

The Ethics of Development in a Liberalizing Sri Lanka: Effects on Women

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Popular conceptions of globalization almost always employ the term “inevitable” to describe its course throughout the world. Thomas Friedman proclaims that globalization “is not just some passing trend. Today it is an overarching international system shaping the domestic politics and foreign relations of virtually every country, and we need to understand it as such” (Friedman 7). William Greider tells us that we are heading toward *One World, Ready or Not*. This interpretation of the direction of the world’s economies and politics as inescapably and irreversibly more and more integrated and interdependent has powerful implications for the way we approach problems associated with globalization. If we accept this process as inevitable, we are likely to avoid seeking solutions when ethical dilemmas arise and to reject former ethical codes as antiquated belief structures rooted in the past.

Such a mistake of judgment was made by the Sri Lankan government in the late 1970s and early 1980s, as the United National Party swept up the country with its liberalizing momentum and determinedly opened Sri Lanka to integration with the rest of the global economy. Prior to this liberalization initiative, Sri Lanka, while officially ranking among the lowest in per capita incomes in Asia, nevertheless boasted some of the highest human development indicators, including but not limited to a relatively high level of development with respect to gender. Sri Lanka boasted these figures for a reason: until liberalized, the government had aggressively pursued many populist development policies entailing substantial investment in human development such as education and health care. In other words, prior to the implementation of liberalization, Sri Lanka was dedicated to allowing ethics to dominate decision-making. What was right for the economy was right for the masses.

The notion that Sri Lanka was falling behind in the globalized world, however, began to realize wide prominence in the country, especially in the UNP, in the late 1970s. With a low per

capita and stagnant economic growth, the government felt that it had no choice but to turn to a liberalizing policy to escape these economic realities. This decision was a turning point in the welfare that Sri Lankans, particularly women, would enjoy in the future, as *Ethics* bowed to *Development in a Globalized Economy*. Liberalization had profound and long-lasting implications for women's development in Sri Lanka. The establishment of free trade zones and the labor migration of women transformed women's role in the formal sector. These transformations, coupled with an ethnic conflict that ravaged the country, caused widespread death to men, and forced women into traditionally male roles, made women far worse off than they were before the government so actively pursued its policy of trade liberalization. The benefits of this liberalization in Sri Lanka essentially came at the expense of the country's working women, who came to bear the full burden of a deteriorating economic situation and a devastating civil war.

Pre-Liberalization policy and the status of women

In order to analyze the effects of trade liberalization, it is first necessary to have an understanding of previous economic policies and the role of women under such policies. Sri Lanka's development trajectory took a much different direction than the rest of its neighbors in South Asia. After the country gained independence in 1948, subsequent governments committed themselves to the provision of a wide range of welfare benefits to a large portion of the population. Subsidized basic foodstuffs, free education through the university level, free medical care, and subsidized public transportation applied to men and women alike (Snodgrass 10). These policies were centered on a basic needs fulfillment approach to development, despite the slow economic growth that resulted from them (Gooneratne 4).

These investments in human capital did pay off for women in terms of human development indicators. The payoff can be seen in later day World Bank statistics, which show female life expectancy in 1995 to have been 75 years of age, women's literacy rate 87%, and the maternal mortality rate only 1.2 per thousand births (World Bank). These statistics placed Sri Lanka far ahead of other countries in the region, not to mention even ahead of some areas of the developed world. Women enjoyed comparatively better legal and political liberties, having won the vote in 1931, just three years after Britain. Sri Lanka also had the world's first female prime minister, Sirimavo Bandaranaike, who came into power in 1960 along with the Sri Lanka Freedom Party (Risseeuw 206).

Although women benefited from the social welfare policies of the post-independence governments, this does not imply that they did not experience a basic subordinate position in Sri Lankan culture (Brochmann 85). The British colonial influence instilled Victorian norms that reinforced the patriarchal structure of society (Thiruchandran 10). It was not culturally acceptable for women to be the breadwinners in the house, let alone be the lead decision-makers in the household. According to Grete Brochmann in her study of the status of women in Sri Lanka, prominent virtues for women included “chastity, docility, passivity, obedience, and subservience in a life guided by the demands of the household, no matter what the particular ethnic/religious contexts” (Brochmann 88). The populist policies strengthened these conceptions, as the women's development centers, established with the purpose of assisting women, only trained them in “feminine” but not marketable skills (Risseeuw 206).

Regardless of the challenges facing them, women have long been a stable component of the Sinhalese labor force, working in agriculture, in the informal sector, in industry, and in the plantation sector (Brochmann 92). The “feminine” skills encouraged by the populist government

(in 1970-77, just before liberalization) translated into female employment in the handlooms sectors, and in handicrafts, pottery, and other traditional crafts (Brochmann 93). From 1946 to 1981, the female labor force increased by 119%, compared to an 84% increase in the male labor force. These statistics, of course, do not include housework as part of the labor force, and demonstrated that women were systematically concentrated in lower-earning sectors of employment (Brochmann 92).

The Beginnings of Liberalization

According to Donald R. Snodgrass of the Harvard Institute for International Development, mainstream development economists see this early period of Sri Lankan development policy as a history of missed economic opportunities, due to the continuation of their populist economic policies that “failed to establish the incentives needed for investment and economic growth” (Snodgrass 10). These pre-liberalization policies left the country with worsening balance of payments, high unemployment, and slow economic growth, as the population increased and resources diminished (Ratnayake 6).

The worsening economic performance of the 1970-1977 government opened the door for the UNP to come to power on a platform of economic liberalization. They enacted several sweeping political and economic reforms that would entirely change the functioning of the economy, including the removal of import controls, the offering of tax incentives to investors, the establishment of the first Investment Promotion Zone (Free Trade Zone) near Katunayake International Airport in 1979, the elimination of price controls, agricultural incentives, privatization of many state services, and a devaluation of the rupee (Snodgrass 18). Liberalization signified a fundamental shift for the Sri Lankan economy, moving it from an

inward-looking, fairly closed and controlled economy to an outward looking one that focused on heavy market orientation.

Sri Lankan policy makers enacted these reforms while trying to emulate East Asian policies and institutions (Snodgrass 26). These “economic miracle” countries, such as South Korea and Singapore, used their comparative advantage in labor, i.e. sweatshops, as a steppingstone to industrialization. Sri Lanka took out massive loans from the World Bank, the International Monetary Fund, and the Asian Development Bank to shift resources from its welfare policies and begin building the infrastructure—such as harbors, airports, dams, and roads—needed for an export-oriented economy (Lowe).

Impacts of Liberalization on Women

The new open economy had several consequences for the role of women in the workforce. The worsening economic conditions made it necessary for women to find new sources of income to help support their families. Although the largest proportion of women are still employed in agriculture, this paper will focus on the new areas of employment caused by the changing macroeconomic conditions of the country. The three main employment arenas that opened up for women after 1977 were the Free Trade Zone (FTZ), the tourist sector, and labor migration to the Middle East (Brochmann 93). However, work in the tourist sector lost significance as the devastating ethnic conflict in the country escalated (to be discussed later in the paper). Furthermore, these changes destabilized some of the more traditional female occupations, such as work in the handloom sector where over 40,000 women lost their jobs after 1977 (Brochmann 93). As the export-oriented industries in the FTZ and labor migration were

the largest sources of change for Sinhalese women, the next sections will delve further into these arenas.

Free Trade Zones and the Garment Industry

The opening of Sri Lanka to foreign investment flooded the country with investors from Europe, America, and East Asia, who sought to transfer their industries there and take advantage of the low wages, relaxed labor laws, long tax holidays, and other lax policies toward labor. The largest attraction was a workforce of educated and submissive young women whose labor could be exploited with overwork and low wages (Dabindu). In 1992, about 91% of semi-skilled workers, 73% of the unskilled ones, and 89% of trainees in three FTZs were women. The largest industry in these FTZs was the garment industry, in which 90% of the workers were women (FAO).

Although the multinational corporations that established themselves in the FTZs paid wages that were significantly higher than could be found with other employment opportunities, the conditions of the factories undermined both women's and labor rights. Women workers faced compulsory overtime and almost impossible hourly targets to complete orders in time, and also experienced psychological abuse from their supervisors (Dabindu). Many of the factories did not have adequate health and safety measures, and the lack of public transport made for dangerous conditions when returning home late at night to their crowded boarding places (the government had not spent money on housing infrastructure to hold the influx of workers).

Furthermore, only 23% of the formal sector workers were organized in trade unions, and since the establishment of FTZs the formation of unions has been discouraged. The weakened labor bargaining position of women made it easier for more lax labor standards to be imposed.

For example, an amendment proposed in July 2000 sought to change maximum overtime for women to 100 hours per month, whereas earlier legislation stated that maximum overtime could only be 100 hours per year (Dabindu).

The women that work in the FTZs bring in a major portion of much needed foreign exchange to Sri Lanka. This foreign exchange is desperately needed by the tumbling economy to help the government pay off its debts. Many of the women send their earnings to families in the poor villages from where they came, thus supporting not only themselves but also a significant portion of the population. Yet they are usually held in low esteem by society, and neglected by government policies that promote foreign direct investment while at the same time undermine workers rights in order to remain “internationally competitive” (Dabindu).

Women Labor Migration

Sri Lanka has also come to be dependent on the earnings of female migrant workers as a source of foreign exchange. The liberalized economic policies of the government encouraged labor to flow from the country, so that the private transfer of foreign exchange could help to increase national savings. Private remittances made from these workers back to their home country financed 56% of the government deficit on current payments for goods and services. The value of the net private transfers was equivalent to 60% of the value of tea exports, making it the second largest source of foreign exchange to the country (Brochmann 57).

In 1988, 66% of the Sri Lankans who left the country looking for overseas employment were women. Of the estimated 800,000 Sri Lankans employed overseas 500,000 of them were working as housemaids, and sending earnings back home to support their families (CENWOR).

The primary destinations of migrant domestic workers were the West Asian countries of Saudi Arabia, Kuwait, Lebanon, and the United Arab Emirates.

The phenomenon of female labor migration to these countries had much to do with the oil price boom and the increased demand for labor power in this region, as well as rising levels of unemployment back at home. Families could no longer make adequate incomes to meet their basic needs (as the government no longer met these needs for them), and the wage differentials between the Gulf countries and Sri Lanka were so high that migration became a tempting source of income (Brochmann 64). Sri Lanka has a monopoly on supplying labor power to the Gulf, as many other South Asian countries had imposed restrictions on female labor migration for cultural and religious reasons (Brochmann 64).

The Sri Lankan government promotion of the private sector allowed for foreign employment agencies to recruit female labor in Sri Lanka, and facilitate the process of labor trafficking (Brochmann 66). Policies such as liberal rules for agencies, travel arrangements, passport provision, and reintegration assistance help the government maximize its revenue from labor export without too much concern for the social implications of this migration (Brochmann 70). Although the government tried to control the recruitment process to some extent, the agencies are virtually unregulated and often overcharge migrants for the use of their services (Brochmann 68). Most of the female migrants come from very poor backgrounds, and have to borrow money at high interest rates to get the capital to pay such fees.

The challenges faced by Sri Lankan women migrants are many. First, migration constitutes a radical decision on the part of many women, as most are married, and often have young children (Brochmann 64). Migrants are practically cut off from direct contact with their spouses and children, and have to deal with the psychological impact of being placed in a

completely foreign environment (Brochmann 65). In these environments they face the triple burden of being ethnic aliens, unskilled workers, and women. Housework in the Gulf is physically and mentally demanding, and the low class position of the maids makes them more vulnerable to exploitation (Brochmann 114). Physical, psychological, and sexual abuse is not infrequent, as they are virtual nonpersons in the Arabian home (Brochmann 111). However, pressure to migrate is constantly increasing in Sri Lanka, primarily due to the ethnic conflict that forces men and women alike from their homes.

Ethnic Conflict and its Consequences for Women in Sri Lanka

The effects of trade liberalization on women are further complicated by the ethnic conflict that has ravaged the country for the past nineteen years. The fighting between the Sri Lankan government and the Liberation Tamil Tigers of Eelam (LTTE) has killed more than 50,000 people and forced more than one million to become refugees in their own country, since the beginning of the conflict in 1983 (BBC). The tensions began when the Tamil Hindu minority, who account for 12% of the island's population, demanded a separate homeland in the northern and eastern regions of the country after facing years of discriminatory policies enacted by the majority Sinhalese Buddhist nationalist governments (BBC).

The widespread deaths, disappearances, and recruitment of males have left women with no alternative but to assume "non-traditional" roles as the breadwinners and decision-makers in the family (Oxfam). It is estimated that there are 18,657 war widows in the Northern peninsula alone, where the fighting is heaviest (De Soysa). Many women feel that the removal of the male figure of support left a vacuum that increased their burden of caring for the children and household, while attempting to be the sole breadwinner as well (Thirchandran 10). Single

motherhood further complicates the decision of women to find work in the FTZs or abroad. This is not to mention the incredible amount of psychological devastation that comes from warfare.

The war has blurred the conventional boundaries of women as they are increasingly recruited by both the Sri Lankan Army and the LTTE (Oxfam). The loss of both women and men to the ethnic conflict has devastating implications for the family unit, as more and more children are left as orphans and the villages are straining to find means to support them. Meanwhile, government spending on the social sector has decreased, as spending on the defense budget was 75% greater than on the social sector in 2001. The defense budget is said to take up more than one third of total government revenue (BBC). Thus the country's dependence on the revenue generated by female workers abroad and in the FTZs is accentuated by the ethnic conflict that drains most of the country's human and financial resources.

Impact Analysis of Trade Liberalization on Women

Before critiquing the impacts of Sri Lanka's trade liberalization policies on women, it is worth mentioning that this paper has glossed over ethnic and class distinctions between women in Sri Lanka in order to analyze the more general trends that these policies create. Women from a lower socio-economic background will be much more likely to migrate or to work in an FTZ than will women from the upper class. Although all people in Sri Lanka are in some way affected by the ethnic conflict, it bears a particularly high cost to Tamil women who live in the war-torn northern and eastern regions. These distinctions demonstrate how although trade liberalization may impact women as a whole more than their male counterparts, certain communities of women are affected even more.

Trade liberalization has both positive and negative consequences for women in Sri Lanka, both of which are complicated by the effects of the ethnic conflict. On one hand, new opportunities have been created for women to increase their bargaining position within Sri Lankan society. More and more women are becoming the primary breadwinners in the family, as the incomes that they earn in both the FTZs and as migrant workers are much more than either they or their spouses could earn at home. The increased income could give them greater leverage in the household, and therefore increase their participation in decision-making. Of course, such a change would actually entail a shift in the mentality of the patriarchy towards women, since women working in FTZs or abroad would not be physically present in the household. Conversely, men could also resent the greater incomes of their spouses and find an outlet in greater rates of domestic violence.

The ethnic conflict, although in a perverse way, has also enabled women to fill roles in society previously only occupied by men. This is analogous to women's in the U.S. taking on non-traditional roles during World War II, prompted by Rosie the Riveter. This empowerment later served as a source of inspiration for the women's liberation movement. The argument can also be made that the increasing numbers of women soldiers indicates that women are being placed on a more equal footing with men, but this phenomenon has more to do with the increasing brutalization of women than the enlightenment of patriarchal thought.

The entrance of more women into the formal sector and their filling of non-traditional roles seem to be positive impacts of trade liberalization, but it must be asked what other options were available to these women? Undoubtedly women did not leave behind their children, families, and communities to seek work in FTZs or abroad because they were sick of their household chores. They were forced to seek employment in these areas due to their dire

economic situations, and the knowledge that their children may starve if they did not find money to send home to them. This situation differs radically from the entrance into the workforce of many Western women (of course, mainly from the upper-class) who sought employment in the formal sector by choice.

Women, essentially, form the backbone of the Sri Lankan economy. Although this is true of most societies throughout the world, women in Sri Lanka bear an especially high burden. The country is completely dependent on them to work and earn foreign exchange reserves for the banks, to run the households, and as of late, to supply military power. They also supply almost all of the labor power for the tea plantations that produce Sri Lanka's largest export. However, the resources have not been mobilized to ease the disparate impacts of trade liberalization on women. The burdens that they face by taking on multiple roles have not been recognized by society or by governmental policies.

Granted, trade liberalization has succeeded in increasing the economic growth and the per capita GDP of the country compared to the pre-liberalization period, even with the ongoing ethnic conflict (Snodgrass 3). But this increased economic growth can be mainly attributed to the work of women—at great costs for them. The discrepancy between the development goal of economic growth and its negative impacts on women comes down to a fundamental question of development as growth or development as human welfare. Many neo-liberal economists argue that increases in the former will lead to increases in the latter. The East Asian “Tigers” followed this formula, and are now considered economic success stories although they all went through painful growing periods in which many citizens were left unemployed or faced horrendous conditions in sweatshops. It is argued that all developed countries went through this stage of industrialization as well. The critical dilemma faced by the Sri Lankan government is that, due

to the continuing conflict, it does not have the funds to invest in the social programs that would help its citizenry adjust to the changes brought on by liberalization.

Outlook for the Future

Women's development in Sri Lanka can be aided, first and foremost, by a resolution to the ethnic conflict that has been ravaging their communities for such an extended period of time. A glimmer of hope came towards the achievement of this goal when a Norwegian envoy negotiated a "permanent" ceasefire between the government and the LTTE, in February 2002 (BBC). An end to the conflict would stop the havoc wreaked upon many women's lives, and would slow the deterioration of the family unit in areas most affected by the war. Peace would also allow the government to focus its money and energy on the people it is supposed to serve.

More resources need to be devoted to the social welfare of women, and legislature enacted that would guarantee, and enforce, the rights of women workers both domestically and abroad. If the government is to continue its policies of trade liberalization, it can no longer take the labor of the country's women for granted. Inefficient women's development agencies, such as the government's Women's Bureau, need to be strengthened in order to more effectively meet the needs of the women it is designed to help (Risseuw 207). Social programs need to be expanded across the board, as women can only thrive in a society where all members are better off.

However, given the current financial constraints of the government a greater role in women's development must be played by non-governmental organizations (NGOs). NGOs, such as the Center for Women's Research (CENWOR), are playing an increasing part in "confronting violations of women's rights as human rights, promoting women's entry into non-traditional

occupations, and creating awareness of gender issues” (CENWOR). In addition, the Secretary-General of the South Asian Association for Regional Co-operation (SAARC) made an official visit to Sri Lanka in February of 2002 to discuss social welfare issues and women’s issues in particular. Sri Lanka agreed to support the special initiative of the 11th SAARC summit to give a new emphasis to poverty alleviation in the region. The country also welcomed the SAARC initiatives aimed at welfare of women and children, and has taken some of the necessary measures for the implementation of the two related conventions signed at the 11th SAARC summit. As a result of this meeting, an Independent Advocacy Group of Women was set up by SAARC countries to promote women's issues in the SAARC region. Along with international NGOs such as Oxfam and SAARC, these organizations are working to better women’s communities from the ground up. The government should form partnerships with these organizations to better distribute resources, build support networks, and focus on self-help groups such as micro-credit institutions.

Finally, international communities need to recognize the crises faced by women in Sri Lanka. As much of the country’s economic woes are caused by balance of payments problems, perhaps some investigation should be made into possible debt relief. Also, foreign countries in which Sri Lankan migrant laborers are working need to recognize the rights that those women have while working in their countries. Lastly, the international community needs to pay more attention to the ethnic conflict that exacerbates the economic conditions in Sri Lanka, and violates women’s human rights there. Although many of the superpower nations do not have an economic or strategic interest in the country, the undermining of women’s rights somewhere bear consequences for women’s rights everywhere.

This paper has tried to reveal the relationship between the macroeconomic policies enacted by a government, namely trade liberalization, and the implications of these policies for women's development. Liberalization not only placed the Sri Lankan woman into a new role within the economy, but also affected her ability to deal with her other roles within her culture and her society. Although women's development in Sri Lanka has a long way to go, the cooperation of the national government, foreign governments, and non-governmental organizations is needed to see that potential improvements can and do occur in the future.

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