Secure Livelihoods Research Consortium

Researching livelihoods and services affected by conflict

Hospitality and exclusion:

A study about post-war tourism in Passikudah

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cepa centre for poverty analysis

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About us

The **Secure Livelihoods Research Consortium (SLRC)** aims to generate a stronger evidence base on how people make a living, educate their children, deal with illness and access other basic services in conflict-affected situations (CAS). Providing better access to basic services, social protection and support to livelihoods matters for the human welfare of people affected by conflict, the achievement of development targets such as the Sustainable Development Goals (SDGs) and international efforts at peace- and state-building.

At the centre of SLRC's research are three core themes, developed over the course of an intensive one-year inception phase:

- State legitimacy: experiences, perceptions and expectations of the state and local governance in conflict-affected situations
- State capacity: building effective states that deliver services and social protection in conflict-affected situations;
- Livelihood trajectories and economic activity under conflict

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About the Author

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Acronyms

BRA	British Resorts Association
EPF	Employee Provident Fund
ETF	Employee Trust Fund
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GN	Grama Niladhari
ICG	International Crisis Group
ICT	Information and Communication Technology
ILO	International Labour Organization
KKC	Karenkalaicholai
LSR	Lanka Sportreizen
LTTE	Liberation Tigers of Tamil Eelam
NGO	Non-Governmental Organisation
PC	Paddiyadichenai
SLTB	Sri Lanka Tourist Board
SLTDA	Sri Lanka Tourism Development Authority
SMEs	Small and Medium-Sized Enterprises
STZ	Special Tourism Zone
TMVP	Tamil Makkal Viduthalai Puligal

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1 Introduction

1.1 Background to the study

Following the end of Sri Lanka's 30-year civil war,[1] former President Mahinda Rajapaksa set the country on a path of maximising economic growth. The emphasis was on large-scale urban transformation and infrastructure development to attract global capital and tourism. In line with the lofty ambitions for the tourism industry as 'the next big thing' was the post-war state's belief in its potential to generate employment and increase incomes. The Mahinda Chinthana – the previous regime's national policy framework –therefore identified tourism as an important industry that could 'provide benefits to every segment of society in a justifiable manner', while 'promoting investments on infrastructure based on commercial and economic returns' and creating 'equitable access to such infrastructure development to enable people to engage in gainful economic activities' (Department of National Planning, 2010).

Rajapaksa's post-war development agenda was also premised on the idea that economic development was a panacea for the ethnic conflict. This narrative saw the war as having impeded development and growth and the war's end as the inauguration of an era of fast-paced development, especially in the North and East. The result was that the primary theatre of war became the crucible for centrally driven, high-investment mega-development interventions, often with military involvement, that could showcase Sri Lanka's transition from war-torn country to the 'miracle of Asia.'

Today's Passikudah, a luxury resort on Sri Lanka's eastern seaboard and the focus of this research, is a product of this ideology. The estimated number of foreign visitors to Passikudah's high-end resorts is approximately 58,000 a year (ILO, 2014: 9). Approximately 17,000 local tourists visit the area every year and, on average, every tourist spends five days in Passikudah, while 62,000 visitors make day trips to the beach strip each year (ibid.). At the time of data collection, there were seven resorts and 14 guesthouses and homestays in the Passikudah-Kalkudah area, amounting to a total of 469 accommodation units or rooms (ibid.).

1 In May 2009, the armed forces of the Government of Sri Lanka confirmed victory over the Liberation Tigers of Tamil Eelam (LTTE) declaring the end of the civil war that had ravaged the island since 1983.

Passikudah, and other similarly designated tourism zones, was not merely part of an industry but a key to transforming the political and subjective economies of the nation. In the context of post-war tourism development in Passikudah, political economic relations have shaped the way communities experience, perceive and participate in the industry. Thus, the subjective economy engages not simply with the subjective or psychological dimensions of capitalist relations, but also with the ways in which subject positions are created by such relations.

These tourist zones were seen as key to generating economic wealth as well as rebranding Sri Lanka as a 'mosaic of tourist destinations'. Tourism was positioned to be the number one foreign exchange earner by 2020, in addition to generating 700,000 new jobs driven by the projected arrival of 2.5 million high-spending tourists by 2016 to 'the world's most treasured and greenest island' (Department of National Planning, 2010: 164).

Moreover, the return of development to the war-torn North and East was underpinned by an understanding that any problems that remained after the end of war were related to development and not justice. The change of regime in January 2015 did not see any dramatic change from the emphasis on linking economic development (including tourism) and reconciliation and justice. In his parliamentary address on 5 November 2015, Prime Minister Ranil Wickramasinghe stated that 'many qualified people prefer well-paying jobs' and it was 'not viable to maintain a low paying production based economy' and 'we need to look into sectors like ICT [information and communication technology] and tourism to create employment opportunities in the short run' (News.lk, 2015). Investment in tourism thus ranks high in the budget proposal of 2016 (News.lk, 2016) and the Tourism Development Strategy 2011–2016 is still shaping policy.

Notwithstanding all the state-sponsored optimism, evidence that post-war development initiatives in Sri Lanka have in fact contributed to employment generation is extremely sparse. A limited number of studies present evidence that tourism development, particularly in the war-affected North and East, has not managed to create sustainable jobs for people from war-affected communities (Sarvananthan, 2016).

It is in this light that this research aims to understand the social, economic and political dynamics and effects of post-war tourism development in Sri Lanka. Through a case study of Passikudah, it casts light on how multiple local and supra-local interests and conflict-related fragilities are embroiled in post-war tourism development.

The study views tourism as a post-war dynamic that is best understood through its 'effects' rather than its 'impacts', which tend to be unidirectional and read as highlighting either the positive or the negative sides of the industry. To this end, it presents a contextually grounded and fine-grained analysis of the political as well as the subjective economies of the communities which constitute tourism development in Passikudah.

Such an analysis assumes significance given that war-affected communities in Sri Lanka are engaged in a seemingly endless struggle to secure livelihoods and rebuild their lives while positioned along many inimical social, economic and political fault lines. These fault lines operate not only at the level of gender, class, caste and ethnicity but also in relation to capital and labour, the market and the state and the centre and the periphery (Murray, 2001: 2).

These intersecting fault lines generate fragilities and vulnerabilities across different levels, creating complex conditions that reproduce and rupture patterns of accumulation and relations of power, driving poverty and exclusion (Murray, 2001: 5). They also undermine any paradigmatic assumptions regarding the link between the creation of opportunities for individual economic gain and economic, social and political stability.

Typically, livelihoods research fixates on a particular level of analysis (especially the household), often examining combinations of modes of livelihoods and of relationships between them. Far from doing this, we focus on inferring the broad trends of continuity and change in political economic and social relations, and critically investigating structures, processes and institutional frameworks that mediate relations at and between the macro, meso and micro levels (Bagchi et al., 1998; Bryceson, 1999; Carney, 1998; de Haan, 1999; de Haan and Brock, 2000; Francis, 2000; van Onselen, 1996). It investigates vitally important processes of marginalisation, dispossession, accumulation and differentiation in war-affected communities *vis-à-vis* tourism development. Relatedly, the study also explores the character and import of the diverse subjective meanings allocated by different actors to tourism development in Passikudah.

Credit: SLRC/Mira Philips

Rope dividing public and private beaches: About 58,000 foreign tourists visit Passikudah's high-end resorts each year, while 17,000 local tourists and 62,000 day trippers visit the local area

1.2 Research questions

The main research question driving this enquiry is: *What are the economic, social and political dynamics and effects of tourism development in war-affected areas such as Passikudah?* This question is further deconstructed into sub-questions relating to the political and subjective economy of post-war tourism development.

- How has tourism development altered political economic relations in Passikudah?
  - What are the continuities and changes in patterns of livelihoods and employment?
  - With respect to the above questions, what has been the role of the state and how has it shaped ideas of accountability and responsibility on the part of state and private actors engaged in tourism-related activities?
- What are the diverse subjective meanings allocated by different actors to tourism development in Passikudah?
  - What is the social and political economic import of these meanings, especially in terms of (i) gender and ethnic relations and (ii) the role of state and private actors engaged in tourism-related activities?
  - How is tourism development reordering the post-war social fabric?
  - What is the nature of the attendant anxieties and opportunities and how are they being deployed and leveraged, especially in the context of pre-existing or new social fault lines?

These questions are intended to serve as pathways and signposts rather than as discretely articulated headings. These dimensions are seen as being interwoven into the economic, social and political web that is tourism development in war-affected areas, and the methodology and analysis maintain this interconnectivity.

The rest of the paper is organised as follows. In Section 2, we outline the methodology of the research and Section 3 situates the approach taken within the larger literatures on political and subjective economy. In Section 4, we present findings, organised into six emerging themes that illuminate the political, economic and social effects of post-war tourism development. In Section 5, we discuss conclusions and broadly outline recommendations to address issues raised by the research.

2 Methodology

2.1 A qualitative approach

The research questions outlined above called for a predominantly qualitative approach to the research at hand. An attempt to understand how tourism development has altered economic and political dynamics in Passikudah requires both interpretative and constructivist tools to 'capture meanings, concepts, definitions, characteristics, symbols, and descriptions of things' (Berg, 2001: 3). In the field of political economy, case studies have been used to develop and critique diverse theories and to illuminate most subjects studied by political economists (Ahiakpor, 1985; Evans, 1979; Gereffi, 1978; Greico, 1990; Keohane and Milner, 1996; Krasner, 1991). Through an exploratory analysis of the history and the political economy of a single case – Passikudah – this research attempts to ascertain the effects of tourism development in war-affected regions in Sri Lanka. Yin (2012) suggests the case study method is particularly effective as both a means of evaluation and for explanatory research questions asking how or why something happened. This method also allows for the investigation of complex variables of differing importance and can provide a rich and holistic understanding of processes that are anchored in real-life situations (Merriam, 2009).

The research employed multiple qualitative methods. Document analysis was used to analyse policy documents on tourism. The process followed in this study included some steps adapted from Altheide (1996): (i) setting inclusion criteria for documents – tourism-related state policy documents; (ii) collecting documents – documents from the public domain; (iii) articulating key areas of analysis – motivations and the strategies to develop tourism; (iv) document coding and analysis – each document was analysed to determine the extent to which it described, addressed or considered identified themes under motivations and strategies of tourism development; and (v) verification – to ensure consistency and reliability of document assessment, the analysis of every document was verified by a second person.

The primary data collection process was planned and implemented in three phases. The formulation of research questions and case selection was informed by 17 key person interviews, who included academics, development workers, social workers, researchers and activists with a deep understanding of and experience in tourism in Sri Lanka and/or tourism in Eastern province; the post-war political economy and gender issues in war-

affected areas; and the political and economic dynamics of Batticaloa district. This initial round of interviews helped ground the broader research question and sub-research questions in the context; it was through this process that the research team came to the realisation that Passikudah was the best site to explore the questions outlined above.

The first phase of data collection took place between October and December 2014, with primary data collection in Passikudah conducted in multiple waves from January to June 2015. Initially, 10 key person interviews were carried out, to understand the context of tourism development in Passikudah. In this case, the key persons included government officials, development and/or social workers, researchers and hoteliers in Batticaloa. The aim of these interviews was to understand tourism in Eastern province, focusing mainly on Batticaloa and Passikudah, and the political and economic dynamics and the history of Batticaloa in general and Passikudah in particular.

In repeated visits to Passikudah, several interviews and focus group discussions (FGDs) (40 engagements in total) were carried out in Kalkudah Grama Niladhari (GN) division (the administrative unit to which Passikudah belongs). Respondents included current local government officials (GNs) (interviewed four times), a former GN (interviewed twice), a labour department official, six divisional secretariat officials (one FGD), five bank officials, seven resort managers, three small-scale hotel owners, three individuals from Kalkudah working in resorts or hotels and ten hotel employees.

During the visits to Passikudah, six FGDs were carried out among women, youth and the elderly in each of the villages in closest proximity to the resorts – Paddiyadichenai (PC) and Karenkalaicholai (KKC) to ascertain perspectives and experiences (Asbury, 1995) of tourism development. Additionally, FGDs were held with a local fisher cooperative (six male respondents) and the small hotel owners association (one female and five male respondents). Data were collected through a semi-structured group interview process moderated by a native Tamil speaker who was well acquainted with the area. Two or three note-takers attended the FGDs and each captured verbal and non-verbal data.

To collect information about employment and sourcing practices of resorts and small hotels, a rapid survey was conducted. This covered all the resorts (seven) and ten out of the fourteen small establishments in Passikudah.

In addition to the abovementioned data collection methods, participant observation (Creswell, 1998) was also conducted to examine people and settings in the tourism industry in Passikudah. Extensive field notes of individual researchers were compiled after observation, when categories and activities were discussed among researchers.

The limitations of the data in this study are as follows: the research team did not interview tourists/guests of resorts as the assumption was made that their reasons for coming to Passikudah would be reflected in interviews with resort managers; the resorts did not provide access to their corporate human resource practices; the research team was not able to access any records pertaining to land transactions between resort owners and state officials; the researchers did not have access to investment records or terms and conditions of investment in Passikudah; and the research team interviewed respondents in their workplace, which may have meant they were more cautious in sharing their thoughts about tourism in Passikudah.

2.2 The research site

Given that the eastern seaboard is home to some of the most beautiful beaches in Sri Lanka, tourism was always conceived of as an important sector with enormous potential. In fact, as early as 1967, the eastern seaboard was part one of the five resort regions identified by the first Tourism Development Master Plan (1967–1976). This plan identified the 'East Coast Resorts Region' as the beach strip stretching from Nilaveli in Trincomalee to Panama in Ampara district.

With the highly contested Eastern provincial council elections in 2008 and the consequent re-establishment of the civil administration, the prospect of developing tourism in the province, mainly along the coastal belt, re-emerged in the policy domain. State authorities popularised the slogan *Negenahira Udawa* (Awakening of the East) to signal the impending push for developing the east. Even before 2008, the Sri Lanka Tourism Development Authority (SLTDA) had already begun redeveloping the tourism industry in Passikudah, which had been completely devastated by the tsunami in 2004. However, it was after 2008 that the central government revived its plan to develop a resort-based

Special Tourism Zone (STZ) in Passikudah.[2]

Development of the Passikudah STZ must be placed in the context of the contested political changes at the time, such as the Divineguma Bill (passed with amendments in January 2013). This, in the intention of 'uplifting lives', attempted to amalgamate nearly 81 government departments under one entity – Divineguma Department – and thus invaded the sphere of provincial council functions, violating the 13th Amendment to the Constitution of Sri Lanka. At the time of data collection, the Divineguma Department, headed by former President Rajapakse's brother Basil Rajapakse, had a tight rein on development matters in Eastern province. International and local non-state actors as well as local government authorities confided in us that the central government had imposed tight restrictions on even their role in shaping development priorities and that their every move was subject to close surveillance. Needless to say, the space for civil society engagement was at an all-time low at the time of data collection.

An important reality of the initial stages of tourism development was the military's rapid foray into tourism and travel services in the post-war era. This also enabled the folding of the development agenda into the national security state (Senaratne 2014), wherein the militarization of civilian life and a crackdown on dissent created an environment ripe for corruption. The military's involvement in the tourism industry also enabled the sacralization of Sri Lanka's natural habitats by a resurgent Sinhala Buddhist nationalism in parallel with their commodification, and these contextual changes provided the underlying political foundation for the restructuring of the post-war tourism economy.

The Sri Lanka Tourist Board's (SLTB's) ownership of the Passikudah STZ resort area dates back to the land reforms in 1972 (SLTDA, 2014b). While the state has the legal right to the land, it did not follow a participatory process to develop the resorts in the post-war period. A member of faculty of Eastern University reflected on state action in the following way: '*even if the Tourist Board owns the land, the land exists in Eastern province. To what extent did they involve the Eastern provincial council? There are questions about how the resorts got the land*' (interview, 7 March 2015). An FGD with local government authorities in Valachchenai revealed that there were several stakeholder consultations prior to building the resorts. These meetings, convened by SLTB, were heavily attended by prospective investors in resorts, representatives of local government and fishers from the area whose livelihoods were at stake as a result of the development of the resort area. According to a local government representative who attended these meetings, there were hardly any community members present.

During this study, we found that the process of selecting investors and allocating land to build resorts involved neither transparency nor the participation of government actors in Passikudah. In every of one of our interviews with government officials, when we inquired about whether information on selecting investors could be shared with us, the uniform answer was, '*It cannot be released to the public domain*'. Resort owners adopted the same approach and told us we were asking for '*confidential corporate information*'. Thus, official information on the basis on which selections were made and on the individuals of the state and the private parties who were signatories to the official documents remains unavailable. Interviews with civil society actors revealed that the appropriation of land to the resorts was based on political patronage: '*These resorts were doled out to Basil* [Rajapaska] *and Gota* [Gotabhaya Rajapaksa – former Secretary of Defence and another one of the former president's brothers] *and Karuna*[3] *was here to facilitate it*', said one respondent, a Batticaloa-based non-governmental organisation (NGO) worker representing an international NGO (interview, 26 January 2015).

The process of selection for investors (for resorts)

2 Although the concept of STZs does not surface in the official language until after the Tsunami in 2004,when a number of tourist establishments along the coastal belt were destroyed, the government's plans to establish STZs date back to the 1999–2000 period (Samaranayake, 2012: 750). Until recently, with the exception of Bentota, all tourist developments in the coastal Southern and Western regions took place in an unplanned, organic manner, at the initiative of entrepreneurs building small and medium-sized hotels. These establishments had self-planned infrastructure facilities – access roads, sewage and waste disposal systems, electricity, water and telecommunications – which over a short period of time had created severe environmental problems. Such issues included poor roads, bursting cesspits and soakage pits and unhygienic waste disposal (ibid.: 751). Responding to these issues, the Sri Lanka Tourist Board (SLTB) worked on improving specific infrastructure in the Southern and Western region coastal areas. With financial assistance from the Japan Bank for International Cooperation and the UN Development Programme and technical advice from the World Tourism Organization, the SLTB charted a comprehensive plan to operationalise planned tourism zones in the Southern and Western regions in November 2000 (ibid.: 752).

3 Vinyagamurthy Muralitharan, or 'Colonel Karuna', LTTE's eastern military commander, split from the LTTE and formed the Tamil Makkal Viduthalai Puligal (TMVP), which became a crucial part of the government's counter-insurgency campaign in the east. Later, with the support of the TMVP and pro-government Muslim politicians and the Sri Lanka Freedom Party, the ruling party was able to win the May 2008 provincial council elections. Karuna was appointed to a vacant seat in Parliament in 2008.

Credit: SLRC/ Mira Philips

Passikudah belongs to the Kaldukah Gamma Nilahari division. Situated in the eastern seaboard, the area was a hotbed of violence during the civil war

occurred at the top at central government level, with little consultation with local officials or representatives at the divisional or district secretariats, local governments or even the provincial council. The preliminary appraisal of investors took place in Colombo among several government agencies presided over by SLTDA and included representatives of the Urban Development Authority, the Board of Investments, the Central Environmental Authority, the Coast Conservation Department and the Department of Wildlife Conservation. While a representative of one of the above agencies stated that representatives of the central government at the local level (i.e. officials of district and/ or divisional secretariats) were encouraged to attend this consultation, our interviews with the latter did not reveal any such engagement.

Interviews with officials in the divisional secretariat revealed that, once appraisal is completed and recommendations are made regarding certain investors, the respective project proposals are sent to the local authorities to execute the process of registration. A view that several central government representatives in Valachchenai share is that tourism development is the turf of the central government and that local authorities (even if they fall under the purview of the central government apparatus) are not included in the decision-making process: '*We need to develop the area in general in order to have a successful tourism industry here. For instance, having a proper hotel training school, local infrastructure to support the industry is very important. But we are not consulted about these matters*', said a divisional secretariat official in Valachchenai, expressing her dissatisfaction with the process (interview, 29 January 2015).

Passikudah as a destination is therefore a distinct post-war phenomenon. The post-war narratives of 'pristine' and 'unspoilt' beaches and their integration into the political economy of global tourism masks the economy of violence, conflict and militarisation that shaped social and economic relations. Passikudah as a destination was open for business soon after the end of the war even while thousands remained displaced, dispossessed and vulnerable to high levels of militarisation. In this sense, 'the discursive and material production of tourist destinations – an intensive process of touristification' (Hyndman, 2015, citing Ojeda, 2013 on Colombia) and securitisation went hand in hand to produce Passikudah and other destinations in post-war Sri Lanka.

3 The political and subjective economy of tourism development

3.1 Commercialised hospitality

Tourism, by its very nature, has the ability to invoke strong emotional reactions in consumers and indeed is often interpreted according to this capacity. In particular, hospitality has been a common way to understand the affective dimension of tourism. Speaking of hospitality in the context of tourism, Hemmington (2007) notes,

'Customers do not buy service delivery, they buy experiences; they do not buy service quality, they buy memories; they do not buy food and drink, they buy meal experiences; they do not buy events or functions, they buy occasions'.

Quite explicit in this idea of hospitality is an economy of exchange (Westmoreland, 2008), one that renders tourism nothing but 'commercialized hospitality' (Cohen, in Scott, 2006: 105). Hospitality in the context of tourism, then, is a relationship mediated by market exchange, and its subject is not so much the stranger but rather the consumer, euphemistically referred to as a 'guest'.

In Sri Lanka, the potential of the tourism industry to earn foreign exchange is explicit in the state policy discourse. The Tourism Development Strategy 2011–2016 states that, 'The government's vision is to transform Sri Lankan tourism sector, by 2020, to be the largest foreign exchange earner in the economy' (Ministry of Economic Development, 2011: 24). Though not explicit, the ambition to develop tourism for foreign exchange gains implies that visitors from countries with high-valued foreign currency (i.e. US dollars, euros, pounds sterling, etc.) are prioritised over other foreign tourists or locals.

The potential that lies within the tourism industry to create employment opportunities is another reason it is considered an important sector of the Sri Lankan economy. The Tourism Development Strategy 2011–2016 states that, 'the Government recognizes the effect of tourism development in creating employment opportunities and distribution of wealth through a variety of economic activities predominantly in the SME [small- and medium-sized enterprise] sector, taking the advantage of SMEs being able to link micro enterprises from one side and large scale corporate sector on the other side' (Ministry of Economic Development, 2011: 4). The number of persons employed in the tourism sector (considered 'direct employment') amounted to 112,550 in 2013; the previous year had 67,862 (a 65.9% increase).

The message from Basil Rajapakse, former Minister of Economic Development, influential in shaping state policy on tourism in the immediate period after the end of the war in 2009, as mentioned in the Tourism Development Strategy 2011–2016, confirms the interest and the commitment of the government in investing in tourism as an important area of development given its hypothesised 'multiplier effect' of generating employment and distributing wealth through a variety of economic activities in the SME sector:

> ***The tourism sector has been identified as one of the key sectors propelling the country's economic growth. According to the core philosophy of the Mahinda Chinthana the ultimate beneficiaries of tourism development strategy should be the people of the country: the farmers who supply rice, vegetables and fruit, the fishermen who deliver the catch of the day, the craftsmen who produce the souvenirs, the guides who escort the visitors and the young men and women serving in the industry with the unique Sri Lankan smile and hospitality. It is estimated that by 2016 the industry is capable of creating 500,000 direct and indirect employments*** **(Ministry of Economic Development, 2011).**

Highlighting the benefits mentioned above, the Tourism Development Strategy 2011–2016 outlines several objectives for the five years, among which (i) increasing tourism-related employment and (ii) distributing the economic benefits of tourism to a larger cross section of the society rank high second only to increasing the number of tourist arrivals and attracting foreign direct investment (FDI) (Ministry of Economic Development, 2011: 4).

In order to achieve the objectives of the Tourism Development Strategy 2011–2016, the government formulated a number of strategic priorities, which included 'attracting the right type of tourists' (Ministry of Economic Development, 2011: 5). The state was explicit in its efforts to steer 'away from low-cost tourism' and towards developing an industry that caters to high-end tourists; spending per tourist per day is expected to rise over $USD 200 during the next 10 years (ibid.: 12, 26). To this end, the strategy urges industry players to focus on the following areas:

1. tourism products that are appealing to high-spenders
2. high-quality accommodation and services
3. value addition and product segmentation

By investing in the above areas, the state shares its vision to 'position Sri Lanka as the world's most treasured and greenest island and attract high spending tourists' (Ministry of Economic Development, 2011: 24). Although the official language is less explicit about the meaning of 'the right type of tourists', it is somewhat obvious that the authorities have in mind rich tourists from Western and/or wealthy middle-eastern countries as the desired customer base to which the Sri Lankan tourism industry will offer its hospitality. Eco-friendly yet luxurious experiences targeted at high-end consumers, such as exclusive resorts, cruise liners, boutique hotels and villas, appear to dominate the five-year strategy. While the strategy mentions that domestic tourists cannot be neglected in the process of creating indulgent experiences for foreign visitors, it spells out an approach of separate spaces for the domestic and the foreign. Resorts, villas and spas are meant to cater to foreign tourists, with circuit bungalows owned by government departments and state-run guesthouses allocated for locals (Ministry of Economic Development, 2011: 22).

3.2 Employment creation in tourism

Tourism, which became a global phenomenon after World War II, rapidly made its way to the top of state development agendas because it 'characterized aspects of post-industrial society and presented insights into major trends for the future' (Eadington and Redman, 1991: 41). Subsequently, global knowledge hierarchies linked to international development cooperation encouraged developing nations to include tourism as a priority area in their national development plans. For example, within the UN system alone, agencies such as UN Commission on Trade and Development and the World Tourism Organization began to promote the importance of tourism in developing countries. The exponential increase in demand for tourism is well documented, and has led many commercial enterprises and states to promote and invest in developing tourism as an industry without much careful analysis of its economic, political, social and environmental costs (de Kadt, 1979; Timothy, 1999; Tosun and Jenkins, 1999; Tosun and Timothy, 2001).

It is often argued that tourism entails direct, indirect and dynamic effects (Ashley et al., 2007). Its direct effects are tied to its job creation potential, as tourism uses a relatively high proportion of unskilled and semi-skilled labour (Mitchell and Faal, 2006). This is particularly attractive for countries undergoing structural transformation of their economies, as tourism may be able to absorb the surplus labour from declining

agriculture. Though the potential to create employment is often the main reason for tourism development, many have problematised the confidence of policy-makers in tourism's capacity in this regard, arguing there is insufficient information on actual employment creation (Hall, 2000; Hudson and Townsend, 1993; Leiper, 1999).

As also stated in Sri Lanka's Tourism Development Strategy 2011–2016, it is common for policy-makers to base their decisions to invest in tourism merely on the number of jobs – projections that are often tenuous and based on many assumptions – that the industry will create in the future. However, less attention is paid to the types of jobs created with regard to wages, employment security, bargaining power, career opportunities and skills of potential employees. Indeed, many argue that employment in tourism is relatively low-wage, seasonal and part-time (Blank, 1989; Luloff et al., 1994; Stynes and Pigozzi 1983) and generally contradicts long-term developmental plans of high-wage employment creation (Bernhardt et al., 2003; Pond, 1988). Evidence on resort tourism in the coastal areas of England indicate that the tourism-dominated coastal economy is extremely fragile, and economy activity in these areas is on average 8% below the national average (BRA, 2000).

The tourism value chain is also expected to produce indirect effects (Ashley et al., 2007). For example, tourism is a consumption-heavy industry that links with food and beverages, construction, transportation, furniture, arts and crafts and other cottage industries. Some studies find indirect effects of tourism can add value to the extent of 60-70% of the direct benefits (Lejarraga and Walkenhorst, 2006). However, the much-touted 'multiplier-effect' of tourism is also contested. Research assessing tourism's capacity to boost other related industries is sparse, and the limited number of studies that assess the distributional effects of tourism find mixed results. Lee and Kang (1998) find that tourism generates moderately equal distribution of income in comparison with other secondary and tertiary industries (also Leatherman and Marcouiller, 1996; Wagner, 1997) but performs less impressively compared with primary industries like agriculture. Lee and Kang's research also finds that tourism is a low-wage industry and hence may have the potential to uplift the living standards of the lower-income classes (in comparison with other income classes) if they are employed in the sector.

The dynamic effects of tourism also relate to its affective nature in changing the livelihoods, business climate, patterns of capital accumulation, infrastructure and natural resources of the destination (Ashley et al., 2007). Locating tourism in the context of the political economy of third world underdevelopment, Britton noted way back in 1982 that in 'physical, commercial and socio-psychological terms… tourism in a peripheral economy can be conceptualized as an enclave industry' (341). The movement of tourists from the global metropolitan centres is mediated by operators and agents through to resort enclaves, from where 'tourists will make brief excursions from their "environmental bubbles" into artisan and subsistence sectors of the economy for the purchase of shopping items, entertainment, and sightseeing' (ibid.: 343).

But this dualist description, important as it is, does not enable a sufficient analytical differentiation of the economy. Sanyal and Bhattacharyya (2009) posit that the surplus labour force within the informal economy 'presents a problem of livelihood on a scale that exceeds the redistributive capacity of most post-colonial states' (36). The unstable conditions of the surplus labour force thus necessitate the creation within the informal sector of the 'need economy' – an economic space that maintains those who do not benefit from the accumulation economy, at a subsistence level (ibid.). This is the space of petty primary production as well as self-employment, through micro-enterprises – a crucial part of this subsistence or need economy. While these spaces, as Sanyal (2007) suggests, are outside the circuits of capital, there is an extensive informalisation at work within the formal circuits of capital and indeed inside the so-called formal sector itself.

Drawing on Britton and Sanyal, it is important to consider a disaggregated view of Passikudah's political economy. It is especially important to recognise the differentiation within and the linkages between its key economic spaces. As such, this study focuses on the following: resorts, local guesthouses, primary production in the form of fisheries and wage labour. By taking this approach to tourism development in Passikudah, it attempts to nuance the arguments presented by the two dominant narratives surrounding tourism development in post-war Sri Lanka. The first of these is that large-scale luxury tourism is a panacea for rapid local economic transformation and employment creation; the second, and opposing, view is that tourism is wholly detrimental to culturally sensitive and community-driven economic development goals.

3.3 Subjective dimensions of tourism development

By its very nature, development engages both material and subjective dimensions, exemplified in the capabilities and well-being approaches and ideas like human development. However, for the purposes of this study, we embrace a more expansive view of the subjective. Our interest is not merely in the non-material aspects, described in the most general terms as pertaining to quality of life and perceptions and constructions thereof, but also in how these are in a mutually constitutive relationship with the material elements. The idea of subjective economy is critical because most studies of livelihoods tend to focus on people as economic subjects, without understanding the generation and circulation of myriad meanings and subjectivities in relation to these livelihoods. We take the subjective economy to be the 'articulation of economic, technological, and social flows with the production of subjectivity' (Lazzarato, 2014: 8). We are interested in how tourism development in Passikudah is made sense of by those who call the Passikudah tourism zone their home rather than a holiday destination. The meanings allocated to tourism, their reproduction and circulation, within the communities in Passikudah have both a material basis and an affective dimension.

In the context of tourism, this economy of meaning is also crucial to generating ideas of place. Central to the idea of tourism development in Passikudah is place-making that is designed to transform it into a 'destination', one that is marketable to investors, entrepreneurs and tourists alike. Such place-making and marketing entails economic, social and political processes that actually create geographies of experience (Pierce et al., 2011).

Credit: SLRC/ Mira Philips

Security guard in high-end resort: the political economy of Passikudah thrives on marketing luxury and hospitality in a context marked by fragility and exclusion

4 Analysis of findings

4.1 The legacy of war and socioeconomic profile of Passikudah

Kalkudah GN division, the administrative unit of Passikudah beach, is situated on the eastern seaboard of Sri Lanka, which was a hotbed of violence during the war. By the 1980s, the east was at the heart of the militant Tamil nationalist movement to create a separate state of Tamil Eelam. A heavily militarised region, the east remained volatile throughout the 2002–2006 peace process, with the Liberation Tigers of Tamil Eelam (LTTE) killing many dissenting Tamils, forcibly recruiting children and continuing its harassment of Muslims (ICG, 2008). The east worsened in March 2004 when the LTTE's Eastern military commander, Colonel Karuna, split from the organisation and formed Tamil Makkal Viduthalai Puligal (TMVP). The next few years of guerrilla warfare between the northern LTTE and Karuna forces, the latter backed by the state, contributed to the collapse of the ceasefire. Kalkudah's geographic positioning – nestled between Karuna's hometown, Kiran, and Pethalai, the village of Pillayan, another LTTE military leader – made it a convenient target for the recruitment of child and adult soldiers for the rebel groups. The massive death and destruction caused by the December 2004 tsunami led to the displacement of hundreds of thousands and increased levels of poverty and debt.

Koralai Pattu, the divisional secretariat division in which Kalkudah is situated, is among the poorest regions: 38% of families earn less than Rs. 1,000 ($6.90) per month (as of 2013). A total of 30% of households in this administrative unit have no toilet facilities and 30% have no access to drinking water (Batticaloa District Secretariat, 2014). Kalkudah consists of five villages – Kalkudah, PC, the GTZ resettlement zone, KKC and Valaivadi – and a total of 769 families live in these villages. The most populous village is PC, which has 402 families. Over 95% of the people are Tamil, and the rest of the ethnic composition is Sinhala and Burgher. In 60% of the families at least one member engages in fishing as the primary livelihood. However, as there are multiple family members engaged in fishing, 78% of people engage in fishing (GN Kalkudah, locally collected statistics, March 2015). Most of the families that now live in the GTZ resettlement zone and KKC were living on or near the Passikudah beach strip (the location of the resorts) before the tsunami and were resettled in their current villages after 2004. As a result of pervasive income poverty in the GN division, nearly 60% of households in Kalkudah are part of Samurdhi, the

state-sponsored social protection scheme[4]. Around 100 families in Kalkudah receive more than one type of state-sponsored monetary assistance owing to lack of income.[5]

4.2 Primary producers in the shadow of the resort economy: Fishers in Passikudah

'There is no chance for our children to survive doing fishing'.

Like in coastal areas elsewhere on the island, fishing as a livelihood has a long history in and around Passikudah. Alongside other forms of wage labour and paddy cultivation, fishing has constituted a major source of both food and income (interview, regional planning director, SOLID, 26 January 2015). Fishers interviewed for this study asserted that the political economy of fishing in the area today is shaped by a combination of three major intersecting factors: the war, the tsunami and post-war tourism.

During the war, fishers had to contend with fighting, on land and at sea, and also heavy surveillance and restrictions imposed by the Sri Lankan Army, the LTTE and other armed groups. A complex and unpredictable regime of checkpoints, curfews, security zones and passes meant that, when possible at all, fishing was risky and had to be conducted within a narrow window of time. Fighting between the Army and the LTTE dictated when fishers went to sea and when they returned, as there were times when fishers could not return to land owing to heavy fighting. Moreover, timely access to markets was often blocked or greatly hindered, frequently causing delays that resulted in significant losses, given the perishable nature of the produce.

The environment of fear, whereby men were seen as especially vulnerable to abduction, murder and forced recruitment, led to women developing a larger public role navigating through checkpoints to access markets (Bohle and Funfgeld, 2007: 678; Fernando and Moonesinghe, 2012: 12; Goodhand et al., 2000: 399). But the attendant risks for women meant this too was not always a reliable or secure channel. As a result, fishing was often reduced to being a subsistence or a survival economy, heavily dependent on external factors and the security situation.

While relations of exchange were unreliable and survival was often a priority during the war, fishing nevertheless remained an important source of food and livelihood within the limits imposed by the war economy. But the tsunami of 2004 was a major set-back for fishing communities in the area. The present settlement pattern, which includes fishing communities settled significantly inland, is a result of post-tsunami resettlement. KKC and PC were two villages in which fishing communities were resettled after the tsunami. 'Kumar', a local government official (30, male) in Kalkudah, conceded that many in Passikudah were unhappy with their resettled locations (interview, 3 March 2015). For example, two male elders, aged 56 and 57, whose families had resettled in KKC from the Passikudah strip, complained that their original location was much closer to the sea and the government had still not fulfilled its promise to build a road that would allow for easier access to the sea (elders FGD, 5 March 2015).

Following the tsunami, fishers moved from their original harbour and began docking their boats on what was SLTB land, now the Passikudah resort strip. The divisional secretariat office in Valachchenai confirmed that fishers were invited to 'stakeholder meetings' to discuss plans for tourism development in Passikudah. They said fishers did not object to the development of resorts on the land where they had begun to store their boats on the assurance that a proper fisheries harbour would be built for them – a promise that remains unfulfilled.

'Vinayahamothy', 57, a fisherman from KKC, said that previously '*fishers used to land boats in an area near [what is currently] hotel strip but since hotel development they have been forced to move to a much smaller area*'. Fishers are now being pressured to move to their old harbour, but many oppose this because the original harbour is smaller and experiences higher tides, making it a more dangerous place to dock. However, another local fisher and member of a local fisher cooperative expressed concern over their chances of even securing the old harbour, because the land has not yet been legally allocated to fishers (FGD, 3 March 2015).

The post-war resort economy has thrown up new challenges for fishers. More than one government official and several fishers spoke about how one resort, situated closest to the jetty currently being used, has attempted to restrict the access of fishers to the sea by blocking the access road adjacent to the resort. On the demand side, many resorts claimed they were buying fish locally, and thereby contributing to the local economy. While this

4 This proportion is higher than the average for Koralai Pattu – 48%.

5 Public Assistance Monthly Allowance, Temporary Disability Allowance and Permanent disability allowance.

is true, the reduction in the fish catch and the political economic structure of fishing, which in turn does not support a positive transformation in the fishing industry (i.e. building a fisheries harbour, providing storage facilities and ice plants, etc.) in Passikudah limit the production capacity of local fishers.

Meanwhile, even though the resorts claim to source fish and seafood from one local supplier, whether or not the fish come from local fishers cannot be guaranteed, as many intermediaries in the fishing industry have now entered into business circles that import fish to Sri Lanka from countries such as Vietnam, the Seychelles and China ('Mark', a Colombo-based representative of a fish import company). The importation of fish became standard practice during the war, and the armed forces represented one of the biggest buyers of imported fish. With the end of the war in 2009, fish imports circles diversified into supplying to the hospitality industry, operating either through the Ceylon Fisheries Corporation[6] or independently through their own commercial networks. In other words, broader environmental issues and the political economy of fishing in Passikudah, and in Sri Lanka in general, are not conducive to fishers gaining very significantly from this market.

Central to Passikudah's fishing economy are fisher 'bosses', referred to as such locally, who provide fuel, light and other facilities to boat owners in addition to owning boats and nets. The boss decides how much they pay for the catch and also deducts money by way of 'operating cash' for the resources they provide (Kalkudah GN, interview, 3 March 2015). Entry costs are high for fishers: 'Sumathy', a woman, 27, whose family was resettled in KKC from Valachchenai after the tsunami, said that, as she was a housewife, her husband's work as a fisher was their only income. He had to take out a loan of Rs. 50,000 for a boat, which took two years to pay back (interview, 6 March 2015).

More often than not, it is these fisher bosses who act as middlemen, through whom resorts procure fish. This form of procurement, which relies on local supply chains driven by the local elite, is now accepted as standard practice. As a former GN of Kalkudah noted (male, 68), '*Hotels are big operations and they can't rely on fluctuating supplies of things that they need on a daily basis. So, it is easy for the hotels to either make arrangements with mudalalis* [middlemen] *or with big companies to ensure consistent supply of goods to the hotels*' (interview, 6 March 2015).

But fisher bosses or *mudalalis* who exert control of local supply chains are interested in maximising their commissions ('Maria', a 50-year old female tourism entrepreneur in Batticaloa) and seek to pay as little as possible to fishers while charging as much as possible from the hotels. In other words, fishers are not gaining even if the produce is being sourced locally (interview, 27 January 2015). Like anywhere else, existing political economic power relations shape local supply chains in Passikudah. Thus, local procurement mediated by these power relations will ensure that primary producers at the bottom of the chain, in this case the poorest fishers, see the least share of value.

Furthermore, elders in PC, for instance, spoke about the declining fish catch. One fisher, who did not want to be identified, maintains that this problem had been exacerbated by outside fishers, who come into their waters, and unsustainable and harmful practices in the construction of resorts, often with tacit support from state officials: '*How can the fishermen stop the "dynamite fishing" from outsiders when the top officials are in on it? The people doing this type of fish supposedly bribe the officials. [We] protested the destruction of corals when [Resort X] was built but the government was also on their side*' (interview, 3 March 2015).

Such narratives of collusion and formal and informal forms of patronage extended to the powerful resort economy are in stark contrast with broken and unfulfilled promises and weak support received by fishers.

Despite a majority of households in and around Passikudah being engaged in fishing, given the context, people were not positive about future of fishing as a livelihood and in fact look to the resort economy for secure livelihoods:

> ***Fishing is no longer a stable livelihood. The fish catch has reduced considerably. Earlier, we could easily catch 1 kg worth fish; now, even if you stay overnight, there are days we don't catch much at all. Jobs at hotels are much more stable. Even a job as a gardener gives you a monthly paycheque. The gardeners work at their own pace but the hotel still pays them well. It is consistent income, whereas fishing does not offer that*** **(elders FGD, PC, 6 March 2015).**

6 An advertisement for fish imports by the Ceylon Fisheries Corporation: http://fisheriescorporation.gov.lk/import-of-frozen-fish/

Passikudah is characterised by the imposition of a capital-intensive resort economy on a landscape of precarious primary production in fishing and agriculture (mainly coconut cultivation) that is already infused with local inequities and burdened by a legacy of war and tsunami-related destruction. The resort economy has made its wage labour attractive to fishers even as or precisely because it undermines fishing as a secure livelihood. This has as much to do with its privileging by the state, coupled with lack of support for fishers, as it has with other environmental factors, such as the declining fish catch.

In Passikudah today, the integration of fishers into the local supply chain generally happens at the bottom, and the precarious nature of fishing means they face disproportionate risks relative to other livelihoods also at the bottom of the value chain. Thus, integration at the bottom end of the wage pyramid with relatively less risk, such as being a gardener in a resort, emerges as attractive. Despite the subjectivities associated with being a wage labourer and an autonomous primary producer, however tenuous the independence, being significantly different, it is clear the increasing precariousness and risks associated with the latter are pushing people towards wage labour in tourism, the character of which is discussed in the subsequent section.

The undermining of primary production is also inextricably connected with questions of access to the commons. The use of the beach by fishers rubs up against it being pristine and reserved for tourists. Some fishers who continue to use the strip near the resorts, because of problems with the official jetty being further away and smaller, are under constant pressure by the resorts to move. The big resorts police the beaches, often using private security, who regulate entry and exit. Indeed, not even all tourists are the same. Local tourists have a 'public area', implying the exclusivity and *de facto* privatisation of beachfronts abutting resorts.

Discussions with officials of the divisional and district secretariat threw up accounts of coral destruction. One official noted that the owners of one resort with close patronage ties to the previous political regime '*broke the coral reef in front of the property to make the water more suitable to swim for their guests. Now they are having erosion problems, for which they called the divisional secretariat office*' (interview, 28 January 2015). However, a central government representative from the Coast Conservation Department in Colombo denied this allegation. In an interview with a manager of the resort in question, we posed a question regarding the coral reef. The manager responded, '*It [the coral reef] is a disadvantage for us as we can't offer water sports right in front of the hotel. But we understand the environmental concerns and work with the Coast Conservation Department and comply with their rules. They come for inspection about three to four times a year*' (interview, 4 March 2015). While the manager sounded convincing and sincere in his response, we could not help but notice a large chunk of coral that adorned the lobby of the resort as its centrepiece.

Drinking water is a scarce resource in Kalkudah and a considerable proportion of people still struggle to access it. Making matters worse, during the early stages of construction many resorts extracted large amounts of water for building, and also bought water from individuals who owned wells. Given the large scale of construction, this practice quickly led to severe depletion of the local water table. '*Although there are steps being taken now to rectify the issue, this is something that should have been thought about at the beginning, in a proactive way*', said a female government official from Valachchenai (interview, 29 January 2015). At the time of data collection, all the resorts had their own systems of pumping water for their daily operations. While their turquoise eternity pools were always full, their lawns were emerald green and warm, clear water whirled in their jaccuzis, it is a daily struggle for villagers in Kalkudah to gain access to drinking water. Roughly 30% of households in Koralai Pattu have no access to a water source within 250 m; the same proportion of households have no access to proper sanitation facilities within the premises of their houses (Batticaloa District Secretariat, 2015).

4.3 Precariousness, wage labour and employment in Passikudah's tourist economy

In considering Passikudah's economy from the point of view of wage labour, it is important to reiterate the distinction between the formal resort economy of high-end luxury establishments and the less formal guesthouse economy exemplified by low-cost, cheap home-based or small-scale bed and breakfast establishments. There are seven high-end resorts, all of which are located on the beach strip, and fourteen smaller establishments located in the interior without beach access.

One of the major contentions about any economic development programme, such as Passikudah's tourist

zone, is its ability to generate employment and livelihoods, especially for local communities. Tourism's multiplier effect is often cited in this regard and assumes particular importance in the context of the high unemployment rate among those aged 18–25 in Batticaloa district (Batticaloa District Secretariat, interview, 28 January 2015). The Passikudah area is no different, and FGDs with youth revealed that a number of those employed, whether the employment is steady, seasonal or occasional in nature, are engaged in a range of waged labour, from working on coconut board land to masonry and painting to work on fishing boats or farms and indeed in resorts or guesthouses.

Several resort managers interviewed for this study spoke repeatedly about the difficulties in hiring locally – that is, from in and around Passikudah especially – because of a skills gap, a point discussed further below. None of the resorts was willing to provide exact details of numbers of employees, the nature of their employment and how many were local. Nevertheless, while three managers insisted that 30–40% of their staff were local, another said the number was as high as 60%.

But these proportions contradict information provided by government officials, people in the communities in Passikudah and civil society experts. Many locals employed in the resorts said very few people from their own community worked there; a local government official in Kalkudah and an officer in the divisional secretariat office in Valachchenai said only about 60 locals were employed in all the resorts together. One reason for the discrepancy could be how resort managers define 'local': it is likely that they consider people from anywhere in the district or even the province as local.

In the course of one FGD, one young man from PC said, '*If the hotels involve us more in their work, we are happy to work in the hotels. We can't go to Colombo and ask for jobs because that is not our place. We are from here and they are on our land, but we still don't have jobs*' ('Arun', male, youth FGD, PC, 5 March 2015).

In other words, there are people from the local community seeking employment in the tourist economy but not finding it. A government official in Batticaloa attributed the lack of local youth employed in hotels to the absence of a good hotel school in the area to render them employable. He, and indeed others, also underlined lack of knowledge of English, almost a necessity for certain jobs in the resorts, as another factor.

Yet, it is clear there are specific subjectivities at play in relation to employment in Passikudah's tourist economy that precariousness does not displace. 'Nathan', an 18-year-old from PC, told us he knew several others his age who did not study much or had left school altogether. He dropped out of school at 15 and has been engaged in various casual jobs while looking for steady employment. Currently, he has a job laying pipes, but this work is infrequent. He aspires to migrate abroad and find a job laying pipes or driving. According to him, local youth may pay a local agency anywhere between Rs. 50,000 and 1 lakh for a job abroad. He is currently waiting to receive his driving licence before he applies to one of these agencies. He does acknowledge that there may be opportunities to work in the resorts but is uncomfortable working in these establishments as the majority of employees are Sinhalese (interview, 4 March 2015).

As discussed further, these subjectivities, and the narratives of inclusion and exclusion associated with them, also have a gendered dimension, but a crucial issue is that several people interviewed for this study, from communities in Passikudah and those in government, acknowledged that the employment options for locals in the tourist economy were largely only in the unskilled or lower ranks. A group of young men from PC spoke of the work they found in the hotels:

> ***We are asked to help build the foundation of a hotel or work as labourers. The work is temporary and sometimes dangerous. We worked for a company that had a labour contract with a hotel for construction. Because it is a labour contract, there is so much pressure on us to finish quickly ('Ravi', male, youth FGD, 5 March 2015).***

Furthermore, there are also examples of locals employed in the resort economy but under what appear to be casual or informal arrangements, and in these cases, though resorts are part of the formal sector, the work lacks stability and security. As 'Sheila', a woman from PC employed as a gardener in one of the resorts, said, '*I am not clear about what kind of contract I have. It could be for one year or for just a few months*' (interview, 27 March 2015). She also said that, as a gardener, she does not receive any benefits; nor does she have access to the Employee Provident Fund (EPF) or the Employee Trust Fund (ETF). However, this contradicts regulations as stipulated by the Department of Labour, which require that every employee be registered for EPF/ETF.

We also heard instances of resorts finding unique ways to avoid paying employees what is due. For instance, in one resort, employees are entitled to a service charge increase after six months. However, 'Rajan', a young male (25) from PC, who previously worked at one of the major resorts, said managers would often be difficult to staff who were nearing the six-month period so as to get them to quit. The resort would then hire someone else and pay lower service charges (youth FGD, 5 March 2015).

Employees are often unaware of their rights, which have enabled resorts to avoid adhering to labour regulations. There is also inconsistency in the way they treat employees, as well as a gap between entitlements they claim to give and what employees actually receive. For instance, when asked if trainees received service charges, the general manager of one resort said they did, but a worker at this resort denied that this was the case. Furthermore, the same manager listed eight to nine hours as the duration of a regular shift but another manager in the same resort noted that ten- to twelve-hour shifts were actually the norm and they were not even given '*an hour long break for lunch or dinner*' (bar manager, Resort 'RBA', interview, 29 January 2015).

The resorts are not the only establishments perpetuating the informalisation of labour within the formal circuit of capital. The guesthouse economy, while relying almost exclusively on local labour, does so in conditions whose precariousness reflects its informal character. Seven managers from local guesthouses were interviewed as part of this research, and while three appear to comply with the rules of the Department of Labour regarding EPF/ETF, there are establishments that do not offer EPF/ETF benefits, or service charges or health insurance. One guesthouse manager blamed the lack of benefits on low profits, saying the owner of the establishment could not afford to entertain benefits for employees until profits increased. Other managers are able to take advantage of the Department of Labour to skirt the system:

> ***They [employees] are eligible to receive EPF/ETF after three months. We do not want to immediately give them EPF/ETF until they have proven themselves and we can be sure they will not suddenly leave. The labour department only inspects every three months, so they do not know that we hold off on giving EPF/ETF*** **(local guesthouse owner, interview, 19 March 2015).**

Employment in the guesthouse economy is characterised by high turnover, low upward mobility and low salaries. Generally, a year is the maximum amount of time an employee seems to remain at a guesthouse. The average income for those employed as room boys, cleaners and kitchen staff is between Rs. 12,000 and Rs. 15,000 per year, which, according to many of our respondents, is not a living wage.[7] One manager revealed that two of their five workers had left because they said they could not work for such low salaries. This same manager said that all employees at his establishment were permanent but interviews with staff revealed that they did not possess contracts or any documentation showing their formal employment. Another issue is that some guesthouses rely on family labour and do not pay salaries or benefits to family employees.

Many resorts and guesthouses also enforce different hours for the regular season and off-season, leading to an inconsistency in working hours, salaries and benefits. A female official from the Department of Labour in Batticaloa said that, though all establishments are required to register under the Employment Registration Act, which ensures their employees access EPF/ETF, a few resorts and guesthouses did not register at all and were forced to after the department conducted an inspection (interview, 18 March 2015). Furthermore, smaller establishments, such as guesthouses, do not inform the department about new employees, while some resorts have registered with the Department of Labour office in Colombo, which complicates the ability of their employees to collect their EPF and ETF, since they must travel to the capital to do so.

The gaps in functioning and scrutiny by the provincial and district Department of Labour contribute to the perpetuation of informal working conditions experienced by those working in both the resort and the guesthouse economies. The department is supposed to inspect establishments every three months, but the official cited above revealed they lack the resources to do so, with some 25 field officers who must inspect 1,800 establishments. Additionally, she said there were also instances of corruption, leading to field officers not reporting on non-compliance. She also admitted that information regarding sex, ethnicity, trainees versus permanent staff, local versus non-local staff and the varying types and levels of contracts and employment was not collected. While the official acknowledged the value of this information, she maintained that, given the shortage of resources and the sheer number of

7 Rs. 20,000–25,000 is considered a living wage in Passikudah (FGD divisional secretariat, Valachchenai, 28 January 2015).

establishments, collecting and updating this level of data was not possible.

4.4 Women's employment in Passikudah's tourist economy

> *[In response to a question as to how she handles the stigma associated with working in the hotels] I do not care about that. I know what I do; and I do not do much outside besides work. I am always thinking about my family step by step. These people [those casting aspersions] are not helping me so I cannot care about them. People do not know what is going on inside the hotels in the villages and so they judge women working in the industry* ('Priya', female, 29, interview, KKC, 28 March 2015).

> *When people ask me what I do for a living, I always say that I'm working in a hotel. I don't have issues telling the truth though it is frowned upon for women to work in hotels... People who are close to the family that know the woman will not say anything malicious. But others – relatives, neighbours – have negative attitudes towards women working in hotels. I won't let my daughter work in a hotel* ('Chaya', female, 52, interview, KKC, 6 March 2015).

> *Generally, the perception is negative, though this has not been directed at me. Earlier, I was sceptical because of the negative perceptions but I stopped thinking like this because it is how I make my living... 10% of people may be doing wrong but 90% are working faithfully. You cannot judge the entire industry based on a few people* ('Selvi', female, 35, interview, PC, 27 March 2015).

> *No woman would go and work in hotels out of choice. But if the family is in dire need of income, or if the husband is alcoholic and wastes money, then the woman might have to go and work in a hotel. Some younger women willingly go, but married women don't go* ('Vani', female, FGD with women, PC, 5 March 2015).

We met two men and two women who work in Passikudah's hotel industry. These women have embraced and value the employment generated by the hotel industry despite the social constraints and challenges. Nevertheless, the views expressed above encapsulate how their resolve coexists with a deep ambiguity that sometimes borders on choicelessness. Employment for women in the hotel industry is even constructed as not being 'out of choice' but rather driven by the family's 'dire need'. The views of Priya and Vani underline how 'in the name of the family' continues to be a powerful legitimating discourse.

That said, women working in the industry stress the lack of knowledge and understanding of the industry – that is, prejudice – on the part of those on the outside who judge them negatively. However, their self-affirmation with regard to their choice of livelihood does not mean, as in the case of Chaya, they would necessarily want their daughters to follow in their footsteps. It is important to take note, though, that the ambiguities and pressures and constraints – including from the alleged 'wrongdoings' of the 10% (according to Selvi) – are by no means uncritical, as indicated by the observations of other women below.

> *It is okay for women to go abroad (except to the Middle East) but working in the hotel industry gives people the impression they are of bad character* ('Sri', 27, interview, KKC, 6 March 2015).

> *When women work in hotels, the community gossips about them. And this is not good for the woman's reputation* ('Deepam', FGD with women, PC, 5 March 2015).

> *Women who work in hotels are viewed in a negative light. It is because a lot of outsiders hang out in hotels* ('Shardha', FGD with women, PC, 5 March 2015).

> *If it pays well, I wouldn't mind working in a hotel. But my parents will not allow that. The boys in this village speak ill of girls working in hotels. They say the women get teased and harassed in these hotels because a majority of the workers there are men... But then again, we get teased plenty just walking to work, on the road. So I don't know why they target the women working in hotels. I think it might be because hotels are a male-dominated space* ('Anu', 21, interview, KKC, 6 March 2015; daughter of Chaya above).

> *If you work inside the hotel, people will talk badly. I do not want to work inside the hotel. The possible jobs there are laundry and room attendance but only men go for these jobs* ('Pavi', 37, interview, PC, 27 March 2015).

Pavi's comment suggests an interesting approach to negotiating space for women within the hotels. She differentiated *'inside the hotel'* – that is, laundry and room attending – from other, more visible, outside

spaces – such as gardening or working in the front office. The visibility of the latter spaces appears to be seen as offering relative safety for women. What is apparent is that the challenge facing women being employed in hotels is one of impression (Sri) and women in hotels being seen in a negative light (Shardha), rather than being an empirical reality.

The reputational risk attached to young women working in hotels appears to weigh less heavily on younger women, like Anu, for whom parental objection is a barrier to working in the hotels – provided of course it pays well in the first place. Her forceful invoking of the patriarchal nature of all public spaces, in which women are '*teased and harassed*', is significant. Her signalling of hotels as '*a male-dominated space*', echoed by several other women (and men), has to be read alongside Shardha's point that '*a lot of outsiders hang out in hotels*'.

Resorts and guesthouses are viewed not only as male spaces but also specifically as spaces occupied by male 'others', which generates narratives of ethnic and cultural contagion. This was reflected in narratives from men and women about Muslim businessmen fraternising with local Tamil women in guesthouses or liaising with foreigners or even Sinhalese. As one female elder claimed, working in hotels '*is not suitable for women as the hotel setting means interacting with a lot of men; a lot of outside men (Sinhala). This is not viewed positively*' (interview, 4 March 2015). All of this of course appears to be encouraging greater policing of women.

Some men are not only against women working in the hotels but also against women working outside the house in general. 'Ashok', a 26-year old from PC, noted, '*I do not think the hotels are a good place for women to work. I do not think women should be going out and working in general*' (interview, 28 March 2015). Another young man, 'Niranjan', aged 23 from KKC, who works in one of the resorts, said he wouldn't '*allow*' his sisters to work in hotels. He claimed it was not '*an appropriate job*' for them because '*some guests are not nice and sometimes you have to do physical work. Girls are soft and they can't handle this type of work. Government jobs are best for women because the hours match with their domestic responsibilities*' (interview, 6 March 2015). In other words, jobs that are seen as tending to interfere with or precipitate a shift in established gender roles are seen as more acceptable. However, the preference for '*government jobs*' also has to be seen in relation to the greater sense of security and benefits associated with public employment.

But the same young man referred to above also lamented that, while '*people speak ill*' of women and girls who work in hotels because of a '*perception that women get harassed and teased in hotels*', '*women can get harassed anywhere and I've seen it happen even in our village. So to single out hotels is not fair*'. Read along with Anu's comments above, on the one hand it is evident that the generalised vulnerability of women and girls to the male gaze, accepted as normal, is mapped on to the hotels. On the other hand, the hotels are also seen as spaces in which social relations are beyond the sphere of direct control of, and in a sense even out of sight of, the community, thus even potentially providing opportunities for women and girls to express themselves in ways not approved of, and that too with '*outsiders*'. Five youth (18–25) from PC said they would not marry a girl working in the hotel or tourism industry because '*there are so many opportunities to engage in sexual activity in hotels. Some women get enticed to do such things when they are in such an environment*' (youth FGD, 5 March 2015).

Thus, aside from fears of being '*preyed*' upon, particularly by '*outsiders*', the gendered opposition to women working in Passikudah's hotels is also shaped by fears around women and girls in hotels acting in ways that break established boundaries of behaviour. The discussion above also underlines the importance of critically considering views echoed by many men and women that hotels and tourism pose a threat to the local culture and way of life. Entrenched forms of gendered social control, which are generative of resistance to political economic shifts that may be seen as altering gendered roles and relations, are by no means a post-war phenomenon. A feminist academic and researcher from Batticaloa recalled that similar reactions emerged in the post-tsunami period, when the proliferation of NGOs created a number of employment opportunities for women.[8] According to her, '*the community here doesn't recognise a woman's right to work*' and much of the resistance is by those who would not want to see women gain an economic foothold that might enable greater autonomy or a shift in gender roles and relations (interview, 19 March 2015). While there is little evidence to suggest that employment in Passikudah's hotel industry is either inherently empowering for women (or men for that matter) or precipitating socio-political transformation, what is clear is that resistance to or anxiety regarding the industry within the local

8 Even the LTTE, which boasted of women fighters, put out a code of conduct for women working in NGOs.

communities is shot through with perceptions of threats to existing structures of social relations that are deeply patriarchal and ethnicised.

A number of persons interviewed spoke of '*incidents*', often without any real detail, involving local women and '*outsider*' men. A male local government functionary detailed one such incident '*when a Muslim man came and stayed at a guesthouse and fell in love with a village girl*' (interview, 6 March 2015). The functionary said the man married the girl but she had to convert and this '*was not accepted by the community*'. Some community members and local government officials claimed such '*incidents*', even if isolated, led to more generalised reactions and anxieties or a state of moral panic over tourism, 'out of proportion to the measurable or demonstrable level of danger posed' (Goode and Ben-Yehuda, 2009, in Krinsky, 2008: 7).

But the moral panic around cross-ethnic sexual fraternising also enables greater policing of women. The spectre of male 'others' triggers a signification spiral, wherein 'one kind of threat or challenge to society seems larger, more menacing, if it can be mapped together with other, apparently similar, phenomena' (Hall et al., 1978, in Krinsky, 2008: 6). It is well known that narratives of the 'other' often evoke deployment of gendered regimes, which is used to distinguish and maintain social distance from groups deemed inferior or different (Nagel, 2000). Communal narratives within these regimes construct women in need of protection from 'other' men, who are seen as threats. Thus, women's foray into the hotel and tourism industry in Passikudah, or even the prospect of their entry, triggers men into championing their roles as 'protectors' who must safeguard 'their' women from other men within the community but also those from without.

Yet the narrative of the 'outsider' also has other dimensions. For one, this mistrust of the 'other' must also be located in the context of the complicated contours of protracted ethnic conflict and the entrenchment of identity politics in eastern Sri Lanka. The massacres of Muslim civilians in nearby Kattankudy and Eravur in 1990, followed by the mass expulsion of Muslims by the LTTE, as well as narratives regarding the complicity and collaboration of Muslims (including some armed elements) with the Sri Lankan Army in violence and massacres involving Tamil civilians, continue to cast a long shadow on ethnic relations in the east. These relations also need to be seen in the light of tensions resulting from war-related dispossession and displacement, post-war contestations over land and economic resources and a legacy of intense inter- and intra-ethnic political competition since the 'Eastern Liberation' in 2007. The local government functionary referred to above noted '*incidents*' and narratives around Muslims and local Tamil women '*provoke emotions in people about the Tamil-Muslim tension*'.

Ethnicised visions of the 'outsider' or 'other' are also shot through with class issues, however. A local government functionary, posted in the area between 2005 and 2013, noted, '*Sinhala men were coming into the area during hotel construction to provide their labour. They were not getting married and settling down but were causing problems with women in the village*' (interview, 28 March 2015). A current local government functionary (male, 30) suggested that, more than tourists, it is their drivers who are the problem. He said they (the drivers) '*are often given quarters... in small guesthouses. When they stay in the guesthouses, they drink. They sometimes bathe outside in their shorts and the villages don't like this because there are women and children around*' (interview, 6 March 2015). In other words, as real as they are, anxieties around the ethnic and class 'other' intersect to generate a subjective economy of tourism in Passikudah that is layered with gender, class and ethnic identities and anxieties.

4.5 The skills gap and narratives of discrimination and exclusion

A recurring theme in our conversations with managers of resorts, industry experts and Colombo-based tourism officials was the skills gap, which all of them underlined as the main barrier to increasing the number of people employed in the resorts from the local community in Passikudah. At the same time, a recurring theme in our conversations with members of the community, youth in particular, and some local government officials was that of discrimination and exclusion.

The narratives of 'discrimination' and 'skills gap' are in fact intertwined in Passikudah. However, it is crucial to situate them in light of the encounter between large (and often global) capital that enjoys state patronage on the one hand and precarious wage labour and primary production in war-torn and tsunami-affected local communities in Passikudah on the other. Equally, both narratives – discrimination and the skills gap – are in effect symptomatic renderings; neither actually captures the structure of resort-based tourism in Passikudah, whose political economy thrives on marketing luxury and hospitality in a context marked by fragility and exclusion.

This is not to deny that Passikudah's resort economy has not provided economic opportunities for some. In fact, it reveals what is often characteristic of industrialised hospitality, which 'invokes exclusions as well as inclusions' (McNeil, 2008b, in Bell, 2009: 30). These inclusions, as pointed out earlier, are often at the lower end of the value chain, often in the shadow of precariousness.

Nathan, the youth from PC, said he would not consider working in the resort industry in Passikudah because joining the industry would be akin to '*enslaving myself to the Sinhala people*' (interview, 4 March 2015). He spoke about the local communities losing a sense of ownership of the place since the big hotels came, '*especially with the influx of Sinhala people. Police are Sinhala and they usually side with outsiders*'.

Three quotes from an FGD (5 March 2015) involving five youth between the ages of 18 and 25 from PC exemplify the narrativisation of ideas of Tamil marginality and Sinhalese dominance in Passikudah's hotel industry that are in circulation locally:

> ***I work at [X Resort] and have been there for one year. Earlier I was at [Y Resort] for nine months. Y is Sinhala-dominated whereas X is mostly Tamil. Previously, at Y, I was treated badly. The management was nice and my co-workers were nice but the middle management did not treat me well. I felt that I was always targeted because I was Tamil.***
>
> ***There are people with English knowledge and who had completed management diplomas. But in the big hotels, all the upper management is Sinhala and because of that the locals don't get opportunities in the higher-level jobs.***
>
> ***Also, Tamil labourers are given manual tools and Sinhala workers are given machines. That puts us in more risk and danger of getting injured on the job. It is the contractor's job to give us hard-hats and to ensure our safety. But it seems like the Sinhala labourers are safer than us.***

It is, however, crucial to consider these ethnicised narratives in context rather than taking the ethnic framing as a given. Of particular relevance is the nature of inclusion of the local community within the industry, especially of them being absorbed and indeed virtually restricted to the lower, and arguably more precarious, rung of employment in Passikudah's resort economy.

Many in the local communities echoed the view of one official in the Valachchenai divisional secretariat that in the hotels '*skilled workers are all Sinhalese*' (female, interview, 29 January 2015).

Consider, for example, the view of 'Indra' ', a 37-year-old woman from PC employed in one of Passikudah resorts '*My supervisors are mostly Sinhala but there are some Tamils. The cleaning department and lower levels of employment include a mix of both locals and outsiders. However, outsiders, who are usually Sinhala, occupy the higher positions'* (interview, 27 March 2015).

That all of this is also seen in terms of discrimination is no surprise; according to one local government functionary, for example: '*I will say that there is discrimination also. There are some jobs that don't need special skills for which they* [hotels] *can hire local people. But the hotels are not doing that; they hire people from outside for unskilled labour also*' (male, 30, interview, 6 March 2015).

The response of the hotel industry is exemplified by the general manager of one of the largest resorts in Passikudah: *'We have vacancies but we're unable to fill them because there is a large skills gap. The gap between the skills we want and what the locals have to offer is so great*' (male, interview, 29 January 2015).

This is echoed, and in fact amplified, by a representative from a facility that channels resources from a major bilateral donor to small businesses in Northern and Eastern provinces. Defending their policy of not incentivising these businesses to hire locally, she argues, '*We have no conditions that the employer hires people from the locality. It would be foolish to recommend that… There is a skills gap and a mind-set gap. The mind-set gap is about people not being used to working a regular job with set hours, clear tasks, etc.'* (female, Biz+, interview, January 2014).

Views of resort managers and bilateral donors promoting local labour in tourism were laced with ideas of creating a new class of wage labourers and inculcating a mind-set of valuing work and money (Marx, 1990). The assumption among resort management and other advocates of tourism in Passikudah that, while they do have the potential to acquire the skills to work in the hospitality industry, the locals are 'backward', 'ignorant' or unwilling to capitalise and change is echoed by recent studies on the garment industry in eastern Sri Lanka (Goger and Ruwanpura, 2014). While resort managers lamented

the lack of skilled workers available locally, they also felt locals needed to catch up, modernise and realise the positive changes tourism would bring to their lives.

The path to upward mobility in the resort economy is widely advocated to be institutional training. But there is also a widely held opinion across people from the industry and government that locally accessible institutional training, such as hotel schools, is either non-existent or of poor quality. One official from an agency that works closely with SLTDA criticised the government for its lack of emphasis on proper training for locals so they can gain from the tourism and resort industries. But there are also questions to be asked of the industry – that is, the resorts themselves – on their investment in and commitment to training and building local capacities. As a senior academic and civil society activist said, '*they* [the resorts] *cannot always wait for trained employees*' (interview, 7 March 2013).

While resorts reported some levels of training, even if unstructured and on-the-job, it is clear there is a long way to go. In some cases, the gap is elsewhere. For instance, 'Rani,' a 35-year-old woman employed in a resort, said, *'I started in housekeeping but became a senior attendant after two years. I received a salary increase after that. I threatened to leave if they did not increase my salary. I can go to the next level, which is supervisor, but I do not have the English abilities.* [My resort] *does not provide money to take English classes*' (interview, PC, 27 March 2015).

Fundamentally, though, this discussion raises questions about what institutional hospitality training means and what skills it is meant to reproduce. The critical issue here is that skills and capacities are understood as socially and politically neutral. But as Mann (2008: 111–112) has argued, 'at the high-skill/low-skill intersection, skill is in itself, socially and politically defined, assigned, and maintained, constituting and reproducing social divisions that have origins both inside and outside the sphere of production'. As such, people's designation as 'unskilled' is not always objectively determined but is also politically determined (ibid.: 117).

Passikudah represents an attempt to impose a luxury resort and hospitality economy on a context marked by mass death, dispossession, displacement, traumas, enforced disappearances and numerous other harms owing to 30 years of war, added to which was the human, psychosocial and material cost of the Indian Ocean tsunami of 2004. This is the context in which the 'skills gap' has arisen – that is, the 'gap' is the legacy of a place made by war, conflict and disaster, an experience some are now seeking to reframe as lost development time. The making of Passikudah as a high-end tourist destination marks an attempt to remake a place through by-passing rather than confronting the legacy of war-related devastation and disaster. Therefore, schooling and training is not only about imparting certain skills but also about a mind-set – that is, a disciplining and an adjustment that can enable not only inclusion but also acceptance of this remaking.

4.6 Self-employment and debt

Self-employment through home-based livelihoods and micro-entrepreneurship is an important part of Passikudah's political economic terrain, especially for women. A retired local government official in Passikudah noted that the introduction by NGOs of microcredit-linked livelihoods schemes, targeting women in particular, in the aftermath of the tsunami marked a significant expansion of this sector, and much the same is in evidence during the post-war period.

Home-based livelihoods and micro-enterprises in Passikudah are promoted by the state as a means of strengthening livelihoods for vulnerable households. For instance, 'Savi', 36, has been living with her family on government-provided land in KKC since she was displaced from Passikudah after the tsunami. Savi received a small grant of Rs. 2,000 through the Samurdhi Department to set up a small shop outside her house to sell vada, a popular fried snack. She said she earns a daily income of Rs. 300 from the shop, to supplement the income her husband earns from fishing. But her daughter is ill and blind in one eye and their income is barely enough to cover all medical expenses. She says they had asked the GN for years for assistance but only recently received a response (interview, 6 March 2015). Self-employment in this case is almost a buffer against destitution.

Some have leveraged the state's support to build capacities for self-employment and to scale it up beyond subsistence. For example, 'Sita' lives in PC with her husband, who works as a mason, and their four children. She makes a living selling handicrafts to the resorts. She began by selling them to a man on the beach but discovered he had been marking up the prices to tourists while paying her much less and thus refused him her business:

> ***The DS office had got to know that I sell my products at the beach and called for a meeting with me and others like me. The officials encouraged us and held an exhibition to showcase our products. They also helped us improve our products. They were the ones who suggested me to sell my products to the hotels. Like me, they advised other women too, but none of them came to the hotels. I took an auto and went by myself to meet the managers at Maalu Maalu and Uga Bay. It was not as intimidating as expected*** **(interview, 4 March 2015).**

In her case, the training and support likely enabled her to take a further step to move beyond and consolidate avenues to create a steady source of income and accumulate capital. Indeed, she is by no means alone. Another woman, 'Mary', from Kalkudah, who is in her late fifties, runs the parking lot for the public beach in Passikudah. To pay for the tender, she took out a loan of Rs. 200,000 from Commercial Credit. She says that, through her job, she employs four others, and was also able to assist ten widows in starting shops on the same land. Though she acknowledges the hardships of being engaged in self-employment, such as the fact that she does not get any leave, she enjoys what her job has provided her: '*I do not like staying at home. I want to constantly be doing something I have always had the entrepreneurial spirit and people around me would tell me I was capable of doing this and would nominate me for things like the women's society*' (interview, 28 March 2015).

Others in the community have also taken advantage of past experience and knowledge to leverage the tourism market. One such example is 'Romesh', a 50-year-old male from KKC, who owned a cabana on the beach during the first tourism boom in the 1970s. In response to post-war tourism development, he rented a glass boat to take tourists on rides and also offers snorkelling. His clientele includes both Sri Lankan and foreign tourists, whom he canvasses on the beach. Recently, he purchased his own boat, which cost Rs. 350,000 (interview, 5 March 2015).

These stories, though few, are significant because they underline that at least some can indeed embrace avenues for self-employment, drawing on a combination of external support and their own experience, skills and initiative to take advantage of the tourism economy. These examples are also important because they challenge notions that the local community is caught in a dependency syndrome and are displaying a lack of initiative in not identifying and leveraging economic opportunities.

Some resort managers we spoke to shared this negative view of the local community. For instance, one said, '*There is so much potential for locals to step in and start small eateries, souvenir shops, bath* [rice] *kades and things that add to the tourism infrastructure. But they still haven't identified the opportunities available to them*' (male, interview, 4 March 2015).

The underlying narrative here is that people are failing to take responsibility for capitalising on the economic opportunities tourism has created in Passikudah. Self-employment is a seemingly limitless horizon – that is, '*there is so* much *potential*'. It is also portrayed as an economic space that is inherently empowering and builds confidence for those who pursue it (Cain, 2007; de Haan, 2012; Sanyal, 2007: 227). But this masks important structural dynamics. Indeed, as 'Lakshmi', who lives with her sister and her family in KKC and earns money through rearing chickens and buying and selling fabric, said, '*some women start businesses because they want to but others do so because* they have no other option' (FGD, KKC, 4 March 2015).

Notwithstanding instances such as the ones referred to above, where self-employment has increased incomes or enabled a diversification of livelihoods, it is crucial to understand self-employment in structural terms *vis-à-vis* broader political economic relations. As an academic and activist at a women's organisation in Eastern province underlined, while self-employment may offer an alternative livelihood option for people who cannot find employment in the formal economy, development interventions promoting self-employment are in fact broadening informal market activity that has no social safeguards or safety nets (interview, 29 September 2015). Following Sanyal and Bhattacharya (2009: 36), we may understand self-employment in Passikudah as a creation within the informal sector of the 'need economy', an economic space that maintains those who do not benefit from the formal accumulation economy.

It also keeps people like Sita, Mary and Romesh, who have carved out a living through entrepreneurial activities, on the fringes of the formal circuits of capital. International development actors, such as the World Bank, speak of the importance of recognising and supporting informal sector employment and its 'role' in helping those in poverty (Sanyal, 2007: 151). A key modality through which this support and the role itself have been articulated is microfinance and microcredit. Passikudah, like many other sites, has witnessed a rapid financialisation of development, with the government

and NGOs, as well as banks and other commercial institutions, actively promoting the idea since the tsunami and even more so in the post-war era. Microfinance-driven self-employment appears to have been put in place without an understanding of the risks that define the context in which these people live.

Microfinance agencies are in fact finding new alliances in NGOs. The manager of a nearby branch of a major Sri Lankan banking institution noted:

> ***We team up with NGOs… it is a win-win situation. This collaboration helps us canvass their humanitarian cause, and simultaneously do business with the communities. When they promote access to credit and microfinance as part of their programmes, I am able to open more accounts and offer loans to the people. So it is good for business*** **(male, interview, 4 March 2015).**

Women are the favoured targets of NGOs, banks and financial institutions, given their association with responsibility and 'virtue' (Young, 2010). The 'construction of the "financially responsible" woman' (McClean, 2012: 8) is ruptured, however, when they fail, for which they are expected to assume responsibility. A former GN of Kalkudah bemoaned the negative consequences of microfinance:

> ***In my view, the supply of micro-loans has spoiled the women in our communities. The NGOs and now banks give large sums of money to women and they don't know how to manage this money. Women can't handle large amounts of money. They are incompetent when it comes to big business and they have failed*** **(male, 68, interview, 6 March 2015).**

A branch manager of a major bank in nearby Valachchenai said that, before 2013, loans were given only to those employed in government service. In 2013, lending practices were relaxed and the bank started a microfinance loan scheme for women, targeted at livelihood development. Even though a group of field officers from the Central Bank checked the viability of the livelihood activities and the ability of the women to repay, all of the women who took part defaulted and the programme was subsequently shut down. The manager listed several reasons why these women defaulted. The dominant one was that the women were not financially literate and thus had no understanding of interest rates or the consequences of defaulting (male, Interview, 4 March 2015).

The incompetency, financial illiteracy or lack of capacity narrative hides the deeper structural dimension of financialisation of development and debt-driven self-employment and livelihood programmes, whose emergence is inextricably linked to the virtual end of remunerative, secure and long-term employment or primary production.

And the resulting precariousness is exploited to the point that *'banks don't assess whether the applicant of the loan even has the capacity to do what he/she promises to do in the application. Their only interest is repayment'* (former Kalkudah GN, male, 68, interview, 6 March 2015). This often means borrowers, mostly women, take new loans to settle old ones, spiralling into indebtedness. The consequences are serious and even tragic. Another bank manager interviewed confirmed that several suicides had taken place as a result of indebtedness, and women who are late on payments also face harassment from loan collectors (male, interview, 4 March 2015). A local male politician spoke about two women who kept borrowing to settle loans and ultimately committed suicide because of the abuse and harassment they faced (interview, 18 March 2015).

A dependence on credit-reliant and debt-driven self-employment in a context like Passikudah in fact underlines the exclusion at play. Even in the handful of relatively successful cases, self-employment within the tourist industry has worked primarily to enable diversification and spread risk rather than enabling the capital accumulation that enable a transition out of precariousness. Savi, the handicraft seller above, notes that, while selling to the hotels has increased her income, *'we have four children; so even if the income has improved, it isn't enough. But because of the extra money we earn, we have improved our house'* (interview, 4 March 2015).

Romesh, the fisher who now owns a glass boat and conducts boat trips and snorkelling noted that his income fluctuates, not only seasonally but also day to day. Sometimes, he said, he makes Rs 1,500/day; on other days it may be much more or much less. To supplement this income, his wife runs a small convenience shop out of the front of their house. He underlines that it is not always easy to engage in self-employment geared at tourists. Some resorts are hesitant to allow their guests to take part in similar locally run excursions.

5 Conclusions

5.1 Exclusion of the local

Passikudah's luxury tourist enclaves exemplify the superimposition of luxury and excess on a social and economic landscape of fragility and precariousness. There is virtually no scope for integration, given that the local economy is in no position to even add value to any of the resorts, let alone sustain them. Information pieced together from interviews with managers of Passikudah's resorts and other market sources suggest that, apart from using labour for construction, some basic construction material and a small percentage of the workforce, the resorts are completely disconnected from the local economy. While some of the resorts appear to source some proportion of their fresh seafood locally, a significant proportion of this, as well as vegetables, diary, poultry, meat and dry rations, is sourced through large-scale Colombo-based vendors or from markets in Dambulla, Nuwara Eliya and Colombo, or is imported. The same goes for most of the hardware in the hotel, as well as furniture, linen, décor, etc.

What is important to underscore is that the resort economy contributes little to the local economy. As already underlined, Passikudah's resort economy relies heavily on foreign tourists. In general, tour operators in home countries, through their branches or local affiliates, or domestic (generally Colombo-based) operators, facilitate the trips of foreign tourists, especially groups. They are normally driven to one of the resorts or arrive by seaplane to Batticaloa[9] and more often than not are on 'all-inclusive' packages. Indeed, a number of resorts themselves offer attractive full- or half-board packages on their websites. In reality, other than for day trips to attractions such as the World Heritage sites in Polonnaruwa about two hours away, visitors seldom leave the resorts.

All-inclusive tourism, while very profitable to tourists, tour operators and hotels, in that order, tend to have the least benefits for the local as well as the national economy of the destination country. A 2010 World Bank report on Kenya found that 'foreign operators handling all-inclusive packages, which tend to place the greatest demand on local natural assets and infrastructure, appear to be contributing the least to public sector revenue' (2010: 20). The same study found that the 'traditional full-board beach tourism packages yield the least economic benefit to the sector'. (ibid.: 51).

9 Advertised on a few websites of resorts and operated by a few domestic airlines such as Helitours, Cinnamon Air and Simplifly.

Tourism Concern has documented evidence on all-inclusive beach tourism from Jamaica to Mallorca in Spain to Goa in India that emphasises the limited value all-inclusive tourism brings to local economies and communities.[10] In 2013, the organisation released a research report into labour conditions in all-inclusive resorts based on a study of resorts in three countries. This reveals that, while precarious work, low union densities, low wages, long working hours and unequal opportunities exist in a range of hotels, the impacts are greatest in all-inclusive hotels. This is primarily because hotel workers are often at the bottom of the value chain, characterised by ever-tightening margins as one descends the value chain, especially with lower room rates.[11]

Even excursions for tourists within Passikudah are often conducted in collaboration with businesses from are outside of the area. Almost all resorts solicit the services of Lanka Sportreizen (LSR), a travel partner that specialises in adventure, nature and water sports and is conveniently located on Passikudah beach but headquartered in Colombo. Resorts collaborate with LSR to offer scuba diving, water skiing, sailing, boat cruises, jet scooter rides, speedboat rides and deep sea fishing. The manager of one resort was open on why they preferred partnering with LSR to working with locals: '*We recommend them* [LSR] *because we don't want to compromise our guests' safety. This is the reason we don't allow our guests to go deep sea fishing with local fishermen. The locals don't have adequate safety gear and if something happens we don't want to be blamed for it*' (interview, 4 March 2015).

While tourists in up-scale resorts in Passikudah consume vast quantities of local resources – fresh water in particular – and generate significantly more waste than the local community, the resort economy contributes relatively little to the local economy. While some jobs have been generated, it is clear that (1) they are far fewer in number than what was and is still claimed by government officials as well as resorts and (ii) jobs for locals tend to be low-paid, at the bottom end of the wage pyramid and in many cases precarious.

A rapid survey of guesthouses and their interaction with the local economy in terms of their procurement value chains revealed, as expected, a far higher level of integration. Most of them procure their seafood from the local fishing *vaadi* and source vegetables, meat and dry rations from Valachchenai or Batticaloa town. Similarly, almost their entire infrastructure, such as furniture, linen, etc., generally comes from Batticaloa town. While this may well underline the benefits of small-scale tourism, it is important to note that working conditions in the local guesthouses tend, on some counts such as leave, working hours, contracts and benefits, to be worse than in the resorts. There is also a high degree of exploitation of women's labour in the smaller guesthouses, as women are often contributing family workers, who are generally underpaid (or not paid at all), and have very few opportunities to engage in an occupation of their choice.

5.2 Subjectivities that reproduce ethnic animosity and patriarchal norms

Post-war Passikudah's enclaves of luxury tourism loom over a landscape of precariousness and a legacy of suffering. Mbaiwa (2005: 159–160, after Ceballos-Lascurain, 1996) refers to enclave tourism as a kind of 'internal colonization', an occupation of peripheral or remote areas with facilities and services that are beyond the reach of local communities. The exclusion of the 'local' is also manifest in how any 'ethnic' ethos and subjectivity that pervades the resorts generally tends to be distinctly Sinhalese. One is welcomed at most resorts with an *ayubowan*, a Sinhalese welcome greeting, but not the Tamil equivalent, *vanakkam*. But, given how few Tamil speakers there are in the resorts, particularly in guest interface positions, this is unsurprising, even if the area itself happens to be 98% Tamil-speaking. From the art and photographs to the language in and names of hotels and areas within them – such as Habala Pool Bar and Ruwala Restaurant – Sri Lankan in Passikudah's resorts is overwhelmingly Sinhalese.

While a handful of resort employees from the local community saw opportunities for a better life in the resorts, the dominant narrative was discomfort with what is perceived as outsider – read Sinhala – occupation of their land, beaches and culture, for commercial purposes. It is clear it would be a mistake to assume that the mere presence of some locals as workers in the resorts translates into a sense of feeling included. The multiple narratives regarding their marginality – whether it is with respect to rank and positions, skills, language or opportunities – within the resorts underline that presence does not mean inclusion. The way tourism is being developed in war-affected areas begs an interrogation of the simplistic narrative that economic development can ever be a panacea for the deep-seated and structural exclusion that underlies the ethnic problem.

10 See https://www.tourismconcern.org.uk/all-inclusives/

11 See also http://www.theguardian.com/travel/2014/mar/08/all-inclusive-holidays-travel-ethical-tourism

Credit: SLRC/ Mira Philips

Stalls on public beach: micro-enterprises in Passikudah are promoted by the state as a means of strengthening livelihoods for vulnerable households

The promotion of tourism as a haven of opportunities rarely accounts for the multiple barriers women face in entering the industry (Nanayakkara, 2016). The stigma attached to women from the community working within resorts is very much in evidence in Passikudah. This works as a form of patriarchal social control of women, not only determining their options for employment but also sending a strong signal about their confinement to the domestic sphere. Yet there are those women who have defied it; others see no choice but to bear the social disapproval in the face of economic need. Nevertheless, it is clear that the incursion of the resort economy has a disruptive impact on established gender relations in Passikudah – but equally this does not necessarily translate into empowerment, as resort work is also laden with precariousness.

The history of inter-ethnic conflict and grievances adds another layer of subjectivities, as resorts are considered spaces of male 'others'. Women working in these spaces therefore face serious reputational risks based on moral panic around cross-ethnic sexual fraternising. Despite much promotion of the tourism industry as attractive and exciting for young women from within the community, such gendered social norms will prevent women from entering the field, even if there is a prospect of professional mobility (both vertical and horizontal) and higher incomes.

5.3 An embodiment of mal-development

It would be simplistic to attribute the crisis in primary production or employment and wage labour in and around Passikudah to the resort economy. The critique of Passikudah's resort economy is a critique of the model of development itself. To claim that Passikudah's local economy cannot absorb or support the resort economy may well sound tautological but, relative to the volume of private investment and public financial and natural capital leveraged to attract that investment, the resort economy is contributing little of comparative value to the local economy. A more detailed value chain analysis is needed to assess its net contribution to the local and national economy.

In many respects, Passikudah's resort economy is but another node in global capital flows that benefits

investors; its local benefits, such as tourism-related self-employment in handicrafts or micro-enterprises, is but an accident. It is apparent that the development strategy was focused on ensuring that investment capital, steered and supported directly from Colombo, could operate with minimal hindrance rather than undertaking to place any significant responsibility on it for the meaningful social development of local communities.

The 'scene of hospitality' (Tataryn, 2014) in Passikudah is shot through with war and tsunami-related death, dispossession, displacement, disappearance, narratives of institutionalised discrimination and exclusion and un-redressed claims for justice in relation to the war. But the narratives and optics of hospitality are seemingly designed to displace and obfuscate all of this by resorting to aestheticising and exoticising the present and erasing the legacies of egregious violence and injustices: 'The smiling faces of the friendly locals that you encounter as you set foot in this forgotten corner of the earth tell stories of those ailing years'. [12]

5.4 Moving forward: From trickle-down to distributive justice

It is critical to go beyond claims that the Passikudah model is a success, on the evidence of some trickle-down, especially in the form of local wage and self-employment or the unspecified value addition nationally. To begin with, it is crucial to undertake more detailed accounting of costs and benefits, without externalising any of the social or environmental costs.

A robust and focused state-mediated engagement with powerful stakeholders in the resort economy is crucial to develop a road map for inclusion. Such a road map must leverage the core business as well as initiatives beyond, such as corporate social responsibility commitments, to enhance inclusion and equity. But, fundamental to drawing up such a road map is facilitating social mobilisation and crucial to this are detailed participatory and community-based assessments of needs, assets and capacities at both the community and the household level. Securing the role and 'place' of women and women-headed households in the process is equally critical.

This, in turn, requires a significant change in approach on the part of state. Empowering provincial, district and local officials to act and developing a coherent institutional and policy framework to assess, monitor and engage with the resorts to maximising local and national benefits are critical. To begin with, there is an urgent need for rigorous monitoring of compliance with labour and environmental regulations and standards, in both the resort and the guesthouse economies.

Establishing a joint mechanism, which includes representatives from government, local communities and the resorts as well as strong independent civil society voices and experts, to take stock of key concerns and develop short-, medium- and long-term plans is an imperative. It is also critical that any such process accounts for the fact that Passikudah's resort economy engages multiple economies also interacting with each other – a guesthouse economy, primary production, especially fishing and agriculture, self-employment, other forms of wage labour, etc.

Given that the balance of state power is so heavily weighted towards capital, none of this is likely to happen without considerable pressure from civil society and advocacy groups. Indeed, even international advocacy, global partnerships and initiatives are necessary to generate the pressure to redress the imbalances and exclusions that characterise Passikudah today. Resorts and government alike must be responsibilised, but crucial to this is local mobilisation; if there was ever a conducive political moment to do this, it is now.

12 http://www.maalumaalu.com/csr.html

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