding victory over the TNPF’s 5 per cent and 0.71 per cent vote shares in Jaffna and the Wannu respectively.

Vulnerabilities of the Sinhala-Tamil moderate consensus

While the 2015 transition enabled an unprecedented convergence of Sinhala and Tamil moderates, both groups have faced competition political space and influence with the more nationalist opposition voices from within their polities. The ‘South-South’ contestation is present in the present political alignment in Parliament described above, and was also reflected in the electorate as seen in the parliamentary election results. The ‘North-North’ contestation can be seen in the divergence between the TNA’s national leadership and that of the NPC. This shift from inter-ethnic contestation to intra-ethnic contestation has given rise to two key risks to the Sinhala-Tamil moderate consensus:

- The problem of **mutual incompatibility** between the factors strengthening the two moderate positions; and
- **Perverse political incentives** for defection from moderate positions.

Mutual incompatibility

First, both Sinhala and Tamil moderates are in positions of

heightened political vulnerability relative to the pre-2015 period; previously, polarisation between Sinhala and Tamil polities was acute while competition from within them was less prominent. Given the emergence of intra-ethnic contestation, both Sinhala and Tamil moderates now have an important imperative to mobilise and maintain public opinion in their favour.

However, the Sinhala and Tamil moderates draw their public support and legitimacy from divergent sources. The success of Sirisena’s and the UNFGG’s campaigns lay in the popularity of the ‘good governance’ or ‘*yahapaalanaya*’ slogan, and strong anti-incumbency sentiment over the corruption and nepotism that marked the Rajapaksa government. Although the Sirisena-Wickremesinghe government has signalled greater interest in arriving at a resolution to the ethnic question, the Sinhala constituency gives relatively low priority to achieving such a resolution.¹⁹ Indeed, moves towards greater power-sharing with and accountability for alleged rights abuses and war crimes are likely to be strongly resisted in the Sinhala community. For example, polling data showed the percentage within the Sinhala community who stated there was no need for a political solution, as the LTTE was completely defeated, was 17.8 per cent in October 2015, up from 14.9 per cent in 2013. 47.1 per cent from the Sinhalese surveyed were also not in favour of a credible mechanism on accountability for what happened during the final stages of the war. From the 38.4 per cent of the Sinhalese community who said that there should be a credible mechanism, a majority (61.7 per cent) say that it should be exclusively domestic.²⁰ In the current context, the legitimacy of the Sinhala moderates in power draws on demonstrating progress on governance reform, which garners far greater public favour than the resolution of the ethnic issue.

Yet progress on governance reforms alone is unlikely to satisfy Tamil moderates as represented by the TNA, which is under pressure from their constituencies to deliver a political resolution to the conflict. The TNA is also expected to leverage their relationship with the government to benefit the Tamil community, which registered a significant vote share for President Sirisena in January 2015. The change in government has renewed Tamil expectations that their immediate grievances as well as historical grievances - particularly over power-sharing - will be meaningfully addressed. Notably, while the TNA supported Sirisena’s candidacy, the alliance was unable to place these concerns on the government’s democratic reform agenda.²¹ While some progress has been made to address immediate grievances (such as the release of military occupation of land for resettlement), the Tamils’ confidence in the TNA will be strongly undermined if the long awaited



political settlement and a robust power devolution framework fail to materialise. The TNA has maintained its stance that further negotiations should be with the aim of maximum devolution within a unitary framework. But in the Sinhala south, power-sharing – particularly in the form of federalism – is associated with a Tamil separatist agenda and threats to national security.

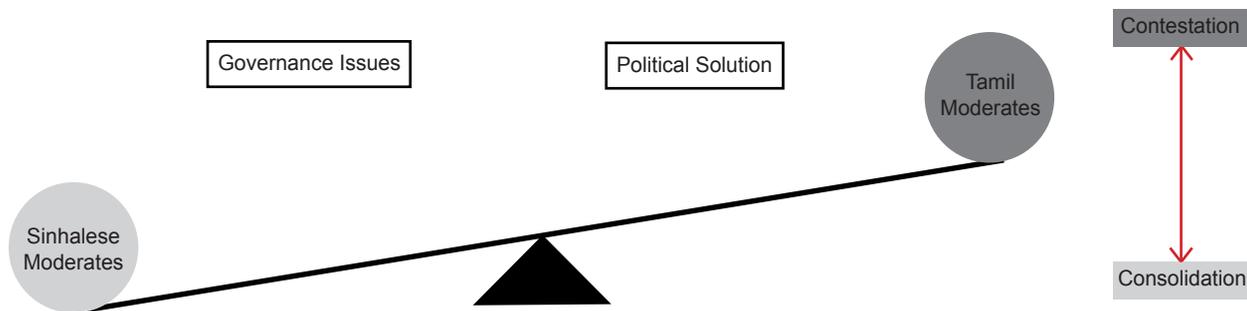
Hence, in the current context the political and electoral interests of Sinhala and Tamil moderates remain mutually incompatible given their divergent sources of popular support in the respective Sinhala and Tamil polities. As illustrated in Figure 1 below,

the consolidation of each side bears a high potential to undermine that of the other: progress towards delivering on Tamil demand for maximum devolution undermines the legitimacy of the Sinhala moderates in government, while delivering on Sinhala moderates' preoccupation with good governance at the expense of a political settlement undermines the legitimacy of the Tamil moderates in the opposition.

Perverse political incentives

As moderates are now in competition with 'radical' voices, there are currently greater incentives for Sinhala and Tamil parties to modify their positions to align with

Figure 1: Governance Issues vs. Political Solution



perceived popular sentiment among their respective constituencies. In addition, the political leadership of both camps are also under pressure to consolidate their own internal power bases - within the coalition government in the case of the Sinhala moderates and within the TNA in the case of the Tamil moderates.

This pressure is particularly strong in the Sinhala polity, given the acute competition within the 'two-headed' Sirisena-Wickremesinghe government, in addition to competition from outside the government. The ruling coalition has proven unable to generate internal consensus on key issues of public policy. Its weakness has also heightened sensitivity to public opinion among the Sinhala south, which remains strongly resistant to any measures deemed conciliatory to the Tamil minority.

Meanwhile, the hard-line 'Rajapaksa' faction of the UPFA remains highly influential in mobilising Sinhala-Buddhist nationalist sentiment. The group moved swiftly to condemn the government's proposed constitutional reform agenda as a move to undermine the country's Buddhist identity and territorial sovereignty by paving the way for separatism. The government's response to such criticism has been to dismiss them as baseless and unsubstantiated, rather than attempt a direct confrontation with their

ideological underpinnings. Hence exclusive Sinhala-Buddhist nationalism has remained ideologically unchallenged in the south, generating incentives for defection from within the fragile Sinhala moderate camp. Intra-Sinhala competition for nationalist legitimacy thus risks initiating a spiral of ethnic outbidding that stymies progress towards a genuine resolution to Sinhala-Tamil contestation.

Notably, the current process is the first instance of formal participation by Tamil parties in constitutional reform – in itself an important opportunity. Perhaps in anticipation of resistance, Tamil moderates have also not attempted to 'convert' Sinhala opinion in favour of a more equitable power-sharing arrangement. Sinhala moderates, who are better positioned to move public opinion on issue within Sinhala polity, also have made no concerted effort in this regard. In the absence of a genuine public dialogue over the nature of the Sri Lankan state, the ongoing constitutional reform process risks taking the form of a Sinhala-Tamil elite bargain, which fuels suspicion and mistrust rather than bridging the ethnic divide.

Moreover, the mutual incompatibility between Sinhala and Tamil moderates heightens the risk that attempts to reach a genuine 'moderate consensus' will result

in deadlock, which in turn may raise doubts over the TNA's ability to match popular demands of the Tamil people. Such a deadlock can be expected to fuel disillusionment among Tamils and give credence to the positions adopted by more 'radical' groups such as the TPC and TNPF, providing incentives for further defections from the Tamil moderate camp.

The emergent Sinhala-Tamil moderate consensus at the level of political leadership has not been accompanied by efforts to overcome the deeper contestation between the Sinhala and Tamil communities over the identity and structure of the Sri Lankan state. On the vital question of entitlement to state power, the Sinhala and Tamil communities remain at odds - providing little incentive for their political leadership to move towards genuine Sinhala-Tamil consensus. Hence, the delicate alliance between

Sinhala and Tamil moderates borne out of the political transformations during 2015 is subject to two key vulnerabilities: the mutual incompatibility between moderates, and the perverse political incentives that undermine any potential convergence.

Yet, the current situation is perceived to have presented a unique window of opportunity for achieving a resolution to the ethnic question that cannot be missed. This optimism is tempered by the sense that the elusive alliance of Sinhala-Tamil moderates in its current form is unlikely to sustain itself over an extended period of time. In this context, Sinhala and Tamil moderates currently in positions of power will need to strike a difficult balance between two competing imperatives: of achieving a resolution in the limited time-frame available, while also ensuring that the necessarily constricted process does not undermine the ultimate outcome.

3.2 RELIGIOUS VIOLENCE

3.2.1 Context

Between 2010 and 2015, religious violence escalated into a major new fault line in Sri Lankan society. However, despite a notable post-war surge religious violence is not regime-specific and has a longer history of in Sri Lanka at a lower intensity. In fact, there has already been a visible resurgence of religious tensions since the 2015 transition. Hence, while it has taken different forms over the years, religious violence appears to be a persistent problem that political transitions alone are unlikely to address.

A majority of religious violence taking place in Sri Lanka is under-reported. Hence, the true extent of religious violence, broadly defined to include hate speech, threats of violence and structural discrimination, is often under estimated. The more visible manifestations of religious tensions, such as sporadic episodes of violence and rioting, are better known. But rather than treat these as isolated cases, a longer historical view suggests that low-level religious violence has been a

persistent feature in relations between communities. This section focuses primarily on religious violence stemming from tensions between the majority Buddhist community and religious minorities – the most prominent and widespread form of religious violence with important implications for peace building.²²



3.2.2 Understanding religious violence

Classification of religious violence

Religious violence in Sri Lanka has been broadly classified into two distinct types of violence: chronic violence and acute violence.²³

'Chronic' violence is described as a 'continuous form of low-intensity violence'. It usually involves religiously motivated threats, intimidation or coercion. Furthermore, hate speech and propaganda have been identified as a recurring form of chronic violence. Of all the recorded incidents of religious violence in Sri Lanka between 2013 and 2014, 90 per cent could be defined as 'chronic' in nature.²⁴ Chronic religious violence has a long history in Sri Lanka. It is more diffused than acute violence, and can act as a primer for escalation to acute violence. Research carried out by the National Christian Evangelical Alliance of Sri Lanka (NCEASL) brings to light over twenty years of grassroots-level conflict between different religious groups, targeting smaller Christian denominations in particular.

The danger of persistent, low-intensity chronic violence is its potential to escalate into acute violence, often with little warning. For example, notable examples of acute violence against Muslims, such as incidents in Puttalam in 1976, Galle in 1982, Galagedara in 1997, and Aluthgama in 2006 were preceded by periods of chronic violence.²⁵ Acute violence is described as 'sporadic in nature and higher in intensity'.²⁶ The escalation of chronic violence to acute violence is usually enabled through a 'trigger event'. One recent example of acute violence was the Aluthgama riots

that took place in June 2014. In this case, the trigger event was an altercation on 12 June involving three Muslim youths and a Buddhist monk. It is still disputed as to whether the monk himself was harmed. On 15 June, following a meeting convened by the Bodhu Bala Sena (BBS) where inflammatory speeches were made, large-scale violence against the Muslim communities in Aluthgama and Dharga Town ensued.²⁷

This Assessment will employ the chronic/acute classification for the purpose of exploring the intricacies and drivers of religious violence in Sri Lanka. With the exception of violence against Christians, there is a lack of systematically recorded long-range data regarding acts of religious violence directed at minority religious groups in the country. Therefore, the Assessment discusses trends in religious violence primarily in relation to Christian minorities. However, if chronic violence does indeed precede acute violence, the sporadic emergence of riots against minority Muslims suggests that there could be underreporting and a paucity of quantitative data in tracking chronic religious violence against Muslims in Sri Lanka.

Types of Violence

There is a tangible difference in the nature of the threat associated with Muslims and Christians respectively, from the perspective of the perpetrators of religious violence. The drivers of religiously motivated attacks on Muslims are thus different to those for Christians. Christians are viewed as a threat to the social cohesion and identity of Sinhala Buddhists, while Muslims are seen primarily as a source of economic insecurity.

Sinhala Buddhists mostly fear the propagation of Christianity, and view the 'unethical' conversions that have taken place and a threat to social cohesion in Buddhist society.²⁸

Among the Buddhist community, there is significant buy-in to the 'host-guest contract' that mirrors attitudes that drive the 'North-South' conflict (discussed in section 3.1 above). Viewed through this lens, the Sinhala Buddhists are the country's 'first citizens'; the Christians only arrived after colonisation and secured their place through coercion, and continue to do so through superior financial resources. In radical Buddhist perceptions, this has further mutated to be viewed as an intrusion, because Christian 'guests' have overstepped their welcome by proselytising their religion and hence need to be 'reigned in' by the 'hosts'. In response to the perceived threat of Christianity being spread 'subversively' across Sri Lanka, the type of violence inflicted on Christians is mostly

chronic, involving persistent threats and intimidation of Christians, including by government officials and members of the local Buddhist clergy. For example, on 17 February 2013, in Hatharaliyadda, Kandy, 'a mob of around 200 people with 2 Buddhist monks threatened the pastor of the Light House Church while a prayer meeting was in progress, claiming that the pastor had no prior approval to conduct prayer meetings'.²⁹ This is an example of a fairly typical incident of chronic violence. In 2014 alone, there were 34 events involving threats, intimidation and coercion against Christians. Muslims have also faced similar chronic violence. For example, on 5 January 2013, 'a

demonstration against the Anuradhapura Malwathu Oya Mosque was held by monks. The demonstrators demanded the immediate removal of the mosque and the Muslims living around the mosque with immediate effect'.³⁰

Meanwhile, the Muslims represent a more pervasive threat to the Sinhala Buddhist population.³¹ Muslims are perceived as a source of economic competition against the majority Sinhalese.³²

Hence violence against Muslims has tended to take place in small towns with limited economic opportunities. There is also a convergence in the interests of domestic Sinhala-owned industry and extremist groups, as seen in cases where extremists have called for boycotting Muslim owned firms. This is seen extensively on social media, and in the ethnicisation of campaigns promoting domestic industry, such as the '*ganna ape de*' (buy our goods – i.e. of Sinhala traders) campaign. Sporadic outbursts of acute violence against Muslims are often preceded by a period of chronic violence, in many cases, through propagating hate speech against Muslims. This was the strategy employed in the run up to the Aluthgama and Dharga Town riots of June 2014. Prior to the trigger event, there was a nationwide 'anti-*halal*' campaign steered by the BBS, which was given endorsement by other similar political movements.

The Muslim threat is further exacerbated by the fact that numerically, they represent the larger minority community when compared with evangelising Christians. Furthermore, Buddhist-extremist groups also employed the narrative of global Islamist 'terrorist' threat, heightening fear and insecurity among the Sinhalese of the large 'global' Muslim threat that is disproportionate to the numerical strength of Muslims in Sri Lanka.³³ These patterns suggest there is a strategic interest in first 'othering' and later attacking Muslims.

The danger of persistent, low-intensity chronic violence is its potential to escalate into acute violence, often with little warning.

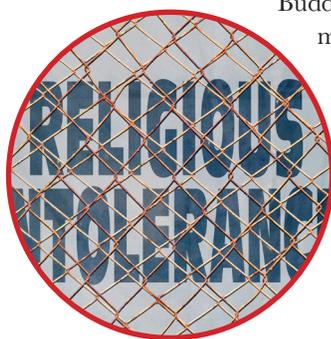
Given the difference in the types of threat associated with Christians and Muslims in Sri Lanka, it is evident that the post-war years saw the maintenance and escalation of violence against Christians, which had persisted both before and during the war, and the re-emergence of violence against Muslims. This fracturing of the tenuous religious harmony that prevailed during the war creates new problems for the state in terms of contestation and violence. In particular, violence against Christians is a persistent problem that is unlikely to disappear without affirmative state action.

Evangelical Christian churches that place strong emphasis on proselytization also have been targeted by Roman Catholic and Hindu communities, following a similar majoritarian pattern of exercising restraints on a small minority community. The NCEASL has not reported any cases of violence perpetrated by Muslims against Christians in the past 20 years. There have also been sporadic cases of violence against minor Muslim sects, perpetrated by members of the country's wider Muslim community who perceive these smaller sects to be 'deviant' groups. Muslim religious leaders note that increasing radicalisation is a problem within the Islamic community.³⁴ However, these intra-minority religious conflicts demonstrate little risk of escalating to acute violence at a national level.

3.2.3 Containing and enabling religious violence

The escalation of chronic violence to acute violence represents the biggest short to medium term challenge to peace building. While chronic violence has been a persistent problem, its escalation to acute violence is more immediate. In this section, VR seeks to explore the factors that can enable or escalate religious violence, and the factors that can potentially contain chronic violence.

Chronic violence is linked to the conception of what religious freedom is, or the limitations of that conception. There is a generally accepted social idea of religious freedom among the majority community, but religious conversions are not seen as a part of that religious freedom. Conversion tends to be viewed as a result of coercion, rather than as an act of religious freedom. For example, within this framework a Buddhist woman marrying a Muslim man and converting to Islam is generally unacceptable in Buddhist society. Similarly, a Buddhist man that converts to Christianity - particularly if there is an alleged financial incentive involved- is seen as a victim of Christian manipulation.



Moreover, freedom of religious worship is not equal for all religious communities. This is apparent in both the mind-sets of the perpetrators of violence and also in the policies and practices of state institutions, which should ideally protect religious freedoms of all groups. Sri Lanka's penal code has provisions that deal with general violence, as well as provisions that specifically deal with *religious* violence. However, a study of orders meted out by magistrate courts demonstrates that magistrates do not typically refer to religious rights in their rulings.³⁵ For example, when the police intercept an act of religious violence, the perpetrator tends to be charged with the Penal Code sections that pertain to religious violence. However, when the Magistrate issues an order, it only reflects the violence of the incident, for example, breaking down a door, or an assault and fails to capture the religiously motivated element of the violence. By containing the order to one of 'straight' violence, the court de-links the crime from its religious motivation. This alleviates the gravity of the crime, and to some extent legitimises religious discrimination by cloaking the religiously motivated nature of the violent act.

While chronic violence remains the most common form of religious violence, patterns of escalation can be observed in NCEASL data. There have been two conspicuous peaks in the number of incidents of religious violence. The first was between 2003 and 2004, with over 200 incidents documented over the two years. The second peak occurred ten years later in the post-war period, in 2013 and 2014 when 93 and 89 events were recorded respectively.³⁶ Both peaks corresponded to periods of increased levels of hate speech and national level political activism by extremist groups. Moreover, violence against Muslims too, although not as sustained or well recorded, has seen sporadic escalations to acute violence.

Two primary drivers that can enable religious violence emanate from the state. The first is political patronage. Between 2010 and 2015, Sri Lanka saw the rise of national level political movements such as the BBS and Sinhala Ravaya that spearheaded anti-minority hate campaigns. These ultra-nationalist Sinhala Buddhist organisations, often led by monks, acted with a great degree of impunity from law enforcement. . For example, on 9 April 2014, the BBS raided an inter-faith press conference organised by the Jathika Bala Senava. The BBS demanded an apology from a non-affiliated monk who had allegedly made a statement that 'hurt Buddhism'.³⁷ On 23 April 2014, 6 monks belonging to the BBS stormed Minister Rishad Bathiudeen's office, conducting a 'search operation' for a 'rival' monk.³⁸ The protests of police and ministry officials were ignored. The audacity and confidence demonstrated by these monks strongly suggests implicit or tacit

patronage from the state that makes law enforcement unable or unwilling to carry out their duties. For example, in December 2012, Sinhala Ravaya rallied approximately 150 people to protest against the activities of a church in Hambantota. At the protest, the Jathika Hela Urumaya's (JHU) Ven. Omalpe Sobitha Thero made an inflammatory speech against Christian worship. A police officer among those who attempted to disrupt the crowd was later transferred from Hambantota to the Anuradhapura district³⁹ (in many cases, transfers are employed as form of sanction for government officials). Hence political patronage frequently undermines effective law enforcement, and facilitates religious violence by granting perpetrators a degree of immunity for their actions.

There is a record of political patronage that was specific to the previous government. However, as mentioned in above, there are examples of spikes in religious violence that happened in the past under different governments. When the JHU, an explicitly Sinhala-Buddhist nationalist party that counts monks among its members, was formed in 2004, the party championed an amendment to the Constitution that would see Buddhism elevated to the state religion. While the proposal was ultimately rejected by the Supreme Court, the nationalist mobilisation surrounding the campaign contributed to an increase in the level of chronic violence. There was a surge in religious attacks on Christians, with 107 incidents recorded in 2004. Of these, 50 events involved the destruction of property, and 12 involved physical violence.⁴⁰ Therefore, although religious violence was certainly heightened under the previous government, the historical record, as well as the recent events such as the 'Sinha-Le' campaign, suggests that the escalation of chronic violence to acute violence under the current government cannot be ruled out.

The second enabling factor of religious violence that falls under the remit of the state is discriminatory policies and administrative practices, independent of political patronage. For example, in 2008, the Ministry for Buddha Sasana and Religious Affairs published a Circular that required all newly established places of worship to be registered under the Ministry.⁴¹ 'Traditional' religions were excluded from the requirement, and the Circular also left the definition of a 'place of worship' open to interpretation. In practice, the Circular enabled law enforcement and local government officials to prevent members of small Christian churches from freely engaging in worship, including as groups within homes of church members.

For example, Grama Sevakas or representatives from Divisional Secretariats have ordered churches or prayer meetings to end worship services until they had written approval from the Ministry for Buddha Sasana.⁴² Another recurring phenomenon was that police officers would refuse to take down complaints of religiously motivated attacks if the complainant was a Christian worshipper or pastor. Instead, pastors were often blamed by the police and government officials for inciting inter-religious tensions by carrying out prayer services.

However, there is encouraging data that suggests the state can play a role in containing religious violence. This is illustrated in the case study below on the Jeevana Alokaya Sabhawa (JAS) church in Weeraketiya, Hambantota. The church was established in 2001 and functioned with minimal issues despite some tensions. The relatively secure environment for the church's operation was due mainly to effective law enforcement, which prevented an escalation to acute violence.⁴³

However, in December 2012 the JAS church came under attack by the Sinhala Ravaya, a Buddhist extremist group with the backing of powerful political figures. This instance of acute violence faced by the JAS church followed a second attack in March 2013. According to the NCEASL incident report:

Two primary drivers that can enable religious violence emanate from the state. The first is political patronage. The second is discriminatory policies and administrative practices, independent of political patronage.

On 19 March 2013, police arrested 4 or 5 persons in connection with the attack. Later that day a large mob with Buddhist monks protested outside the police station, demanding their release. The mob hurled stones at the police station. It is reported that due to the attack on the police as well as orders given by a politician, the arrested were released from custody.⁴⁴

Therefore, the experience of the JAS church shows that law enforcement is often able to contain violence - until political patronage impedes their ability to enforce the law, thus enabling violence. However, and especially when law enforcement officers can function independently, they can play a major role in preventing the escalation of violence.

Given that the state plays such a crucial role in enabling or containing religious violence, interventions that seek to promote peace building should address problems arising from weak or partial law enforcement. In September 2015, the government announced that it would introduce new legislation to criminalise

hate speech. However, Sri Lanka’s existing laws contain sufficient hate speech laws.⁴⁵ Hence further amendments to existing law are neither necessary nor likely to be effective in tackling religious violence, as it could impede the prosecution of past offenders. To date, none of the instigators of religious violence in several incidents reported over recent years have been held to account under existing laws. Thus the signalling by the current government is unhelpful – it fails to address the problem of poor law enforcement (rather than gaps in the law itself) that has historically enabled religious violence.

Moreover, the failure of the state to reign in attacks on religious minorities by nationally organised hate groups can contribute to violent retaliation. With regard to the Christian community, they represent too small a minority to mobilise effectively against powerful, politically backed national level political movements. Thus, while anti-Christian violence is a serious problem, it is unlikely to lead to outright conflict or

destabilisation. However, with the Muslim community, there is likely to be an increase in counter-radicalisation – as has already taken place in the Eastern Province. For example, in interviews held with young civil society actors and the business community in the Eastern Province, some observed the need to ‘respond in kind’ should the situation escalate again, and claimed that Muslims in the province had ‘received training’ from radical Jihadist groups abroad.

Therefore, religious violence remains a core source of contestation in Sri Lanka. The limited interpretation of religious freedom among the majority Sinhala-Buddhist community coupled with other political-economic drivers may help sustain chronic violence against Muslims and Christians. Its escalation to acute violence - often through sudden ‘trigger events’ - may be easier to contain in the short term. For that purpose, removing the conditions for escalation through effective and impartial, law enforcement by the state will be critical.

3.3 TAMIL-MUSLIM CONTESTATION

3.3.1 The context of contestation

Similar to the issue of religious violence, Tamil-Muslim contestation is not a new, post-war phenomenon. Throughout the civil war, and indeed prior to it, there was a degree of contestation between the Tamil and Muslim populations, particularly in the North and the East and largely over land. In the 2000s, both the Tamil and Muslim populations in the East were first terrorised by the LTTE, and later by a breakaway group known as the ‘Karuna-faction’, until the entirety of the Eastern Province returned to government forces’ control in 2007. Although outright armed conflict abated, problems over land ownership, devolution of power and access to state resources, as well issue such as displacement and loss of livelihoods as direct consequences of the war persisted without satisfactory resolution.

Between 2010 and 2014, the Rajapaksa government failed to address these concerns that were shared among both Tamils and Muslims affected

by the war. However, two factors contributed to those tensions remaining largely invisible from the national political stage. The first was the standoff between the TNA and the Rajapaksa government (as discussed above). The second was growing discontent in the

Muslim community with the government, (and thereby with Muslim political parties that were part of the government), given the rise in anti-Muslim violence in the post-war years. Hence manifestations of Tamil-Muslim contestation were de-emphasised relative to anti-Muslim violence from prominent Sinhala-Buddhist groups. For example, Tamil-Muslim competition over land in the Mannar district was subsumed in the more widely publicised clash between the All Ceylon Muslim Congress (ACMC) party leader Rishard Bathiudeen and the BBS over alleged encroachments into the Wilpattu National Park by Muslim settlers.

The fall of the Rajapaksa government and a focus on post-war reconciliation under the new government have brought some of the simmering tensions to greater prominence. The contestation remains regional and has not seen an escalation but will play a key role in securing peace, particularly in the Northern and Eastern provinces.

History

Despite sharing a common language, Sri Lanka’s Muslim community has consistently sought to differentiate itself from Tamils. As a large proportion of the Muslim community lived in the Sinhala-majority, south-western region of the island,⁴⁶ a significant number of Muslim politicians aligned themselves with the two major parties, the UNP and the SLFP.⁴⁷

A clear sign of contestation with the Tamil population emerged in 1956, when senior Muslim representative



Sir Razik Fareed along with other Muslims politicians voted in favour of the Sinhala Only Act.⁴⁸ According to historian K.M. de Silva, this decision signalled ‘the fragile alliance of Tamils and some Eastern Province Muslims as the “Tamil-speaking peoples of the island” was shattered, never to be put together again’.⁴⁹ Moreover, Tamil-Muslim relations took a violent turn with the heightening of civil conflict in the 1980s and 1990s. The year 1990 marked a watershed in Tamil-Muslim relations, when the LTTE embarked on the mass eviction of the entire Muslim population of the Northern Province.⁵⁰ As a result, the Northern Muslims dispersed to several parts of the country, including the North-Western Province, for example, in areas such as Puttalam.⁵¹ Meanwhile, in the Eastern Province, Muslims found themselves on the receiving end of LTTE terror, particularly in the early 2000s. In response, a number of Muslim youth formed armed ‘home-guards’, with state sponsorship in many cases, to protect the local Muslim community from LTTE attacks.⁵²

In the post-war era, violent confrontations between Tamils and Muslims have ceased. Instead, contestation appears to be increasingly over access to state influence, control over local government, and access to resources, including land.

Demographics

The unique dynamics of the Eastern Province as a whole, and its three districts Trincomalee, Batticaloa and Ampara, make the region a key site of Tamil-Muslim contestation. VR focused on assessing the contestation between Tamils and Muslims in the region. Thus the main source of data, largely gathered from first-hand interviews, is from the Eastern Province. VR specifically inquired after how these contestation presented a threat to peace building and inclusive growth, in the region and across the country as a whole.

The dynamics between Tamils and Muslims in the East is markedly different from, the relationship between Sinhalese and Tamils, or Sinhalese and Muslims. This is because the core contestation is neither religious, nor ethnic, nor linguistic. Extensive interviews carried out in the course of this Assessment and past research suggest that in fact, the primary driver

of contestation between Tamils and Muslims is access to the state, for example over state representation, resources or jobs. Competition for the state is in turn largely based on economic drivers.

Poverty in the East is widespread. Estimated poverty head-count levels in 2013 stood at over 8 per cent for both Ampara and Trincomalee, and a disconcerting 18.51 per cent in Batticaloa.⁵³ This translates

into approximately 33,755 people in Trincomalee, 34,691 in Ampara, and 100,747 in Batticaloa. According to the poverty head-count index, national poverty is only 6.7 per cent, while in the Eastern Province, it is 11 per cent. In Kalmunai, Ampara, the estimated poverty head count index is 4.14 per cent. In Kalmunai Tamil Division, Ampara, poverty levels stand at 6.99 per cent. In Sammanthurai, Ampara, this figure increases to 12.49 per cent.⁵⁴ Across the Eastern Province, only 47.1 per cent of the population aged 15 years and above are economically active.⁵⁵ Employment is usually in agriculture, state employment, or in small to medium sized enterprises (SMEs). Several SMEs and co-operative firms receive assistance from the state, in the form of concessions or subsidies. As a result of the weak economic

base in the East, the state is the main provider of economic goods. Hence securing access to the state is a key sphere of economic contestation, and has become increasingly politicised along ethnic lines.⁵⁶

The population of the Eastern Province is 39.5 per cent Tamil, 36.9 per cent Muslim, and 23.2 per cent Sinhala,⁵⁷ making the province unique in not having a single ethnicity command a majority on its own. There are however even more unusual demographic dynamics at play upon closer inspection. For example, in the Ampara district there is a roughly 2:2:1 ratio between the Sinhalese, Muslims and Tamils respectively. In one of its Divisional Secretariat (DS) divisions, Kalmunai, the administration of the area

In the post-war era, violent confrontations between Tamils and Muslims have ceased. Instead, contestation appears to be increasingly over access to state influence, control over local government, and access to resources.

Figure 2: Population by Ethnicity in Kalmunai DS Division

DS Division	All ethnic groups	Tamil	Moor	Sinhalese
Kalmunai Tamil Division	29,800	26,687	2381	240
Kalmunai	44,632	113	44,349	163

Data from Department of Census and Statistics, Sri Lanka

is split into two bodies. That is, there is a Kalmunai DS division and a Kalmunai Tamil DS division and the areas administered by each are not geographically contiguous. Administration over the entire Kalmunai division is thus pulled in two separate directions based on communal lines, as discussed in greater detail in Figure 2.

3.3.2 Competition for access to the state

Since 1994, Sri Lankan Muslims have had some degree of political representation in central, provincial and local government. However, a number of these politicians built their support bases on political patronage structures. As a result, it is perceived that those Muslims with access to politicians have benefited and continue to benefit at the expense of others. This view was voiced in interviews with Muslim members of civil society in Ampara, who claimed:

Some people have close relationships with figures in the local government. Those people are able to get things done, whereas those of us who do not have any links in local government have to wait for a long time to get anything done.⁵⁸

This *modus operandi* is understandably even more problematic for the Tamils. This is because Tamils perceive themselves as marginalised from political power due to elected Tamil representatives in the province traditionally being in the opposition. Tamils also do not command a numerical minority in the province, where the Sinhalese and Muslims outnumber them. Further, in the event Tamil representatives do control local or provincial bodies, they perceive themselves to be marginalised by central government (which retains substantial power over local government functioning). This insecurity stems from the fact that Tamil parties have historically been in the national level political opposition as well, unlike Muslims.

It is because of this fear of either *losing* existing access to state power or the other community *gaining* access to state power that this model of ethnicised politics has prevailed. For example Tamils argue due to their lack of access to the state, they lose vital economic opportunities and are deprived of grants loans or jobs handed out by the state.⁵⁹ It was alleged that despite the positive change in government, Muslim politicians have ensured that ‘all the opportunities and benefits go to the Muslims. While jobs are allocated to the Muslims, we need to pay between Rs. 500,000 and Rs 1,000,000 to get jobs’.⁶⁰

Thus, this ethnicised competition for access to the state has a direct impact on how both Tamils and

Muslims see devolution of power. For both groups devolution in theory is important, but the existing provincial councils are not viewed as substituting for access to central government (where state power is concentrated) due to functional deficiencies and central control over provincial government budgets. Both the Tamils and Muslims (despite the latter enjoying consistent political representation in government) in the Eastern Province feel that their access to the centre is largely non-existent. For example, in an interview with local civil society actors at the Community Resource Centre in Marudamanai, complaints were made that government taxes on imports of raw materials essential for their businesses were too high. However, those concerned admitted to not knowing how to advocate for a reduction in taxes from the central government.⁶¹ Similarly, others echoed the need for more support from the government to access markets and to ease barriers to trade; issues they have been unable to overcome so far on their own.⁶² Based on the lack of access to state power, devolution is viewed as a positive and necessary step forward, forced by Tamil and Muslim structural distance from the centre.

3.3.3 Merger or de-merger?

All Tamil groups interviewed in the East did not feel that the current provincial demarcations are favourable to them. Rather, they saw themselves marginalised by a Sinhala-Muslim majoritarian combination. Thus, for the Tamils in the East, the only workable solution would be a merger of the Northern and Eastern Provinces into a single unit, within which they would form an ethnic majority.⁶³

This view however, is in stark contradiction to the Muslim stance on the issue of a merger. For the Muslims, the only way to prevent them from becoming ‘guests’ in a Tamil-majority land is by maintaining the status quo of de-merged Northern and Eastern Provinces. A merger represents the biggest challenge to protecting their jealously guarded, albeit limited, access to the state. In the words of a Muslim civil society actor in Ampara, ‘nobody wants to be the minority’.⁶⁴ The Sri Lanka Muslim Congress (SLMC) originally demanded a geographically non-contiguous autonomous unit for Muslims in the North and East, and continues to reject what it terms was a ‘unilateral’ call for re-merger in the TNA’s 2015 parliamentary election manifesto. SLMC General Secretary, M.T. Hasen Ali reiterated the party’s position which is to ‘agitate for the creation of a separate unit of devolution consisting of all non-contiguous geographical areas where Muslims are settled, modelled on India’s Pondicherry Union Territory’.⁶⁵

Ultimately, both the Tamil and Muslim populations in the East share a lack of faith in the state to be impartial in delivering to the needs of the populace. There is a fear that if the ethnic balance does not lie in their favour – which is the current Tamil position in the East – their access to the state and its resources will be minimal. Conversely, in order to foster inclusive and sustainable growth, the state must reform itself administratively. If the state was to deliver equitably and effectively to all communities, insecurity of Tamils and Muslims concerns regarding the ethnic balance in the Eastern Province would see a decline.

This struggle for access to the state means the Tamils and Muslims are not directly asking the state to protect their rights. Instead, they are asking the state to make a member of their ethnicity the administrator of their rights. Yet, it was reinforced in interviews that neither the Tamils nor the Muslims have placed great faith in ethnic based representation. In fact, Muslims feel that after the death of founder-leader of the SLMC, Muhammad H.M. Ashraff, Muslim politicians have increasingly failed to deliver adequately to the Muslim people. Local politicians are viewed to have hindered attempts at improving relations at the grassroots inter-communal level, and allowed tensions to escalate for personal gain.⁶⁶ However, despite the perceived shortcomings of these Muslim politicians, the Muslim population in the East believe it is still preferable to have ‘one of their own’ in power, due to a fear that an ethnic ‘other’ in power would further victimise Muslims by favouring the Sinhalese or Tamils at their expense. Hence, Muslims believe they have an incentive to keep ‘their’ politicians in power, despite their poor performance in actually addressing Muslim concerns once elected. Indeed, Tamil and Muslim politicians from the region have an incentive to single out and favour their community, thus perpetuating the insecurities among their constituencies that drive them to power. For example, rather than reviving an existing (albeit dilapidated) hospital in Kalmunai, a Muslim politician reportedly offered to build a new hospital, which the Muslim community now uses instead. Not only is this further segregating the two populations, but it also represents the deliberately poor allocation of government resources for political mileage.⁶⁷

The DS division of Kalmunai represents an important case. While Muslim politicians hold a greater degree of power in Kalmunai Municipal Council than Tamil representatives, the Council is viewed by Muslims in Kalmunai as unresponsive to their concerns.

Meanwhile, the Tamils in Kalmunai feel marginalised administratively by the Muslim dominated council. They noted that the e-Citizen report card piloted by The Asia Foundation in the council showed a wide ethnic disparity in the levels of satisfaction in municipal services with Tamils being far more dissatisfied about service delivery when compared to Muslims.⁶⁸ As depicted in Figure 2 above, Kalmunai has been divided into two separate DS divisions, one in which the Muslims dominate, and the other a majority Tamil region. This is problematic for administrative reasons, as neither group trusts the other, and very little can be agreed upon. For example, it was reported that the proposed Urban Development Plan is in gridlock because of an ethnicised tug-of-war between the Tamils and the Muslims.⁶⁹ There is also a perception that decisions taken are not collective. Tamil representatives from the Kalmunai Municipal Council reported that they have not been included in discussions, citing the example of originally Tamil road names being changed to Muslim names, with no prior consultation.⁷⁰

The resolution of the [Tamil-Muslim] contestation will become contingent on state reform as well as governance reforms aimed at tackling administrative deficiencies that prevent effective service delivery.

3.3.4 Future prospects

Tamil-Muslim contestation is therefore, firmly rooted in the two communities’ relationship with the structure of the state and the administration of state services. The resolution of the contestation will also therefore become contingent on state reform as well as governance reforms aimed at tackling administrative deficiencies that prevent effective service delivery.

The current constitutional reform debate will need to closely consider this Tamil and Muslim insecurities with

regard to power-sharing, particularly on the issue of re-merger where strong resistance from the Muslims is expected. Yet the primary driver of contestation at the level of the communities is, administrative rather than constitutional. Without addressing the strong perception that the state is ethnically partial in delivering public goods and services, incentives for ethnicised competition for state resources will remain. A more transparent, accessible and effective governance structure at local, provincial and national levels is important to mitigate the frustration with service delivery that both Tamils and Muslims experience, which in turn fuels ethnic competition for access to the state. Meaningful implementation of the government’s ‘good governance’ agenda may therefore be a vital component in resolution of Tamil-Muslim contestation in Sri Lanka.

‘State vs. Citizen’ Contestation



Government policies are often determined by the interplay of political resolve and public support (or resistance). However, that interplay is also a basis for contestation. It is important to recognise that contestation in the policy space is an inherent part of democratic governance. As such, the mere existence of such contestation should not be perceived as a negative outcome. However, there is potential for such contestation to manifest negatively in destructive forms and in violent confrontation. This negative potential is undergirded by deeper political and societal norms. One is the norms of governance: the response of the state towards demonstrations of protest. A second is the norms of protests: the extent to which public protest is manifested destructively rather than demonstratively.

The approach to governance in Sri Lanka since Independence has seen demonstrations of protest often met with violent suppression, not only by the official security apparatus of the state, but also by politically organised thuggery that operate under the tacit approval of the security apparatus. This type of suppressive response either succeeds in the short term with a medium level of violence (and allows the discontent to dissipate and simmer until it is revived in other forms of protest later) or results in an immediate blow-back that escalates the level of violence.

Conversely, in Sri Lanka there is also a history of protest responses that take a violent form, even without the type of immediate provocations described above – though perhaps conditioned by the governance responses of the past.⁷¹ The emergence of the ethnic conflict in Sri Lanka in a violent form that lasted 30 years also has roots in this vicious cycle of responses.

Therefore, a fundamental part of what drives the negative manifestation of the 'state vs. citizen' contestation is this entrenched context of governance and protest responses. This Assessment however will take these tendencies for violent response in the nature of governance and protests as mostly a fixed part of the Sri Lankan context in the short term to medium term – with reference to some mitigating factors – and focus on the macro factors and drivers that sets up the contestation between the state and the citizen; which can then escalate in the direction of violence due to the norms of governance and protest responses.

This analysis considers economic policies and related dynamics that can exacerbate the state-citizen contestation in the short to medium term. These macro dynamics of violent contestation are then examined in relation to three specific spheres or drivers of contestation: trade union activism, youth discontent and the marginalisation of domestic industry.

4.1 CONTEXT OF STATE-CITIZEN CONTESTATION

4.1.1 Political resolve

Prior to 2015, political power in Sri Lanka was always consolidated within a single party, either with the SLFP or the UNP. The economic policies of these two parties have historically been at odds, particularly in the approach toward sustaining inclusive growth: the UNP favoured outward-oriented economic policies and international engagement, while the SLFP, more cautious of external forces, engaged in inward looking policies that were nationalistic and protectionist.⁷² The different political approaches to economic policy have often generated dispute and discontent within the spectrum of parliamentary politics and between the state and the citizen.

The current political context is unusual because it is characterised by a two-headed government with the President and the Prime Minister effectively carrying similar decision making influence and leading two different political parties. Given the difference in their stances on various economic issues, this has the potential for divergent priorities and concerns in the areas of economic policy. The two sides also represent differing ideological approaches that are in part defined by the UNP's and SLFP's own historical divergence in economic policy making. The SLFP has a history of being more statist and welfare-oriented. The UNP has a history of opening up trade and markets.⁷³ The

coalition between the two parties has therefore required a difficult compromise with the two parties agreeing to a broad compromise framework in an MoU,⁷⁴ which included references to issues uncharacteristic for both the UNP (for example, price controls) and the SLFP (for example, global economic integration).

Economic issues are not the sole source of divergence within government. Both major parties have future political aspirations beyond the current alliance, and attempt to consolidate political power as individual parties instead of a coalition government. Therefore, they are particularly sensitive to their traditional voter bases whose interests also can be divergent. This creates a very specific dynamic with regard to political resolve in terms of taking forward policies. There is an incentive to 'cooperate' and deliver on promises made – in order to reduce the electoral chances of the effective political opposition that is galvanised around the ex-President – and there is also an incentive to 'compete' to outperform each other at the next election.

The decision to cooperate or compete in policy direction is a key determinant of the overall political resolve in policymaking. Currently, the two parties in government have shown themselves to alternate between cooperation and competition. Political resolve is strong in the cooperation mode, and weak in the competition mode. The tendency towards competition, that divides and weakens political resolve, is driven not only by divergent internal positions but also divergence in the

constituencies being courted. Each party will tend to compete against the other in favour of its particular constituencies and electoral bases, as well as a means of gaining the support of politically influential interest groups.

Therefore, the present political equilibrium is especially marked by a tendency for weak political resolve in the sphere of economic policies, particularly in the face of public resistance. The next section will discuss how this can interact with public resistance to both decrease and increase the potential for contestation.

4.1.2 Public resistance

Public resistance to policies will depend on the range and depth of public discontent that is generated. The range derives from the number and influence of interest groups that are affected. The depth derives from the politicisation of issues and how this heightens the sense of injustice amongst the citizenry.

Historically in Sri Lanka the power of the citizen (or public will) has been attached to the coming together of five great social forces (or actors). In Sinhalese this is known as the *pancha maha balavegaya*. The five forces are the Buddhist Monks, the Ayurvedic Doctors, Teachers, Farmers and Blue Collar Labour. In reflecting on the 'forces' that shore up public resistance to economic policies, it is worth noting that Buddhist Monks remain a strong social force in Sri Lanka, but are more active on issues of politics, ethnicity and religion and less so on economic policy issues. The traditional doctors, meanwhile, have long lost their social influence. Teach-

ers, professionals practicing non-traditional medicine, farmers and blue collar labour are organised today mainly through trade unions; and these unions that organise public resistance to economic policies have come to represent a powerful social force in the country. A second force that organises public resistance is domestic industry groups, which have become major actors over the years as Sri Lanka has transitioned to a modern market economic structure. Youth in Sri Lanka have been at the heart of the major political uprisings in both the South and the North of the country in the last three decades. Therefore, the dynamics of contestation as they might arise from each of these three 'drivers' in the next five years will be considered separately in section 4.3.

The strength of public resistance can be analysed as depending on two factors:

- (1) The alignment of actors, that is, diverse, socially influential groups coming together in opposition to the policy - for example the present dialogue surrounding the Economic and Technical Cooperation Agreement (ETCA) that the government is aiming to sign with India by mid-2016. Opposition to ETCA drew together diverse groups including professionals from both the private and public sector and small and medium businesses across all regions of the country; and
- (2) Macro outcomes in terms of inclusive growth, meaning lower overall economic growth (benefits) as well as a perception of increasing inequality (injustice) can increase policy resistance through reducing social confidence in the government.

4.2 MACRO DYNAMICS OF CONTESTATION

The dynamics of state-citizen contestation is analytically evaluated through the interaction between political resolve and public resistance. This is also affected by the interaction of low economic growth and increasing inequality in development.

4.2.1 Dynamics of politics and people

The main analytical approach is captured in Figure 3. Political resolve is high when the two parties in government are in cooperation mode, and low when they are in competition mode (this shown on the horizontal axis). Public resistance is strong when there is a either a large number of actors affected, or there is a strong sense of injustice.

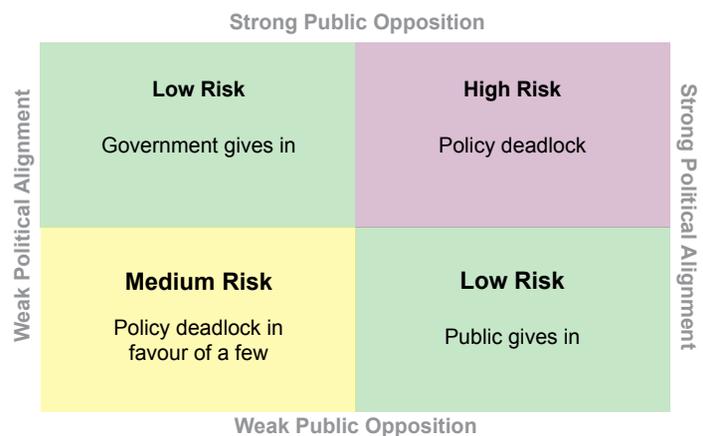


Figure 3: Two Dimensions of the Policymaking Environment

High political resolve can result in actions that are very much like those of strong governments in the past; actions that tend to ignore or pushback on public resistance. But when public resistance is strong, this results in a deadlock with a high level of contestation, and potential for violence. For example, former President Rajapaksa's attempts to suppress the trade unions' opposition to the proposed Private Sector Pension Bill in 2011 resulted in clashes that left many injured and one dead.⁷⁵ Similarly, attempts to establish and encourage state recognised private universities have become a highly contested issue. Despite the strength of the Rajapaksa government, a large coalition of social groups, including university teachers, students, youth and other civil society organisations converged to resist these initiatives and to demand greater state spending on education – however, this too was deadlocked, with neither side being able to further its proposals.

The post-2015 context will work similarly to a government with high political resolve as discussed above, when the two factions of political leadership are in strong cooperation mode. It is in these policy areas that contestation is likely to escalate [Figure 3, top right quadrant]. Where the two factions are not cooperating or are in competition mode, however, and faced with high public resistance, the government is likely to succumb to pressure to reverse its decision. Therefore, escalation will be lower and less likely [Figure 3, top left quadrant]. This second scenario was evident in the plethora of policies in the 2016 Budget that met with widespread public disapproval. These included the abolition of vehicle permits for government employees, and various subsidy reforms. In the wake of public protests the President moved to have the Budget proposals, which had been submitted from the Prime Minister's side of the government, revised. As a result the final reading of the 2016 Budget was a substantially revised version of the Budget Speech presented by the Finance Minister in November 2015.⁷⁶

When public resistance is weak, and the government leadership is in cooperation mode, again there is low risk of escalation, as the political resolve is likely to prevail without much opportunity for public resistance [Figure 3, bottom right quadrant]. Following President Sirisena's election in January 2015, the interim 2015 Budget presented by the UNP had elements, such as the Mansion Tax and Super Gains Tax that were resisted by those affected. However, the resistance did not have a wide range of public support. Therefore, though delayed, these were implemented by the government without escalation in contestation.

Public resistance that lacks range and depth can still present some level of contestation and escalation when political alignment is also weak [Figure 3, bottom left quadrant]. This is because the recognition of weak political resolve can tend to embolden even weak public resistance – especially as the people could perceive or feel the support of one side of the political leadership. This means that overall the current political context makes policy making more susceptible to public engagement than before the 2015 elections. In addition to the constructive implications of this situation, there is also greater opportunity for even non-constructive resistance to mobilise public resistance – which then risks mutation into violence.

4.2.2 The dynamics of economic outcomes

The dynamics of public resistance are often based on the anticipated and actual outcomes of the state's economic policies – and they are important in driving the intensity of contestation. Contestation can increase when economic growth as a whole is weak, as well as when there is a sense of inequality and unfairness – that is, when the distribution of benefits is weak. Figure 4 outlines this in an analytical framework that sets out the risks of contestation under the various outcomes with respect to growth and inequality.

Figure 4: Dynamics of Outcomes



The delivery by state institutions of essential public services such as education, health, transport, and welfare can widely influence people's sense of economic security and insecurity. These public services help to ensure that the most vulnerable groups such as the disabled, urban poor, elderly, rural communities and the war affected are not marginalised. In addition to these, various policies of the state pertaining to taxation, subsidies and regulation are perceived as improving or impeding economic justice and thereby affect the public response to the state.

means, despite the change in government people are suspicious of a program that takes control of their retirement savings, and concerned about an unjust outcome. The ICEU also highlighted that much of the fears of the unions were based on speculation as the government had done little to clarify its position.⁸¹

(b) Reforms to state-owned enterprises

State-owned enterprises (SOEs) reform is a contentious issue between the state and labour the world over. Various international studies have recorded how reform failures have led to public resistance against the state with escalation into violence⁸² SOE reforms in Sri Lanka started in the 1980s and, as in other parts of the world, have been a contentious issue.

Under the UNP, several state enterprises were privatised or reformed bringing in varying degrees of private sector involvement between 1989 and 1994, and the policy of reform continued until 2004. Public resistance to privatising SOEs has become conceptually strong in Sri Lanka, and it is not based on the merits of any particular case. Resistance by state sector trade unions have represented a powerful political force, often with the support of opposition parties in the Parliament. For example, several attempts to reform the Ceylon Electricity Board (CEB) met with organised union resistance.⁸³ A survey in Sri Lanka conducted in 2005 found that 60-80 per cent of respondents felt that their living standards fell after privatisation.⁸⁴

Building on the public opposition, the election manifesto of the UPFA promised to: 'stop privatisation of national resources and public institutions and make them play an important role in the regeneration of the national economy.'⁸⁵ In fact, attempts were made under the Rajapaksa government to reform the CEB and other state enterprises without success due to union intervention.⁸⁶

The present government has paid attention to the political cost of immediately reversing the policy on SOE privatisation. In the 2016 Budget Speech, the Finance Minister assured the public that: 'no SOEs will be privatised simply as a means to increase revenue. Instead, SOEs will be strengthened and made independent'.⁸⁷ However, the government has also set up a separate ministry for the reform of SOEs and is expected to move forward with significant restructuring of these enterprises.

With regard to privatisation of SOEs, the political resolve is not likely to be strong, once again because

the President is less likely to align with the thinking of the Prime Minister on this issue. There is inherent suspicion in the public mind set that the UNP, which introduced the first wave of state enterprise reforms from 1989 to 1994, will be bent on privatising SOEs. The party's weakness in effectively communicating its policies and building public trust exacerbates the

problem. This was seen in the public resistance that arose on Budget proposals such as establishing a Special Purpose Vehicle (SPV) for the Norochcholai coal fired power plant to be securitised and to bringing state banks under a 'Temasek' like body (i.e. a government-owned investment company). These are both interpreted as steps towards privatisation, and have already seen renewed trade union opposition in 2016.⁸⁸

(c) Private university education

Free education up to university level has been an integral part of the Sri Lankan economy ever since Independence in 1948. Since the take-over of schools in the early 1960's the Sri Lankan state has been the primary benefactor of such education.⁸⁹

However, Sri Lanka's current public education system is burdened by capacity constraints at the primary, secondary and tertiary levels. While there has been a profusion of international schools and educational institutes aimed at filling the gaps at the primary and secondary levels in recent years, the establishment of fully-fledged private universities has faced much opposition from organised student groups like the Inter University Students Federation (IUSF) who see the privatisation of tertiary education as 'selling education'.⁹⁰ Organisations such as IUSF see private universities such as the South Asian Institute of Technology and Medicine as an 'easy way out' for students who have not performed well enough to get into local universities, especially for technical professions such as medicine. It argues that private universities will cater to a privileged few who are able to afford the high tuition fees.⁹¹

The government's stance on private education has been softening over the past fifteen years, with many attempts at establishing private universities, in particular, medical colleges. However, the lack of sensitivity to public opinion has generated a backlash from various actor groups in the country. This is driven in part by the high levels of graduate unemployment, despite the low intake of the local universities (in 2014, university admissions were 25,200 out of the 143,740 candidates that were qualified to enter). Amidst these

There is inherent suspicion in the public mind set that the UNP, which introduced the first wave of state enterprise reforms from 1989 to 1994, will be bent on privatising SOEs.

concerns, government initiatives to introduce private universities will continue to be a key issue of contention in the medium term.

Moves towards liberalising the provision of private education can become more contentious and escalate into violence, because there has been cross party political support for this, while opposition at the level of Sri Lankan university students and University Teachers' trade unions has been high.

(d) Economic liberalisation and ETCA

Economic expectations set in Rajapaksa's second presidential term concerned a post-war economic boom and large-scale infrastructure development, aided by closer ties with China. Hence, the Rajapaksa government's strategy for development was largely inward-looking. Meanwhile, the Sirisena-UNFGG government's emerging narrative has been more outward-looking, emphasising foreign investment, new international economic ties and enhanced trade. Points of contestation regarding this policy direction can be expected. Among these is the India-Sri Lanka Economic & Technology Cooperation Agreement (ETCA), which can be expected to face significant pushback from both labour unions and domestic industry.

Negotiations have been underway between the Sri Lankan government and India to sign the Agreement by mid- 2016.⁹² The Agreement is aimed at strengthening and advancing economic, trade, investment and technology cooperation between the two countries. On the trade front, ETCA aims to further liberalise the basket of goods traded between both countries and expand to services and investment, similar to the Comprehensive Economic Partnership Agreement (CEPA) for which negotiations broke down in 2008 during the Rajapaksa government.⁹³ This was a result of protests by domestic industries that an inflow of Indian products, workers and investment would be detrimental to Sri Lanka's economy, by affecting job prospects for Sri Lankans, market share and profitability of Sri Lankan businesses.⁹⁴

The CEPA, before being stalled, was negotiated under an SLFP-led government, and the current ETCA is largely handled by the UNP. While the

UPFA had given up on CEPA, current interests in improving relations with India could mean that there will be moderate political alignment between the President and the Prime Minister, resulting in significant political resolve to go forward. The current Agreement, however,

is not being negotiated with adequate consultation or transparency and this is fuelling public mistrust over its contents. Such mistrust in turn leads to speculation that it is just CEPA with another name, and the government is attempting to mislead the public.⁹⁵ The government has meanwhile tried to allay fears by stating at various fora that the professional sector will not be liberalised. However, it has not made the basic guideline documents available to the public. This, coupled with low trust in the government is driving discontent and frustration. This is evident in the vehement opposition by various professional bodies such as the Organisation of Professional Associations (OPA), the United Professionals Movement and the Government Medical Officers' Association (GMOA).⁹⁶

There have also been concerns expressed by many Sri Lankan exporters that the government has not taken steps to address the many shortcomings faced under the India Sri Lanka Free Trade Agreement (ISFTA). The ISFTA signed in 1998, liberalised trade in goods for 2802 products from India to Sri Lanka eliminating Tariff Barriers to Trade.⁹⁷ However, many Non-Tariff Barriers (NTBs) to Trade were brought to the attention of the past and current governments along with potential easy-to-implement solutions. Yet no action was taken to investigate their feasibility. Bodies including the National Chamber of Exporters are of the opinion that the ETCA will pose similar issues.⁹⁸

The fears that domestic producers for the Sri Lankan market face, which is reminiscent of the fears that shaped the unsuccessful attempt at CEPA, have not been adequately addressed and remain a contestation trigger. Key informants from both the North and the East revealed that domestic traders feared competition from Indian producers since they had neither the scale nor the capacity to compete. Having enjoyed being in a market that is significantly protected from imports for a long time, domestic industries are likely to manifest a strong resistance.

The strength of the public resistance to ETCA arises from the fact that opposition to it unites some of the strongest drivers of public resistance. Opposition to the signing of the Agreement has drawn together business chambers that represent industry interests, professional bodies, trade unions and university students.⁹⁹

Unions are wary of foreign trade agreements such as CEPA since they can be viewed as providing economic opportunities for foreigners instead of the local populace. Local firms are wary of trade agreements, particularly with China and India, since the scale and capacity of foreign firms are difficult to compete with.¹⁰⁰

Discontent professionals—including doctors, engineers and IT professionals—are driven by two main



concerns. First, India is an exporter of services to the world. However, Sri Lanka produces few graduates in these technical professions.¹⁰¹ Liberalisation of the services sector could potentially result in Indian professionals competing with Sri Lankans. The underlying fear is that of job security; IT professionals fear that by allowing free movement of labour across borders, local businesses will hire ‘cheaper Indian labour’ and bring down wages in the Sri Lankan IT sector as a whole.¹⁰² The Organisation of Engineering Associations (OEA) believes that the ECTA will have a negative impact on the engineering sector in general, and on the opportunities for young graduates in particular.¹⁰³ Despite promises from the government that ECTA will promote economic growth, the belief shared by opponents in the professional sector is that ECTA will endanger local employment opportunities.¹⁰⁴ Second, organisations such as the GMOA and the Computer Society of Sri Lanka, the apex body representing IT professionals, have raised concerns about the need for standards and regulatory measures for ensuring the quality of professionals.¹⁰⁵ Some local IT professionals claim that it endangers Sri Lanka’s IT industry by decreasing the quality of Sri Lankan

information and communication technology (ICT).

Extreme opponents of ECTA claim that the Agreement threatens the sovereignty of Sri Lanka.¹⁰⁶ Although these fears appear to lack merit, perceptions of the local populace towards India will serve to be a deterrent to a ready acceptance of ECTA or similar policies. Recent protests indicate that this argument has also garnered support from the Sri Lankan diaspora.¹⁰⁷

The combined opposition of industry, professionals and other groups to the ETCA between India and Sri Lanka has dialled up pressure on the government to stall negotiations. In response, the Minister for International Trade assured that a wide consultative approach would be taken before the Agreement was finalised.¹⁰⁸

The government’s failure to engage with the public and communicate its strategy for the Agreement has been highlighted in Parliament.¹⁰⁹ Effectively communicating the opportunities that the ETCA presents for expanding business and services into the sub-continent could avert a potential standoff between the business and professional community and the government, ending in policy deadlock.

4.3 DRIVERS OF CONTESTATION

The level of public resistance is driven by the ability of key groups to align and act as organised units and mobilise and coordinate with other clusters of society. In Sri Lanka, trade unions, youth movements and domestic business associations have participated significantly in the public sphere to advocate for or against government economic policy proposals. They have also used the space to highlight their grievances. The ability of these organisations to rally large segments of society makes them influential forces that the government pays heed to.

Section 4.1.2 on public resistance, described the cultural and historical background to identifying drivers of public resistance and identified labour unions, youth and local industries as the main drivers of contestation. Each of these drivers will have issues on which they can align with other drivers, and areas in which they will act alone, or sometimes even in contestation with the other drivers. The ability of these three drivers to mobilise and build public resistance makes it important to consider each in turn with reference to factors that would trigger them to mobilise in contestation.

4.3.1 Trade union activism

Sri Lanka has 2,074 registered trade unions—54.5 per cent in the public sector, 27.5 per cent in public

corporations, and 18 per cent in the private sector. The number of members covered by the trade unions amounts to 9.5 per cent of the total workforce of Sri Lanka.¹¹⁰ Trade unions such as the All Ceylon Trade Union Federation, Inter Company Employees’ Union and All Ceylon Estate Workers Union, which represent the public sector, private sector and estate workers, are supported by the Socialist Workers Union which is the workers’ wing of the JVP.¹¹¹ The All Ceylon Peasants’ Federation is also supported by the JVP. The JVP has historically been a major instigator of contestation between the citizenry and the state. Many of the proposals in the 2016 Budget were overturned after protests by these unions, and this highlights the fact that the political backing of trade unions in Sri Lanka represents a strong force for contestation.

Post-economic liberalization, the power of trade unions became relatively weaker but since the 1990s, trade union activity has been very high. Figure 5 shows the number of strikes in the private sector falling with the intensification of the government’s war efforts. However, since the end of the war, trade union activity has again been on the rise. This is perhaps reflective of the national psyche of holding back on discontent in order to fulfil the larger aims of national security.

The public opposition to ETCA highlights the evolution of ‘white collar unions’ in Sri Lanka.

Organisations such as the GMOA and the OPA which have traditionally been quiet on national interest have rallied several professional groups to create vehement opposition on the issue. The GMOA's collaborations with the United Professionals' Movement and engineering associations have strengthened protests against the agreement.¹¹² The OPA which represents 46 professional associations also highlighted their grievance with the lack of consultation on the ETCA.¹¹³ The emergence of organised opposition by professionals will not be limited to threats of trade agreements in services but be a key feature in future issues of national interest. For example, the GMOA signed a Memorandum of Understanding (MOU) with Other Trade Unions of Executive Officers in All Island Services, which comprises of 19 professional unions, to safeguard the public service. The MOU pledges to pressure the government to ensure that trade unions were consulted before tax revisions were made and to formulate a National Policy on bilateral agreements with other countries.¹¹⁴ The strength in numbers of these professional unions is witnessed by the protest rally against ETCA held on 11 February 2016 at Viharamahadevi Park.¹¹⁵

The government's promise of delayed gratification in the form of the peace dividends failed to materialise. According to a trade unionist interviewed for the purpose of this assessment, the Rajapaksa government was not open to discuss the concerns of trade unions.¹¹⁶

The lack of space for collective bargaining led to many trade unions supporting the Presidential campaign of the current President Maithripala Sirisena,¹¹⁸ who pledged to address the concerns of the trade unions, such as pension anomalies and minimum wage. The President has signalled for more engagement with unions,¹¹⁹ and a key trade unionist acknowledged that there was more space for public dialogue compared to the Rajapaksa government.¹²⁰ However, there is also a sense of disillusionment, as unions feel that they have been let down by the government they helped to bring into power. Hence a trust deficit, particularly with respect to the UNP following the non-consultative nature of the 2016 Budget, has emerged. These gaps between aspirations and the state's non-delivery of promises present heightened risk of contestation between labour unions and the state.¹²¹ Of the three drivers of contestation concerning the state and the citizen, trade unions are currently the most visible.

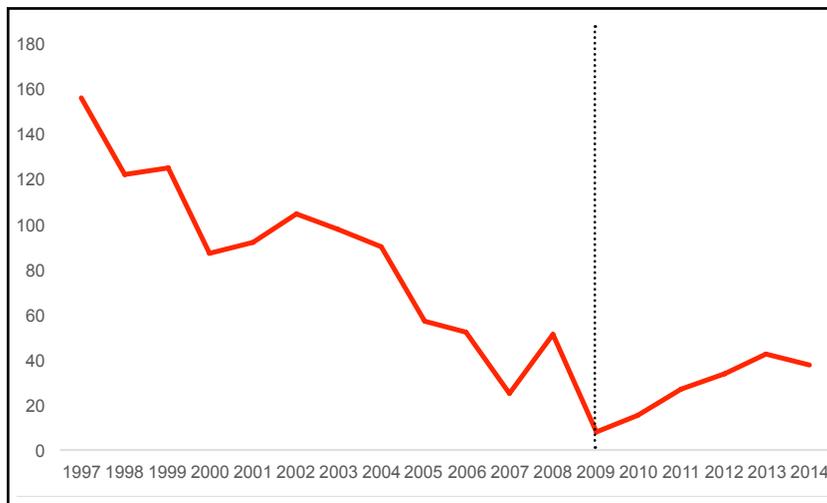
There are also areas in which trade unions are mobilised in opposition to industry and not just the government. This is because there is a perception among trade union members that the needs of industry appear to take precedence with the government over labour concerns.¹²² Anton Marcus, the General Secretary of the Free Trade Zone and General Services Union, states that even though trade unions have experienced increased access and increased dialogue with the change in government and President in 2015,

the stronger representation of industry interests in political discourse is a discouraging factor.¹²³

The Sri Lankan government has made strong commitments to provide decent work to the labour force in the country. At the 13th Asian Regional Meeting of the International Labour Organisation (ILO) members, Sri Lanka promised to develop a national policy and nation plan of action for decent work based on four dimensions of decent work as previously described by the ILO: providing opportunity for work, protecting human rights related to work, giving adequate social protection, and creating avenues

of social dialogue. Further, in supporting ratifications of ILO conventions, the Sri Lankan Labour Ministry also developed the Decent Work Country Programme (DWCP) for 2013-2017 with three distinct goals to be achieved within the timeframe: (1) the

Figure 5: Number of Strikes in Private Sector Industries



Source: Central Bank Annual Report (various years)

For example, then President Rajapaksa refused to address the demands of the Federation of University Teachers Union (FUTA) for 6 per cent of GDP allocation on the education sector.¹¹⁷

promotion of full, decent and productive employment and competitive enterprise development, (2) the strengthening of democratic governance of the labour market, and (3) the social inclusion and establishment of a social protection floor. However, the failure to fully deliver on this vocalised promise has given room for opportunities of contestation, especially as trade unions appear to recognise the failures of the government.¹²⁴ Certain actions taken by the government can be construed as an act of discrimination against labour in favour of other interest groups. For instance, since the Department of Census and Statistics does not publish the unit value of the cost of living index, unions are not able to sufficiently argue in favour of wage benefits to take into account rising costs of living. Furthermore, the lack of job security, shortage in earnings, and inadequate access to existing social protection can be points of a three-way contestation between labour, government and industry.¹²⁵

Another issue of contestation with regard to trade unions is the proposed policy of converting the current private provident funds into a pension scheme, as discussed above. The resistance arises mainly from a lack of public faith in the government's motives and implementation.¹²⁶ It is also connected to the fear that the existing EPF and ETF schemes are not being managed well, and that conversion to a pension fund could make mismanagement less transparent. For example, the ETF is thought to have lost as much as Rs.12 billion of the public's money in the stock market.¹²⁷ Hence, it is not faith in the existing structures but concerns that new pension reforms will worsen worker circumstances that drives challenges to any reform proposal. Additionally, union workers do not feel that adequate consultations with them have taken place before pension reform was suggested.¹²⁸ Poor management of the EPF by the Central Bank and the lack of consultation with the people on the reforms have combined to build the public mistrust and prompted the trade unions to organise in opposition.

4.3.2 Youth discontent

In Sri Lanka youth unemployment is significantly high; in 2014, the unemployment rate among youth aged 15 to 19 was 21.5 per cent, those aged 20 to 24 was 20 per cent and aged 25 to 29 was 8.3 per cent in comparison to the national rate of 4.3 per cent.¹²⁹ Further, there is a high degree of unemployment among graduates in Sri Lanka as well. This is particularly high for university students who graduate through art streams.

According to the World Bank, poor and near poor are disproportionately young: 45 per cent of the poorest 40 per cent in Sri Lanka are below 25 years old.¹³⁰ This provides an added impetus for discontent over the lack of employment opportunities.

It is common to find university graduates regularly protesting on the street demanding government jobs. There is a general public perception that the government is responsible for providing jobs for the graduates that come out of public universities. Groups such as the Combined Association of Unemployed Graduates (CAUG) together with the Frontline Socialist Party (FSP) have staged multiple protests against government authorities, with the most recent protest held in February 2016 with participants from all over the island.¹³¹ Similar protests were held prior to the General Elections in June 2015 and under the Rajapaksa regime as well.¹³² According to Dhammika Munasinghe, an estimated 25,000 public university graduates are currently unemployed.¹³³

Protests by unemployed graduates are not limited to Colombo but have been staged in areas such as Matara, Kandy and Kegalle, both recently and in the past.¹³⁴ Further, with the end of the war, the many recent graduates in the North and East have staged similar protests over the past year.¹³⁵

Sri Lanka's public university students represent the most organised youth movement that works closely with left wing political parties. Their concerns mainly arise around the lack of an equal or fair playing field. For example, on private education, they fear that those with money and connections will go for private universities and undermine or take away

the employment opportunities the public university students have. On ETCA, university students fear that an inflow of Indians to the market will take away their employment opportunities and depress wages/salaries and that their concerns are generally side lined until they create enough disruption. In the words of a key member of the Inter University Federation Union member, 'When we struggle (*aragala*) the rulers (*paalakayo*) give answers.'¹³⁶ The current government has inherited the lack of trust that has manifested as a result of this negligence.

The predominant woe of university youth is the mismatch between aspirations and availability of economic opportunities. This is further fuelled by high graduate unemployment. Graduate unemployment is estimated in some studies to be as high as 45.5 per cent for certain disciplines.¹³⁷ According to civil society

The lack of job security, shortage in earnings, and inadequate access to existing social protection can be points of a three-way contestation between labour, government and industry.

organisations in the Eastern Province, 'Employment is the main problem the youth face.' Many local graduates prefer to seek public sector jobs¹³⁸ due to various perceived benefits: job security, generous fringe benefits, low work effort, better work/life balance and high social status. However, recruitment to this sector is highly political and leads to long 'queues'.¹³⁹ Further, the public sector is the agency responsible for employing the most Arts graduates,¹⁴⁰ who suffer high levels of graduate unemployment and are the most affected by state decisions on recruitment. Meanwhile, studies have identified poor English and IT skills to be an obstacle to employment¹⁴¹ In addition, research has linked unemployment to a skills mismatch between graduate qualifications and the requirements of the job market.

Unlike in the case of their participation in the insurgencies of 1971 and 1989, university students have become less powerful as drivers of contestation. This has to do with youth groups being currently diffused and disorganised. Radical leftist groups like the FSP had strong sway over university youth groups in the past, but this appears to be declining. Today's youth are perceived by student leaders as less driven by ideology and more by materialistic objectives. According to the IUSF member interviewed: 'People do not get into university for the same reason they did before. Now they think it is to finish [the degree] fast and get a job [soon] after.' As such, it is likely that issues that will bring the youth and the state into conflict will centre along the fault lines of education reform and economic and employment opportunities.

However, contestation by other groups such as trade unions and domestic industries along these lines may block the aspirations of youth, resulting in certain spill over effects discussed later in this section.

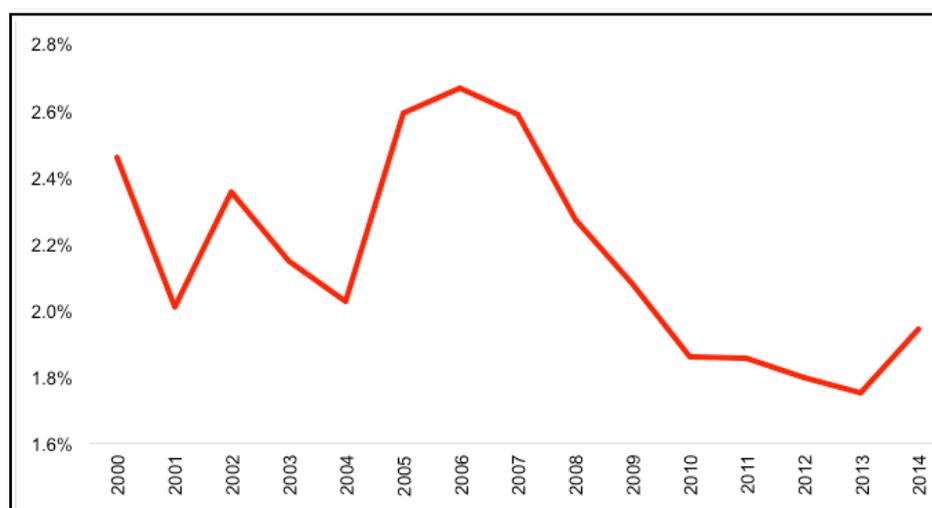
The perception of injustice and inequality is a key factor that drives youth discontent on the issue of private education. Many students who sit the Advanced Level examinations are eligible to enter the local universities, but the lack of capacity has allowed only a few to actually be able to attend. For example, in 2014 local

universities admitted 25,200 students, a mere 17 per cent out of the 143,740 candidates that were eligible to enter.¹⁴² This highlights the failure of state universities to cater to the requirements of the public.

The competitiveness to enter universities is visible in the spiralling numbers of private tuition providers. While they are now accessible and affordable with the rising income levels of Sri Lankans, this highlights the state's failure to recognise the changing aspirations of the public. Public expenditure on education post-2009 fell below 2 per cent of GDP, despite the end of the war, as the country chose instead to focus on construction and infrastructure (See Figure 6), without enlarging the scope for employment for university graduates. Declining standards of Sri Lankan universities imbue many students with a sense of injustice.

Under such conditions, policies aimed at privatising tertiary education will serve to heighten the sense of inequality and injustice of youth whose only opportunities lie with the public universities. Youth movements such as the IUSF believe that by allowing private universities to set up, the state is encouraging public universities to charge students as well. They believe this will cost youth both their education and future employment.¹⁴³ In reality, the gap in educational attainment in free education has been fulfilled by the private sector through such programs as mass tuition classes. However, the public has failed to recognise this and sees privatised education as opposing and even replacing free education. Hence, although there are some socioeconomic benefits in promoting privatised university education, a fear that persists is that private education will perpetuate inequality. This is reinforced

Figure 6: Public Expenditure on Education as a Percentage of GDP



Source: Calculated from data from Central Bank Annual Report 2014 and Ministry of Finance Annual Report 2014

by the perception that state education delivers social justice to the less affluent segments of society and private education opposes this end.¹⁴⁴

Youth movements have been able to mobilise professional bodies such as the GMOA with regard to opposing the establishment of private universities such as the South Asian Institute of Technology and Medicine (SAITM). The Association has vowed to abstain from teaching students attending the university, stating that it was not approved by the Sri Lanka Medical Council.¹⁴⁵ This solidarity strengthens public resistance and can escalate the contestation against a policy that, as discussed previously, has high political resolve.

In order to de-escalate the contestation, it will be important that the state recognise the need to revitalise ailing state universities. President Sirisena, in his election manifesto, promised to increase education expenditure to 6 per cent of GDP.¹⁴⁶ However, it is not possible to estimate the actual allocation for education in the Budget given the multitude of Ministries responsible. The numbers presented in the 2016 Draft Budget on education allocations ran into significant controversy, and the government was seen as attempting to mislead the public with regard to delivering on its promises.¹⁴⁷

Preventing the escalation of youth issues will require the government to recognise the need for intervention to address the declining quality of university education in tandem with the changing aspirations of youth.

4.3.3 Marginalisation of domestic industry

Domestic industry in this Assessment is defined as those companies and entrepreneurs (e.g. farmers, fishermen) who depend entirely or mainly on the domestic market. Further, small and medium enterprises (SMEs) are an important segment in this domestic industry, and are a backbone of the rural economy in terms of creating employment opportunities. This group presents a significant risk of contestation with the state on issues that could result in the loss of their market share or profitability.

These sectors are important because they have a high degree of political influence. In Sri Lanka, although the agriculture sector accounts for only 10 per cent of GDP, it accounts for 30 per cent of employment. Rural sector incomes are closely linked to agriculture. Therefore, they constitute an important voter group

that can play a significant role in election outcomes. For example, recent issues around the fertilizer subsidy that affected farmers created island wide protests and were heavily supported by the JVP.

Agricultural products are subject to high import taxes and generally, when Sri Lanka enters into trade agreements these products are carved out from liberalisation by including them in a sensitive product list or negative list. In addition to farmers and fishermen, there are several manufacturing companies in sectors ranging from confectionaries, cosmetics, shoes, dairy products, ceramic products etc. that have constantly been averse to the idea of liberalisation of their respective sectors. Imports in these sectors are also subject to high taxes at the point of import.

Domestic industry groups have a considerable voice and are well organised. Farmer associations and fisheries cooperatives represent the interests of agricultural sectors. The other manufacturing sector industries are largely organised either under different chambers (e.g. National Chamber of Commerce, Federation of Chambers of Commerce and industry and regional and district level chambers) or trade/sector associations (e.g. Industrial Association of Sri Lanka, Sri Lanka Ceramics Council, Sri Lanka Food Processors Association, etc.). When

representing their interests, it is common for fishermen and farmers to take to the streets with the backing of political parties such as the JVP. In contrast, domestic industry has voiced their discontent in the form of press conferences, media releases, seminars, publications, articles and appearing at various talk shows and meetings with high ranking officials and Ministers and have so far not protested at the street level.

Under the Rajapaksa government, Sri Lanka moved to inward-looking protectionist policies such as import substitution via para-tariffs. According to a comparison of Sri Lanka's tariff structure over time, the average protection rate between 2004 and 2009 increased; for agriculture from 28.1 per cent to 49.6 per cent, for industrial products from 10.7 per cent to 24.1 per cent, and for all imports lines from 13.4 per cent to 27.9 per cent.¹⁴⁸ Such rates are very high by world standards and indicate that Sri Lanka's declining trend in average tariffs beginning 1982 have clearly reversed, almost entirely due to the extra protection provided by para-tariffs.¹⁴⁹

The 2011 Budget Speech by then President Rajapaksa states: 'Our production drive in this decade should

Domestic industry has voiced their discontent in the form of press conferences, media releases, seminars, publications.. appearing at various talk shows and meetings with high ranking officials ...and have so far not protested at the street level.

aim at expanding exports and replacing imports.' He further goes on to state: 'We still rely heavily on the importation of pharmaceuticals, wheat flour, food grains and energy sources. Space for import substitution in these areas is well in excess of US\$ 2 billion'.¹⁵⁰ In November 2014, the President acknowledged that 'import competing industries such as cement, steel, rubber based products, agricultural and industrial machinery, equipment, spare parts, power generation and transmission machinery and equipment, building materials, furniture and boat and ship building' had expanded under the state's policy framework of the time and envisioned similar progress in 'food processing, sugar and vegetable oil manufacturing, dairy and pharmaceutical production and renewable energy industries'.¹⁵¹

The move towards economic liberalisation with the proposed expansion of trade with India has created fears of market share erosion and a fall in profitability. There is a building sense of injustice that the new government is unfairly pitting the local entrepreneurs with foreign competitors who will flood the domestic markets with cheaper imports.

The recent debate surrounding ETCA has shown that industry groups are also able to form alliances with other groups with common views. For example, domestic industry groups and professional associations have formed an alliance and have been speaking in one voice against ETCA. These groups have also been able to pull in support against the Agreement from university student bodies as well, highlighting the possibility of youth being deprived of employment opportunities due to an inflow of Indian services providers/professionals etc. The possibility of liberalisation has galvanised an alliance between domestic industries and trade unions against the proposed Agreement, on the grounds of having to close down factories because of cheap imports and resulting loss of employment etc.

Local industries can also interact with other drivers of contestation by using Sinhala nationalism and fears of foreign intervention. In the 1990s and early 2000s, domestic industry supported Sinhala Nationalist groups through industry associations such as the *Sinhala Veera Vidanaya*.¹⁵² This had knock-on effects

of also marginalising ethnic minority businesses. Domestic industry associations of more recent origins such as the Mawbima Lanka Foundation¹⁵³ have no known partnerships with Sinhala nationalist groups. However, they too have similar objections to trade liberalisation and are likely to come into contestation with government on this issue.

The former Rajapaksa government largely cushioned domestic industries against external shocks under the policy of revitalising the local sector and discouraging imports. The primary focus in the former budgets was inward, with subsidies for certain economic sectors and firms. In the past fifteen years, the country's GDP per capita has increased over seven fold while growth from exports has halved as a share of exports in the same period.¹⁵⁴

It has been observed that the continuation of high levels of protection in any economy, through measures such as import substitution by local alternatives, hinders economic growth prospects.¹⁵⁵ Though, admittedly, these protectionist policies served to alleviate poverty through employment creation, in the current global context, the greater integration with the international economy by becoming an export oriented nation gives greater benefits. However, this way of economic expansion is controversial,¹⁵⁶ and in the Sri Lankan environment, it remains a contested issue.

Nevertheless, the current government has reiterated its approach to more outward-oriented economic policies for sustainable economic growth. However, local industry groups feel neglected and pushed aside,¹⁵⁷ and the pressure on the government to abandon such policies is growing, as evident by the opposition to the ETCA highlighted above. Local establishments, especially SMEs are wary of trade agreements, particularly with China and India, since the scale and capacity of foreign firms are difficult to compete with.¹⁵⁸ Although the imperative for greater international engagement for sustained growth maybe clear, the failure of the government to communicate this need will have detrimental impacts. Domestic producers can encourage dissent amongst the wider public, such as labour and professionals, which can escalate and snowball with the potential to trigger violent outcomes.

Future Scenarios & Recommended Strategies



This section presents a scenario analysis of some possible trajectories between the years 2015 and 2020. These scenarios will have crosscutting relevance to the six spheres of contestation identified in the preceding sections.

Interest-based fault lines that have emerged within an evolving national context were identified and analysed in the previous two sections. These fault lines signal the tensions that may exist between various segments of society, and inform future programming in terms of conflict sensitivity. This section will accordingly identify several scenarios that will help shape policymaking and programming priorities during the period 2015-2020. The section is presented in two subsections. The first identifies four possible scenarios that could emerge during the next five years and relates those scenarios to the six identified spheres of contestation: i.e. whether such contestation is likely to increase, decrease or remain static under each scenario. The second section presents programmatic priorities and approaches that TAF and other development actors could consider in responding to the spheres of contestation and planning for possible future scenarios.

5.1 POST-2015 SCENARIOS

This Assessment identifies four scenarios that could emerge in the next four to five years. These scenarios are defined in ‘value neutral’ terms. Hence they are not defined as ‘positive’ or negative’. Instead, the scenarios are defined simply as ‘possibilities’ that may arise in the next four to five years with respect to the political—and therefore economic—make-up of the state. The scenarios take into account the fact that, at the time of writing, the government was composed of a coalition between the UNFGG and one faction of the UPFA. Hence the nature of the parliamentary majority currently sustained by the government is unprecedented.

It is noted that the current Parliament—elected in August 2015—is constitutionally protected from dissolution for a period of four and a half years under Article 70(1) of the Constitution, as amended by the Nineteenth Amendment to the Constitution. Hence there is very little likelihood in a fundamental change in the legislature in the next few years. A change in this regard would involve a highly unlikely resolution supported by two-thirds of Parliament calling for its dissolution prior to the lapse of four and a half years. In this context, the only changes that are possible in the future relate to changes to the nature of the current coalition and possibly in the composition of the executive. On the one hand, the coalition could remain intact and policy alignment between the UNFGG and UPFA ruling faction could either become stronger or weaker over the next four to five years. On the other, the coalition could collapse altogether. In such an event, either the UNFGG or the UPFA will determine policy. A UNFGG-led government is possible where a simple majority is held by the UNFGG with the backing of smaller parties such as the TNA. A UPFA-led government is possible if either the current Prime Minister loses the confidence of Parliament or if the government’s Budget is defeated, following which the President would be compelled to dissolve the Cabinet of Ministers.¹⁵⁹ In the further event of crossovers and a realignment of the two factions of the UPFA, the UPFA could potentially secure a parliamentary

majority. This would also require defections from the UNFGG, either from UNP parliamentarians or smaller parties within the UNFGG or a mixture of both.

Accordingly, the following four scenarios could emerge over the next four to five years:

- **Scenario 1:** Strong policy alignment within UNFGG-UPFA coalition
- **Scenario 2:** Weak policy alignment within UNFGG-UPFA coalition
- **Scenario 3:** UNFGG-led government
- **Scenario 4:** UPFA-led government

Each of these scenarios could impact the six spheres of contestation analysed in this Assessment. Three possibilities arise in relation to the effect each scenario might have on a given sphere of contestation:

- The scenario may have **no impact** on current levels of contestation i.e. the status quo would remain
- It may **increase** contestation i.e. contestation would intensify and move closer (even marginally) towards violence
- It may **decrease** contestation i.e. contestation would reduce in intensity and move closer (even marginally) towards peaceful settlement

It is noted that the impact a scenario will have on a sphere of contestation is estimated in relative terms. Thus, if current levels are already high, the classification ‘no impact’ only means the scenario will not affect the status quo in any way and that contestation will remain high.

It is noted that contestation should not necessarily be viewed as something negative. Democratic processes in fact contemplate some degree of contestation between interest groups and between citizens and the state. Moreover, the avoidance of violent conflict may often be contingent on the availability of certain channels of peaceful contestation. The lack of such channels when underlying tensions exist could later result in a rapid escalation to violence. Bearing this nuance in mind, the following subsections discuss the impact of the identified scenarios on the six spheres of contestation.

5.1.1 Space for moderates

A key priority in terms of securing peace in the future is the empowerment of moderates within both the Sinhalese and Tamil political spheres. However, as discussed above, such empowerment encounters a dilemma concerning the mutual incompatibility in the vulnerabilities of each moderate bloc and is undermined by perverse political incentives.

<p>Scenario 1</p> 	<p>Scenario 2</p> 	<p>Scenario 3</p> 	<p>Scenario 4</p> 
<p>Strong policy alignment within the UNFGG-UPFA coalition will bode well for constitutional reform and transitional justice in Sri Lanka. The President and Prime Minister will command a significant majority in Parliament and will be in a position to secure the support of the TNA leadership in delivering a political solution and ensuring transitional justice. Such a scenario contemplates a weakened UPFA radical faction led by former President Mahinda Rajapaksa and a weakened radical faction within the TNA and the Tamil polity. Therefore, this scenario will see consolidation of power among moderates in both the Sinhalese and Tamil polity, and a decrease in contestation between moderates and their constituencies.</p>	<p>A weak UNFGG-UPFA coalition will see a continuation of slow progress and indecisiveness in introducing constitutional reform and transitional justice—both issues of importance in terms of Sinhalese-Tamil contestation. Such delays and indecisiveness will inevitably weaken the credibility of moderate leaders within both the Sinhalese and Tamil political spheres. For example, the Foreign Minister Mangala Samaraweera is likely to lose credibility if there is poor progress in terms of delivering on the government’s commitments on transitional justice. Similarly, moderate leaders within the TNA including the current Leader of the Opposition, R. Sampanthan are likely to face increasing contestation from within their own constituency if progress is too slow. Such contestation will pivot on the perceived cooperation between Tamil moderate politicians and the government despite the lack of progress. Thus contestation in this sphere is likely to increase under this scenario.</p>	<p>A UNFGG-led government will have a positive relationship with moderate Tamil politicians. However, with a slim majority in Parliament (a large majority is mathematically implausible given the current composition of Parliament) the UNFGG will be unable to enact important pieces of reform legislation requiring a two-thirds majority in Parliament. The UPFA is likely to filibuster the UNFGG’s proposals, thereby slowing progress down further. In this context, moderates in both the Sinhalese and Tamil political spheres will progressively lose credibility within their constituencies and will be incentivised to adopt more radical positions. Thus this scenario will see an increase in contestation within this sphere.</p>	<p>A UPFA-led government is likely to slow all reform agendas down. A UPFA-led government necessitates reconciliation between the alliance’s more moderate faction and its nationalist faction. A re-alignment of the party towards nationalism is likely. Therefore, little progress will be seen in terms of power-sharing reforms or transitional justice. However, with moderates essentially distanced from power, there may not be a discernible increase in contestation between moderates and their own constituencies. For example, the current levels of general dissatisfaction among Tamil voters is likely to remain, as Tamil discontent will mostly be directed at the UPFA government rather than the TNA leadership. This scenario will reflect many of the features of the pre-2015 era, where discontent was largely directed at Rajapaksa and his government. Therefore, this scenario will have no impact on this sphere of contestation within the next five years. Yet the scenario would probably contribute towards instability in the long term and may increase contestation in the post-2020 period.</p>

5.1.2 Religious violence

The post-war era witnessed a steady rise in acute and chronic forms of religious violence. As discussed above, deep-rooted socio-cultural, political and economic fault lines—often of a uniquely ‘local’ nature—produce tensions between religious communities and contribute towards chronic violence. The instigation of violence and hostility by organised ethno-national groups or ‘hate groups’ exacerbate these tensions. And with the patronage of the state, chronic violence, i.e. low intensity, sustained violence—can escalate to acute violence i.e. high intensity, episodic violence.

Scenario 1	Scenario 2	Scenario 3	Scenario 4
			
<p>A strong coalition is unlikely to have a major impact on the status quo in terms of religious violence in the country. As discussed above, acute violence has decreased since the political transition of January 2015. A strong coalition is likely to contain acute violence, as the political patronage required for the escalation of violence from chronic to acute levels will not be afforded to radical ethno-nationalist groups. However, tolerance for these groups may also decrease in this scenario, which may result in a marginal decrease in chronic violence—particularly against the Muslim community. Hence it is possible to surmise that overall levels of contestation in this sphere will decrease.</p>	<p>A weak coalition will see a continuation of the status quo where some manifestations of religious hostility—such as the Sinha le campaign—will be tolerated. If alignment between the UNFGG and UPFA is weak, elements of nationalism within the coalition—such as the President’s supporters and the JHU, will continue to ‘cash in’ on nationalist sentiments. Thus somewhat incongruous incidents, such as the President Sirisena giving the BBS an audience, will continue to take place in this scenario. Overall, this scenario is likely to have no impact on current levels of religious contestation.</p>	<p>A UNFGG-led government will lack the space to clamp down on chronic forms of religious violence due to its fragile majority in Parliament. In this context, the status quo—where acute violence is contained and chronic violence is tolerated to some extent—will remain. However, it will also not increase due to the UNFGG’s greater reliance (in comparison to a UPFA-led government) on minority support to maintain its parliamentary majority. Thus a scenario that contemplates a UNFGG-led government would see no impact on the status quo with respect to religious contestation.</p>	<p>A UPFA-led government will need to accommodate greater acceptance to ethno-nationalist movements (see also 5.1.4 Scenario 4 above) and is thus likely to tolerate at least a marginal increase in chronic violence. Although a return to acute violence is improbable, sustained chronic violence and some measure of political patronage may see a marginal increase in the risk of its return.</p>

5.1.3 Tamil-Muslim contestation

Areas where Tamil and Muslim communities cohabit have witnessed increased tensions during the post-war period. The Eastern Province is particularly vulnerable to tensions over multiple factors, all essentially involving competition for access to the state and its resources. Moreover, at the national and sub-national level there is major disagreement between the Tamil and Muslim communities on the need for the merger of the Northern and Eastern Provinces.

<p>Scenario 1</p> 	<p>Scenario 2</p> 	<p>Scenario 3</p> 	<p>Scenario 4</p> 
<p>As discussed above, a strong UNFGG-UPFA coalition increases the space for a political solution that meets the aspirations of the Tamil community. However, acceleration on reforms may not take into account sub-national tensions between Tamil and Muslim communities particularly in the East. For example, the constitutional reform agenda is likely to accentuate the disagreement between the two communities over the question of the merger of the Northern and Eastern Provinces. Thus a strong coalition, and consequent progress on constitutional reform, will surface and increase Tamil-Muslim contestation.</p>	<p>A weak coalition will invariably postpone the constitutional reform agenda and consideration of sensitive issues such as the merger. Moreover, both sides of the coalition may court Tamil and Muslim political leaders to strengthen support, thereby providing both communities certain channels to power. In this context, Tamil-Muslim contestation at the level of national political leadership may marginally decrease, although tensions over state resources will remain largely unchanged.</p>	<p>A UNFGG-led government will possibly be too weak to advance significant constitutional reforms. Hence the question of a merger will not feature in political discourse, thereby decreasing Tamil-Muslim contestation in that area. However, a weak government will result in increased contestation for state resources at the sub-national level. Thus the overall net effect that this scenario will have on Tamil-Muslim contestation will be 'neutral'. This scenario will accordingly have no impact on the high levels of contestation seen today.</p>	<p>Finally, a UPFA-led government will not prioritise constitutional reform, thus postponing questions with respect to the merger. Meanwhile, like the scenario contemplating a UNFGG-led government, a relatively weak government will exacerbate competition over resources. Thus Tamil-Muslim contestation over state resources—already at a high level—will remain under this scenario. Accordingly, this scenario will have no impact on the status quo in terms of Tamil-Muslim contestation.</p>

5.1.4 Trade union activism

Sri Lanka witnessed a decrease in trade union activism under the previous government, particularly during the war. However, since 2010, trade union activism reemerged, and new contestation over pension reforms, SOEs, and wages surfaced.

<p>Scenario 1</p> 	<p>Scenario 2</p> 	<p>Scenario 3</p> 	<p>Scenario 4</p> 
<p>Strong policy alignment within the UNFGG-UPFA coalition will prompt policy coherence in terms of pension reforms and SOEs. Such coherence could advance reforms that trade union actors have thus far opposed. Unless a strategy for effectively communicating the rationale for reforms, and convincing labour movements of the benefits to be realised if reforms are put in place, contestation in this sphere is likely to increase slightly.</p>	<p>Weak policy alignment within the UNFGG-UPFA coalition will result in indecisive policymaking in terms of pension and SOE reforms. Such a scenario is likely to sustain current levels of contestation in the sphere of trade union activism. Hence the scenario will have no impact on this sphere of contestation.</p>	<p>A UNFGG-led government will implement the policy agenda announced by the Prime Minister in November 2015, which includes both pension and SOE reforms. To date, trade union actors have not supported this particular reform agenda. Unless a strategy is developed to communicate the rationale for reforms and convince trade unions of their value, this scenario is likely to see a rapid increase in contestation between trade unions and the state. Moreover, such contestation is likely to be compounded by political alliances forged between trade unions and the UPFA, which will be in opposition in this scenario.</p>	<p>A UPFA-led government is unlikely to introduce pension and SOE reforms at the same pace or to the same extent as the UNFGG. Hence this scenario may see a slight decrease in contestation within the sphere of trade union activism.</p>

5.1.5 Youth discontent

Sri Lanka encountered youth uprisings in the early 1970s and the late 1980s. An altered demographic and economic context makes the repetition of violent uprisings of this nature less likely. Yet, as discussed above, the current context could contribute towards the emergence of destabilising youth movements that present new fault lines of contestation, mainly over private education and unemployment.

Scenario 1 	Scenario 2 	Scenario 3 	Scenario 4 
<p>On the one hand, policy coherence within the UNFGG-UPFA coalition will create new employment opportunities and will provide limited solutions to the unemployment problem faced by youth. On the other, private tertiary education is still likely to be authorised under a strong coalition with ineffective opposition from marginal political actors such as the FSP. Hence tensions between the state and student movements over this issue are likely to increase.</p>	<p>A weak coalition will result in indecision over reforms relating to private education. While tensions in this area may remain static, such indecision is unlikely to offer new avenues of employment, thereby exacerbating youth discontent over time. In this context, a weak coalition may still see an overall increase in contestation in this sphere. This increase, however, will differ from the increase in <i>Scenario 1</i> as the disaffected youth will be less organised and represent different political views, but far more numerous.</p>	<p>A UNFGG-led government will possibly lead to greater policy decisiveness. As a result, some new employment opportunities may emerge for youth. If, as promised, greater investments in education are made to improve the quality of tertiary education, current levels of tension over private education might also be contained. While youth discontent is unlikely to decrease under the UNFGG-led government, they are also unlikely to increase if these policy measures are adopted. Therefore, this scenario would have no impact on this sphere of contestation.</p>	<p>A UPFA-led government will not necessarily create new job opportunities for youth—possibly increasing discontent in this regard. Yet it may decelerate private education reforms, thereby postponing any significant increase in youth discontent with regard to education reforms. In this context, this scenario will probably not have a net effect on current levels of contestation. Therefore, it would have no impact on youth discontent.</p>

5.1.6 Marginalisation of local industry

The present government has announced its intention to advance a substantial economic reform agenda. Economic reform initiatives, such as new trade pacts (including the ETCA), reducing protectionism and liberalising the economy are resisted by domestic industry.

<p>Scenario 1</p> 	<p>Scenario 2</p> 	<p>Scenario 3</p> 	<p>Scenario 4</p> 
<p>Policy coherence within the coalition will create the necessary conditions to move forward with the Prime Minister’s economic vision for the country. Reductions in protectionism and the liberalisation of the economy will take place under these circumstances—although at a slower pace compared to a UNFGG-led government. These reforms will increase contestation between the state and domestic industry, which will perceive such reforms as threatening market share.</p>	<p>Policy incoherence within the coalition will see a continuation of the status quo—where President Sirisena’s faction will capitalise on opportunities to neutralise the Prime Minister’s reform agenda. The spate of reversals in the Budget - including the reversal on cutbacks on agriculture subsidies - reflects this trend, which is likely to continue under a weak coalition. Thus this scenario is likely to have no impact on current levels of contestation between the state and domestic industry.</p>	<p>A UNFGG-led government will see the acceleration of economic reforms in the form of trade agreements such as ETCA, reduced protectionism, and trade liberalisation. Future austerity measures are likely to place a strain on general consumption and would possibly marginalise domestic industry. In this context, contestation between the state and domestic industry will increase under a UNFGG-led government.</p>	<p>A UPFA-led government will see a return to greater levels of protectionism and a deceleration in the economic liberalisation agenda. While contestation between the state and domestic industry will continue to some extent, such contestation is likely to decrease when compared to current levels.</p>

5.1 GENERAL RECOMMENDATIONS FOR FUTURE PROGRAMMING

An overview of the scenarios discussed in the preceding section is presented in the figure below.

Figure 7: Future Scenario Mapping

	Sphere of Contestation	*Status Quo	Continued UNFGG-UPFA Coalition		Collapsed UNFGG-UPFA Coalition	
			Strong Alignment	Weak Alignment	UNFGG-led Govt.	UPFA-led Govt.
Communal Contestation	Constituency opposition to moderates	Moderate	Decrease	Increase	Increase	No Impact
	Religious violence	Low	Decrease	No Impact	No Impact	Increase
	Tamil-Muslim contestation	High	Increase	Decrease	No Impact	No Impact
State vs. Citizen Contestation	Trade union activism	Moderate	Increase	No Impact	Increase	Decrease
	Youth discontent	Moderate	Increase	Increase	No Impact	No Impact
	Marginalisation of domestic industry	Moderate	Increase	No Impact	Increase	Decrease

Decrease
Increase
No Impact

**Status quo' refers to the status as at the time of writing i.e. February 2016. 'Low', 'moderate' and 'high' refer to the intensity levels of contestation in terms of its proximity to violent conflict.

The classification is relative to and based on how proximate the status quo (as at February 2016) is to certain 'high points' of contestation observed during the 2010-2015 period. Examples of such 'high points' are provided below:

- **Constituency opposition to moderates:** the burning of effigies of Tamil leaders in Jaffna in February 2015.
- **Religious violence:** the Aluthgama riots of June 2014.
- **Tamil-Muslim contestation:** the historical 'high point' in Tamil-Muslim contestation is perhaps the Eastern Province Tamil-Muslim riots of 1985, which left 50 persons dead.¹⁶⁰ No comparable 'high points' involving violence was reported during the period 2010-2015. However, VR's field research indicates that current levels of tension between the two communities are high due to a distinct possibility of violent incidents taking place during the next five years.
- **Trade union activism:** the protest by Free Trade Zone (FTZ) workers in 2011 that led to the death of Roshen Chanaka Ratnasekera.¹⁶¹

- **Youth discontent:** student protests throughout the period, which often saw police brutality and injuries to students.
- **Marginalisation of domestic industry:** protests against fuel price increase in February 2012, which led to the death of Antony Fernando Warnakulasuriya, a 35 year old fisherman.¹⁶²

The foregoing analysis reflects the deep complexities inherent in the spheres of contestation in Sri Lanka and the dynamics that govern those spheres. Programming priorities will invariably confront tensions between competing interests. For instance, investing resources into strengthening policy coherence within the UNFGG-UPFA coalition may decrease religious contestation and empower moderate voices. However, it may lead to the re-surfacing of political fault lines pertaining to Tamil-Muslim contestation. Thus there are fundamental trade-offs at play, which will pose significant challenges to future programming in the areas of peace-building and inclusive growth. In light of these complexities and challenges, the following programmatic priorities and approaches may be considered.

▪ **Enhancing the viability of moderates in both the Sinhalese and Tamil political spheres by promoting rights and justice**

This programmatic approach will be vital to the settlement of the ethnic question through constitutional reform that guarantees meaningful power-sharing. Thus building sustainable peace in Sri Lanka is contingent on moderates remaining in decision-making positions, and reducing the incentives of those moderates to defect to more radical positions. This will also require greater public buy-in and support for the ‘moderate consensus’ which currently remains a consensus among political elites only.

As explained in the preceding section of this Assessment, the Sinhalese moderate bloc consolidates its political capital (among the southern electorate) when governance is prioritised and power-sharing is de-prioritised. By contrast, the Tamil moderate bloc consolidates its political capital (among the Northern electorate) when power-sharing is prioritised, and becomes vulnerable when power-sharing is de-prioritised. Thus advancing the voices of moderates in the South and North requires interventions that respond to competing sensitivities and strike a complex balance.

Moreover, maintaining space for moderates in both the Sinhalese and Tamil political spheres will be vital to the long-term constitutional reform agenda. This is because moderates currently drive this agenda and have displayed relatively high levels of commitment to securing a political solution. Thus programmatic interventions ought to focus on short and mid-term confidence building initiatives that strengthen the credibility of moderate voices on both sides.

A strong focus on rights programming may be the way forward in this regard. Rights issues such as land release, land dispute settlement and access to justice, remain high on the agenda of the Tamil community and are yet to be resolved. Resolving such rights issues will increase the credibility of Tamil moderate leaders and broaden their support among the Tamil constituency—which will be essential for the negotiation of a political solution in the future. Without such credibility, the Tamil community is unlikely to trust the negotiation process between the coalition government and the TNA, and is unlikely to support concessions that will ultimately be necessary. Meanwhile, a focus on rights will not reduce the political capital of Sinhalese moderates. For instance, programmatic interventions on the right

to information (RTI) may increase such capital, as such a right is compatible with the good governance agenda of the present government. Moreover, support for socioeconomic rights issues such as basic healthcare and education will consolidate the current government’s position among the southern electorate.

▪ **Preventing acute religious violence, particularly escalation from chronic to acute violence, by ending impunity for violating hate speech laws and by ensuring law enforcement responds**

As discussed above, preventing chronic violence may not be possible within a five-year programmatic cycle, given deep-rooted socio-cultural, political, and economic factors that lead to such low intensity violence. However, policymakers and civil society can potentially intervene at the point at which chronic violence escalates to acute violence. Such escalation is often instigated by organised ethno-nationalist groups (i.e. ‘hate groups’) that incite violence and hostility.

Containing acute violence ought to be one of the key priorities of development actors, as such violence inflicts long term harm on the physical and socio-economic wellbeing of communities. The escalation of chronic violence to acute violence is often contingent on the role that organised groups play in instigating violence and hostility. Thus programmatic interventions ought to be directed at restricting the impunity of these actors who engage in hate speech—the essential form in which such instigation takes place.

Interventions in this regard could include supporting law enforcement in dealing with hate speech, sensitising communities on the destructive nature of hate speech, and engaging social media users for the purpose of counter-messaging.

▪ **Focusing on the re-emergence of Tamil-Muslim tensions, particularly with regard to a merger of the Northern and Eastern Provinces, and mitigating risks of heightened religious and racial tensions by strengthening service delivery and ensuring equitable access to state resources**

Focusing on the thus far neglected re-emergence of Tamil-Muslim tensions is an important priority. Competition between these two communities for access to the state will rise over the next five years with the re-opening of debate on devolution, particularly with regard to a merger of the Northern and Eastern Provinces.

Economic factors—and particularly factors concerning access to services—are often central to inter and intra-communal contestation. Thus resolving some of the underlying economic anxieties of communities may be necessary to ensure both sustainable peace and inclusive growth. Programmatic interventions should therefore be directed towards strengthening service delivery at the sub-national level, particularly in areas where religious and racial tensions have been reported. Competition between communities for state resources may be addressed to some extent if the state service delivery apparatus itself is strengthened. Thus special programmatic emphasis ought to be placed on strengthening service delivery in local authorities and Provincial Councils, and enhancing their transparency and accountability in delivering those services.

- **Facilitating constructive dialogue between the state and trade unions, youth and domestic industry groups by creating peaceful platforms for these actors to advocate for policy change**

Each of the citizen groups discussed in this Assessment—trade unions, youth and domestic industry—are vital to inclusive growth in the country. The interests of these actors must therefore be taken into account when devising the future socioeconomic policy agenda. However, as depicted in Figure 7 above, a strong coalition government will threaten the interests of these actors, thereby increasing contestation between these actors and the state.

Yet a strong UNFGG-UPFA coalition appears to be important to dealing with at least two out of the three spheres of communal contestation depicted in Figure 7 above. Thus, considering Sri Lanka's political economy over the next five years, priorities of peace-building between communities on the one hand, and

inclusive growth on the other, could be at odds with one another. This inherent tension must be confronted at the programmatic level. It is inevitable that some of the priorities in building sustainable peace will involve supporting actors that wish to advance an economic liberalisation agenda. Such an agenda will possibly marginalise key actors within Sri Lanka's economy. In this context, contestation between these actors and the state will increase even where sustainable peace on other fronts is being achieved.

Contestation itself should not be viewed as something negative. Instead, contestation—properly managed—is an important democratic process through which legitimate interests are advanced and solutions reached. The key to creating an environment that sustains both peace and inclusive growth is the establishment and maintenance of *peaceful* platforms for contestation. Thus programmatic interventions ought to focus on creating peaceful platforms upon which trade unions, youth and domestic industry could advance their interests and negotiate with government. The narrowing of space for such peaceful contestation—a feature of the period under the previous government—will intensify contestation. An escalation to violence becomes more probable under such circumstances.

Therefore, TAF and other development and peace-building actors, together with the donor community, must look to mitigate the detrimental effects of coalition politics on the various spheres of contestation. They must take cognizance of the delicate balance that needs to be struck in pursuing sustainable peace and inclusive growth, and design interventions that advance *both* these priorities. They must accordingly work towards creating and sustaining an environment in which violence is contained, and contestation is constructive. ■

ENDNOTES

¹ For example, the Ceylon Citizenship Act No. 18 of 1948 disenfranchised Tamils of Indian origin, and the Official Language Act No. 33 of 1956 (known as the Sinhala-only Act) enshrined Sinhala as the sole national language. Affirmative action policies on entry to state universities and public sector employment are also considered to have privileged Sinhalese at the expense of ethnic Tamils. Moreover, practices within state institutions have facilitated discrimination and violence against Tamils, Muslims and Christians in various post-Independence settings. An Indian brokered constitutional compromise via The Thirteenth Amendment to the Constitution passed in 1987 made Tamil an additional official language and English the link language and created limited devolution through establishing provincial councils. The Thirteenth Amendment remains controversial in the 'South' and its limited powers and partial implementation has affected its credibility in the 'North'.

² Verité Research, *The Media Analysis*, Vol. 3 No.4., (2013).

³ Mahendran Thiruvarangan, 'Liberal pluralism, Tamil People's Council and the new Constitution,' *The Island*, January 13, 2016, http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=138528 [accessed 2 February 2016].

⁴ Tamil National Alliance. *The Manifesto of the Tamil National Alliance*, (2015), <http://www.sundaytimes.lk/150726/TNA%20Manifesto.pdf> [accessed February 5, 2016].

⁵ This contention is discussed further in the section 'Tamil-Muslim Contestation'.

⁶ Estimates of the number of Muslims forcibly evicted from the Northern Province range from 75,000 to 100,000. A majority of those displaced re-settled in the Puttalam district, while others made their way to Colombo, Anuradhapura, Kurunegala, Gampaha, Matale, Kandy and Negombo districts. See D.B.S. Jeyaraj, '22nd Anniversary of Northern Muslim Expulsion by LTTE', *dbsjeyaraj.com*, 2 November 2012, available at <http://dbsjeyaraj.com/dbsj/archives/12047>

⁷ One such geographically non-contiguous administrative arrangement which currently exists, Kalmunai DS division in the Eastern Province, is discussed in section 3.3 'Tamil-Muslim Contestation'.

⁸ D.B.S. Jeyaraj, 'North –East Muslim Majority Council Based On India's Pondicherry Model,' *The Daily Mirror*, January 15, 2016, <http://www.dailymirror.lk/103091/north-east-muslim-majority-council-based-on-india-s-pondicherry-model> [accessed February 6, 2016].

⁹ Prior proposals on power-sharing include the Bandaranaike–Chelvanayakam Pact of 1957, the Dudley Senanayake–Chelvanayakam Pact of 1965, the Thiruchelvam District Councils proposal of 1968, the District Development Councils proposal of 1979, the Annexure 'C' proposal of 1983, the All Party Conference of 1984, the Thimpu Talks of 1985, the Indo-Sri Lankan Agreement of 1987, the Mangala Moonesinghe proposals of 1992, the Chandrika Kumaratunga Devolution proposals of 1995-2001, the Norwegian mediated negotiations of 2002-2003, the LTTE's Interim Self-Governing Authority (ISGA) proposals of 2003, and the proposals of the All Parties Representative Committee (APRC) of 2006-09.

¹⁰ Under the Thirteenth Amendment, powers are shared between the centre and the provinces as stipulated in the following lists: the Provincial List (containing subjects where power is fully devolved to the provinces), the Reserved List (where powers are reserved by the centre) and the Concurrent List (subjects and functions over which Parliament and provincial councils are bound to consult each other prior to passing Acts or statutes respectively, with neither being bound to give effect to the other's opinion). Provincial councils are heavily dependent on the central government financing, and are also administratively accountable to the central government to a significant degree: Provincial Secretaries and Head of Departments of Provincial Council Administration are appointed by the central Public Service Commission. Powers with regard to appointment, transfer, dismissal and disciplinary control of officers of the Provincial Public Service are vested in the Governor of that Province, who is appointed by the President. Executive powers of the Council are also vested in the Governor, and exercised 'in accordance with advice of the Board of Ministers except where he is required under the Constitution to exercise his functions in his discretion'.

¹¹ Aruni Jayakody, 'The 18th Amendment and the Consolidation of Executive Power,' in *The Eighteenth Amendment to the Constitution: Substance and Process*, ed. Rohan Edrisinha and Aruni Jayakody (Centre for Policy Alternatives, 2011), 52-59.

¹² The TNA is an alliance of four Northern Tamil parties: the Eelam People's Revolutionary Liberation Front

(EPRLF), Illankai Tamil Arasu Kachchi (ITAK), People's Liberation Organisation of Tamil Eelam (PLOTE) and Tamil Eelam Liberation Organisation (TELO). The alliance is dominated by the ITAK, which is headed by current Opposition leader R. Sampanthan. The TNA's parliamentary leadership represents a relatively moderate Tamil political bloc, with strong support base among the country's Northern Tamil community.

¹³ M. A. Sumanthiran, 'The TNA and the PSC,' *The Island*, October 18, 2012, http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=64040, [accessed February 6, 2016].

¹⁴ Ibid.

¹⁵ Gehan Gunatillake and Nishan de Mel, *The 19th Amendment: the Wins, the Losses and the In-betweens* (Verité Research, 2015).

¹⁶ Jayakody, R. (2015). *President Sirisena Sends Shock Waves Down the Spines of Rank and File by his Mini-Purge of Pro-Mahinda Elements in SLFP*. *dbsjeyaraj.com*. Retrieved 3 March 2016, from <http://dbsjeyaraj.com/dbsj/archives/42824>

¹⁷ D.B.S. Jeyaraj, 'Tamil Peoples Council (TPC) Launched in Jaffna as Political Alternative to Tamil National Alliance (TNA) with Northern Chief Minister Wigneswaran at the Helm', *dbsjeyaraj.com* (blog), December 20, <http://dbsjeyaraj.com/dbsj/archives/44557> [accessed February 8, 2016].

¹⁸ The TNPf is not a formally registered political party; it contests elections as the All Ceylon Tamil Congress (ACTC), which broke away from the TNA in 2010. Gajendrakumar Ponnambalam is both the President of the TNPf and General Secretary of the ACTC. The TNPf rejects the existing unitary structure of the state and supports a bi-national federation, with the North-East of the island upheld as the traditional homeland of the Tamil people and a single territorial unit within a federal structure. The party thus rejects devolution of power from the centre as the path towards federalism, and accordingly rejects the Thirteenth Amendment as the basis for a political solution to the conflict. See statement by Ponnambalam published 29 August 2015 at *colombotelegraph.com*, <https://www.colombotelegraph.com/index.php/tnpf-for-two-nations-in-one-country-gajendrakumar-ponnambalam/>

¹⁹ Verité Research's weekly publication that monitors the Sinhala press *The Media Analysis* shows that the most mainstream Sinhala newspapers are largely opposed to both federal power-sharing arrangements as a political solution and war crimes investigations.

²⁰ Centre for Policy Alternatives, *Democracy in Post-War Sri Lanka*, December 2015 at http://www.cpalanka.org/wp-content/uploads/2015/12/Democracy-survey-DEC-2015_Final-report_Dec18.pdf.

²¹ The exclusion of Northern Tamil concerns such as the devolution of power can be interpreted as a strategic compromise to prevent alienation of Sinhala voters during the Presidential election.

²² Intra-religious tensions and attacks against small Christian denominations by Hindus are also known to have occurred, but these have been isolated cases.

²³ Gehan Gunatilleke, *The Chronic and the Acute: Post-War Religious Violence in Sri Lanka*, (International Centre for Ethnic Studies & Equitas, 2015), at 33.

²⁴ Ibid.

²⁵ Vijay Nagaraj, *Pogroms and Riots - 100 Years on*. Presentation, International Centre for Ethnic Studies. (2015).

²⁶ Ibid, 4.

²⁷ Farzana Haniffa, Harini Amarasuriya & Vishakha Wijenayake, *Where Have All the Neighbours Gone? Aluthgama Riots and its Aftermath: A Fact Finding Mission to Aluthgama, Dharga Town, Valipanna and Beruwela*, (Law and Society Trust, 2015), 1.

²⁸ Sri Lankan Sinhala Nationalist thinker and academic, interview by Verité Research, 18 January 2016.

²⁹ National Christian Evangelical Alliance of Sri Lanka, *Incident Report* (2013).

³⁰ Secretariat for Muslims, *Incidents of Religious Violence Against Muslims, 2013* (2013).

³¹ J. Fernando, 'Globalised Extremism: The Role of Internationalised Anti-Islamic Ideology in Constructing the "Islamist Threat" in Sri Lanka.' *LST Review* 25(2015): 327-8.

³² Ameer Ali, 'Muslims in Harmony and Conflict in Plural Sri Lanka: A Historical Summary from a Religio-economic and Political Perspective,' *Journal of Muslim Minority Affairs* 34 no 3 (2014): 239.

³³ J. Fernando, 'Globalised Extremism: The Role of Internationalised Anti-Islamic Ideology in Constructing the "Islamist Threat" in Sri Lanka.' *LST Review* 25(2015): 327-8.

- ³⁴ Sufi community leader, interview by Verité Research, 1 February 2016.
- ³⁵ Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Judicial Response to Religious Freedom: A Case Analysis* (2015).
- ³⁶ Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Silent Suppression: Restricting the Religious Freedom of Christians 1994-2014*, (2015), at 3.
- ³⁷ ‘Bodu Bala Sena Raids Jathika Bala Sena Conference Galagoda-Aththe Thero Reprimand Wata Raka Vijitha - Police Intervenes’, *Hiru News*, April 9, 2014. <http://www.hirunews.lk/80932/bodu-bala-sena-raids-jathika-media-conference-galagoda-aththe-thero-reprimand-wata-raka-vijitha-police-intervenes> [accessed 2 February 2016].
- ³⁸ ‘Notice Issued On BBS Monks Who Stormed Rishad’s Ministry’, *Asian Mirror* (blog), February 26, 2015, <http://www.asianmirror.lk/news/item/7224-notice-issued-on-bbs-monks-who-stormed-rishad-s-ministry> [accessed 2 February 2016].
- ³⁹ Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Case Study: Jeevana Alokaya Sahbhawa (Church) Weeraketiya, Hambantota District* (2015), 3.
- ⁴⁰ Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Silent Suppression: Restricting the Religious Freedom of Christians 1994-2014*, (2015), p. 1-7.
- ⁴¹ Circular on Construction of New Places of Worship, 16.10.2008, Ministry of Religious Affairs and Moral Upliftment
- ⁴² Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Silent Suppression: Restricting the Religious Freedom of Christians 1994-2014*, (2015)
- ⁴³ JAS was set up in 2001 in a Buddhist-majority town and district, with only one follower. Within a few years, there were one hundred and fifty followers. Between 2008 and 2009, the church was faced with threats and intimidation, as well as an act of violence- the throwing of a petrol bomb at the church. However, the perpetrator was arrested for his crime. According to an interview with the OIC of the Weeraketiya police station, ‘there was little or no interference to law enforcement with regards to maintaining religious harmony’. For any malcontents, ‘the fear of the law would prevent them from taking any illegal measures against the church.’ The church continued its activities without interruption for many years thereafter, despite occasional threats. This is a powerful example of how effective law enforcement can be in preventing chronic violence escalating into acute violence, under the condition that the law is allowed to function independently of political influence. Extract from - Verité Research and The National Christian Evangelical Alliance of Sri Lanka, *Case Study: Jeevana Alokaya Sahbhawa (Church) Weeraketiya, Hambantota District* (2015), 3-7.
- ⁴⁴ National Christian Evangelical Alliance of Sri Lanka, *Incident Report* (2013).
- ⁴⁵ Gehan Gunatilleke, ‘Hate Speech in Sri Lanka: How a New Ban could Perpetuate Impunity’, *Oxford Human Rights Hub* (blog), January 11, 2016, <http://ohrh.law.ox.ac.uk/hate-speech-in-sri-lanka-how-a-new-ban-could-perpetuate-impunity> [accessed on 2 February 2016].
- ⁴⁶ Dennis B. McGilvray and Mirak Raheem, *Muslim Perspectives on the Sri Lankan Conflict* (East-West Center Washington, 2007), ix. <http://www.eastwestcenter.org/fileadmin/stored/pdfs/ps041.pdf> [accessed 2 February 2016].
- ⁴⁷ *Ibid*, 14.
- ⁴⁸ *Ibid*, 17.
- ⁴⁹ K.M. de Silva, ‘The Muslim Minority in a Democratic Polity- The Case of Sri Lanka: Reflections on a Theme’ in *Muslims of Sri Lanka: Avenues to Antiquity*, ed. Shukri, M.A.M (Jamiah Naleemia Institute, 1986), 449.
- ⁵⁰ Dennis B. McGilvray and Mirak Raheem, *Muslim Perspectives on the Sri Lankan Conflict* (East-West Center Washington, 2007), 19. <http://www.eastwestcenter.org/fileadmin/stored/pdfs/ps041.pdf> [accessed 2 February 2016].
- ⁵¹ *Ibid*, ix.
- ⁵² International Crisis Group, *Sri Lanka’s Muslims: Caught in the Crossfire* (2007), i.
- ⁵³ Department of Census and Statistics, Sri Lanka, *The Spatial Distribution of Poverty in Sri Lanka* (2015), 34.
- ⁵⁴ *Ibid*, 39-43.
- ⁵⁵ *Ibid*

⁵⁶ Andreas Johansson, *Sri Lanka Muslim Congress' Rise to Power* (Center for Theology and Religious Studies, Lund University, 2012), 3.

⁵⁷ 'Census of Population and Housing 2012', *Department of Census and Statistics, Sri Lanka*. <http://www.statistics.gov.lk/PopHouSat/CPH2012Visualization/htdocs/index.php?usecase=indicator&action=Data&indId=10> [accessed 2 February 2016].

⁵⁸ Muslim civil society actors, interview by Verité Research, Ampara, January 21, 2016.

⁵⁹ Tamil representatives from Kalmunai Municipal Council, interview by Verité Research, Kalmunai Municipal Council, 21 January 2016.

⁶⁰ Ibid.

⁶¹ Local civil society actors from Marudamanai, interview by Verité Research, Marudamanai Community Resource Centre, 21 January 2016.

⁶² Ibid.

⁶³ Kalmunai Tamil Traders Association, interview by Verité Research, Kalmunai, January 21, 2016. A merged North-eastern Province was first established in 1988 under the terms of the 1987 Indo-Lanka Accord. In 2006, the Supreme Court ruled that the merger was unconstitutional and the Province was de-merged into separate Northern and Eastern Provinces in January 2007.

⁶⁴ Local civil society actors from Marudamanai, interview by Verité Research, Marudamanai Community Resource Centre, 21 January 2016.

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IMAGE SOURCES

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