State capacity, ideology and the management of Covid-19

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Introduction

The Covid-19 pandemic changed the world beyond imagination, impacting governance and state capacity. It is the opportune time to ask, how did South Asia do? In this Perspective, we orient our attention towards two South Asian states: India and Sri Lanka. We focus on how Covid and its management impacted labour relations by highlighting labour-related policies formulated by both the states during the initial periods of the pandemic.

Before the pandemic hit, India and Sri Lanka were already economically dwindling, marked by subdued economic growth, rising unemployment and inflation. Between 2017 and 2019, the Indian growth rate slipped to below 7 and 5 percent respectively (World Bank, 2022a). Comparably Sri Lanka's growth rate, dropped below 4 and 2 percent, in 2017-18 and 2019 (World Bank, 2022b). Sri Lanka's debt levels were already perilous and aggravated during the pandemic resulting in its declaration of bankruptcy in 2022. (CBSL 2022).

The extent to which the state harnesses the benefits of growth depends on its capacity to extract resources (pubic revenue) and distribute/deploy, such resources (public expenditures) prudently, thereby commanding legitimacy from the public at large. Although both countries have been committed to economic liberalisation, neo-liberalism has impacted the provision of health and labour protection, more in India than in Sri Lanka, at least at a polity-wide level.

States in India have greater autonomy in formulating health and labour policies due to the federal mechanism established on the principle of decentralization of power. While federalism has undermined the emergence of a well-developed national health and labour protection infrastructure, it has also created space for the development of subnational health and labour regimes, which sometimes surpass, but sometimes also undercut the national standard. The scope for subnational variance is much smaller in Sri Lanka, despite health being in the concurrent list of the 13th Amendment, made in 1987, to the Constitution. Although both the national and provincial governments have responsibility over health, the inadequacy of fiscal federalism in Sri Lanka has thwarted its realization.

The divergence between India and Sri Lanka stems not only from variations in the centralization of the state (vertical concentration of power), but also from the extent to which power is concentrated in the executive or military at the expense of the legislature or parliament (horizontal concentration of power). The civil war and its aftermath in Sri Lanka have left the military in a stronger position, as was visible in their involvement in the management of the pandemic (Kadirgamar 2013; ITJP 2021; Ruwanpura 2022). Furthermore, although the dominance of the Bharatiya Janata Party (Indian People’s Party) at the national level in India has generated a remarkable concentration of power in the Prime Minister’s Office, it remains lower than in Sri Lanka. There the ‘power-sharing’ features of the semi-presidential system (the assumed sharing of power between a directly elected President and a parliamentary government headed by a Prime Minister) were crowded out by the effective concentration of power in and around the Rajapaksa family, until the breakdown of that regime (mid 2022). This concentration of power contributed to the partial side-lining of health officials in leading the pandemic response and weakened the advantages of Sri Lanka’s public health system and labour protection. Rising corruption and increasing indebtedness has eroded the institutional capacity of the Sri Lankan state.

Variations in State capacity and the Initial Pandemic Response

Commentators note that the capacity of the South Asian states is comparatively weak. With reference to India Ganguly and Thompson (2017) associate weak state capacity with the inability to
extract and spend resources; weak legitimacy of the state in the eyes of the wider public due to corruption or the low quality of public goods and the presence of non-state violence especially in the border regions of Kashmir and the North-East of India.

Sri Lanka, in contrast, is associated with stronger state capacity, despite three decades of war. Electoral politics with suffrage rights and vast irrigation resettlement schemes in border areas of the country increased the capacity of the state and the development of rural areas. Roll out of accessible health care and schooling facilities followed. These made Sri Lanka, a ‘textbook development case’ of how low income and low growth countries could nevertheless achieve impressive advances in human development, such as literacy, schooling, infant mortality and life expectancy (Venugopal, 2018). Post-independence, the main (predominantly Sinhala) parties were expected to sustain said policies to retain the electoral support of the rural poor voters. Even so, even in Sri Lanka average annual public expenditure on health as a percentage of the GDP has declined from a peak of 2.13% during 1960–1969 to 1.33% during 2010-2017 (Sarvananathan and Sivakaran 2021).

Taken together, the inherited capacity of the Sri Lankan state in national health infrastructure and the stronger commitment to state intervention in welfare generated the most effective response during the onset of the pandemic in South Asia (Basu and Srivastava 2021). Like India, Sri Lanka adopted lockdown measures (including curfew) by March 16, 2020, in response to the first Sri Lankan citizen testing positive to CoVID-19 on March 10, 2020. However, at inception the lockdown only included shutting down the international airport from the midnight of March 16, 2020. The country had sufficient secure facilities for treating infected patients. Furthermore, it quickly put in place testing and escalating contact tracing efforts coupled with public awareness raising campaigns on prevention.

There was also an effort at protecting worker rights and safeguarding livelihoods. A tripartite agreement between the government, labour unions, and the Employers' Federation of Ceylon (EFC) was in place by May 2020. This assured that workers in the private sector would be paid 50% of the basic salary or Rs.14,500 per month, whichever is higher, during the curfew and lockdown due to the pandemic. The Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971 and amendments was changed through an extraordinary gazette notification on February 25, 2021. Its aim was to double the compensation in event of involuntary termination of employment to 2.5 million rupees from the earlier amount of 1.25 million rupees.

Overall, this health and social response may have contributed to cushioning the immediate economic fall-out of the pandemic, although its effects continue to reverberate. Compared to India, the contraction of the economy was less severe in Sri Lanka. However, tourism and tea exports were severely affected straining the external debt repayments, leading to sovereign default in April 2022. Only remittances were above their pre-crisis levels during the third quarter of 2020. Yet, remittances too changed for the worse from the latter half of 2021. Moreover, significant tax cuts (on both income and consumption taxes) made by the then President from December 2019 dramatically reduced government revenue, although tax cuts were set in motion from 2015. To illustrate, total government revenue plus grants as a proportion of the GDP dramatically dropped from 12.7% in 2019, to 9.1% in 2020, and 8.7% in 2021. This low revenue generation alone undermined the fiscal space for increased public expenditures on health during the pandemic.

In India, the first case of COVID-19 was reported in Kerala on 30 January 2020 and the first death occurred on 13 March 2020. Given the localized nature of the early outbreaks and their constitutional responsibility for heath, the states, as expected, played a key role in the initial management of the pandemic. Eventually, the spread of COVID-19 across India prompted the centre to step in given its shared responsibilities in labour and crisis management (and its role in health through cost-sharing programmes with the states). However, the central government of India imposed a much harsher lockdown than in Sri Lanka, resulting in a comparably sharper contraction of its economy (by as much as 24 percent in the 2nd quarter (compared to the first). This stands in contrast with a contraction of ‘just’ 16.4 percent in Sri Lanka during the same period. The harsh lockdown in India did not stop the spread of the virus. Furthermore, without the same level of labour protection as
in Sri Lanka, 120 million job losses were reported within the first few months of the lockdown (Jha and Kumar 2020: 46).

**Variations in the Vertical and Horizontal Concentration of Power: Implications for Pandemic Management**

Although in terms of state capacity Sri Lanka was better placed to respond to the pandemic; India had different advantages. The federal structure of India provides opportunities for regional variations in the provisioning of welfare (Tillin, 2021). States with the strongest welfare tradition may therefore decide to counteract socially regressive policies of the centre or add to its stimulus response – notwithstanding, federalism may also enable the intensification of neo-liberal policies at the regional level.

This stands in contrast to the Sri Lankan provincial councils which are much weaker as they operate within the structure of a unitary and at best decentralized state. The previous ‘good governance’ regime (2015-2019) and the subsequent Rajapakse regime (2019-2022) have postponed the direct election of the provincial councils and further centralized the polity. Besides, the financial resources available to the provincial councils in Sri Lanka (both outright grants from the national government as well as its own tax and non-tax revenue) are inadequate to provide any meaningful welfare to the labouring and other marginalised classes at the provincial level.

India’s federal structure is critical for understanding the country’s pandemic response because federalism gives considerable legislative and administrative powers to the states in key competencies, such as public health, public order, and sanitation (Sahoo and Ghosh 2021). The latter are enlisted as exclusive state legislative powers in the Seventh Schedule of the Indian constitution, while labour is enlisted as a concurrent entry—implying that both the centre and the states can legislate on labour. Federalism in India constrains the capacity of the nationally ruling Bharatiya Janata Party (BJP) to centre the polity along the lines of ‘One Nation Federalism’ (Sharma and Swenden, 2018; Aiyar and Tillin, 2020) with an integrated and harmonized market in which fiscal and legislative powers are concentrated at the central level and in which the states and districts largely implement centrally designed policies with limited discretion for subnational variation. While the BJP asserted its authority by declaring the pandemic a ‘national disaster’ during the first national lockdown, the states regained control in the process of gradual unlocking, and with it, cross-state variations in the response to Covid-19 resurfaced. Regional governments led by welfarist parties in national opposition, such as the the Communist-led Left Democratic Front (LDF) government of Kerala and the Aam Aadmi Party (AAP)-government of Delhi expanded their pro-welfare policies, in line with their more pro-welfare orientation before the pandemic. For example, Kerala provided social welfare pensions, offering relief to labourers due to job-loss as well as free food kits with 17 essential items to every household from March 2020. More than 1100 community kitchens were also started under 1034 Local Self-Government Authorities reaching nearly half the state’s population. The state also added to its health insurance and literacy policies protecting its large number of migrant workers. Comparable policies were also formulated in Delhi even though the implementation thereof encountered stronger resistance from the centre, given Delhi’s constitutional status as a ‘union territory’ and not a full-fledged state. In contrast, some BJP-ruled states, e.g. Haryana, Gujarat, Madhya Pradesh, Uttarakhhand, Himachal Pradesh and Uttar Pradesh suspended labour laws and various forms of labour protection and used Covid-19 as a pretext for introducing greater ‘labour flexibility.’

Apart from federalism, India and Sri Lanka are divergent in the extent to which the military wields influence in the socio-political life of these respective countries. Despite the significance of the security state in the border regions (chiefly Kashmir, the North-East and to a lesser extent Punjab) of India, the primacy of civilian rule in the governance of the Indian state is well-established (Wilkinson 2015). In contrast, in Sri Lanka, the significance of the military in multiple spheres is a legacy of the civil war (1983-2009) (Kadirgamar 2013; Ruwanpura 2017; Venugopal 2018; ITJP 2021). The
allocation of scarce public resources between 2017 and 2021 testifies to this prioritization of armed forces. For instance, for every rupee (LKR) the Sri Lankan government spent annually on health, it spent between 1.62 (lowest in 2020) and 1.97 (highest in 2019) rupees on defence notwithstanding the pandemic. Sri Lanka’s total number of armed force personnel (317,000 for a population of 22 million) is more than double that of the United Kingdom (149,000 for a population of 57 million) (CBSL World Bank 2020). Successive Sri Lankan governments then have de-prioritised public investments in health (and in education) and elevated defence, despite a cessation of hostilities after the Civil War. Reflecting the prioritization of the military during the Gotabaya Rajapaksa reign, military and political appointees attempted to side-line health professionals and the civil service managing the pandemic (ITJP 2021; Ruwanpura 2022). Various task forces were appointed during the pandemic where the military played a key role; leading military officers were tasked to head civilian roles (CPA, 2021; ITJP 2021). This militarization coincided with the reinforcement of the executive and a family regime, answerable to only the President – with corruption systematized over time. The loss of control of the virus spread from October 2021 is partly attributed to cosy alliances between the corporate sector and the military, this time the CoVID-19 Task Force (Ruwanpura 2017, 2022). The upshot was that the President did not order the closure of garment factories despite virus outbreaks there and in boarding houses; nor was enough done to alleviate the spread of the virus in overcrowded prisons or detention centres (CPA 2021).

Conclusion

We have tried to locate the experience of India and Sri Lanka on pandemic management and assess its implications for labour protection, especially for vulnerable workers. Overall, our analysis underscores the extent to which the pandemic has reinforced rather than reversed inequities in the protection of labour and health of workers. Indeed, CoVID 19 has adversely affected economic and social development in both countries, with its impact equated with that of the Great Depression of the1930s (Barbate et al 2021).

While Sri Lanka seemed to weather the pandemic better at the very outset, this changed towards the second half of 2020. Although India is moving towards increased centralisation, its federal structure enabled state governments to co-shape the pandemic response during the process of unlocking. At least in those states controlled by pro-welfare parties such as Kerala this helped to protect the health and labour conditions of vulnerable workers. Sri Lanka’s stronger health infrastructure and labour protective measures initially aided the country, but as a unitary state with weak provincial councils there is - unlike in India - limited capacity for subnational variations in the response to the health crisis and the protection of workers. Furthermore, centralization of political power, militarization coupled with endemic corruption have catapulted the downward slide witnessed since. In both cases, the consequences of the pandemic may have enduring regressive implications for labouring classes. Although hearteningly, Sri Lanka’s on-going public protests suggest that erosion of the social floor will be staunchly contested and resisted.

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References


