# Impact of Authoritarianism on Sri Lanka's Economic Decline

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## Abstract

This paper focuses on how authoritarianism has led to the economic decline of Sri Lanka. This paper conducts an analysis through a literature review, focusing on the interpretation of existing data and historical information. This is done by analyzing various reports, news articles, research papers, as well as constitutional and legislative literature. This paper focuses on the tax cuts in 2019, the passing of the Twentieth Amendment, the fertilizer crisis, excessive money printing, and the delayed assistance to the IMF. This will discuss the role of authoritarianism in influencing these events, such as the ease of appointing and removing parliamentary positions and one family having control over numerous roles and resources. The example of Chile, a democratic country, that contrasts with the autocracy of Sri Lanka, will be used to demonstrate the distinction between autocracy and democracy. These findings demonstrate the significant impact of autocracy on the Sri Lankan decline. By centralizing power, reducing checks and balances and allowing nepotism, the Rajapaksa administration weakened economic stability, increased inflation and debt. Comparing Sri Lanka to Chile highlights the importance of democracy by showing the advantages of oversight and accountability, emphasizing the role of democracy for sustainable economic growth. This paper offers insights about the repercussions of centralized power and emphasizes the need for policy reforms that transparency and effective institutional framework.


## Introduction

In March 2022, Sri Lanka found itself in a dire situation with severe and widespread shortages of cooking gas, fuel, and necessities, reaching the lowest point in its history[1]. In April 2022, Sri Lanka defaulted on the repayment of its foreign debt for the first time. With income poverty almost doubling between 2021 and 2022, affecting twenty-five per cent of the population, concerns grew regarding the country's political structure[2]. The Economist Intelligence Unit (EIU) ranked Sri Lanka as the sixty-seventh most democratic country from a list of 167 countries, referring to the nation as a “flawed democracy”[3]. However, Acemoglu et al (2019) suggest that democratic indices such as the one mentioned above are subject to considerable measurement error, which causes false democratic scores and may result in Sri Lanka ranking higher on the list than it should[4].

This paper discusses the impact of authoritarianism on Sri Lanka's economic decline, particularly during Gotabaya Rajapaksa's presidency, which began in 2019. One key contributing factor was the Rajapaksa dynasty and their associates, including central bank governors, ministers, and other members of Parliament. This study examines the key events that led to Sri Lanka's economic decline and evaluates the extent to which the authoritarian government influenced and contributed to the eventual decline. This evaluation is based on an analysis of various reports, news articles, research papers, as well as constitutional and legislative literature. Our analysis highlights several key issues: significant tax cuts, constitutional amendments that expanded presidential powers, weakened checks and balances, excessive money printing leading to hyperinflation, a fertilizer crisis caused by the ban on inorganic fertilizers, and delayed response to IMF assistance. These actions, predominantly influenced by the Rajapaksa family, have severely impacted Sri Lanka's economic stability.

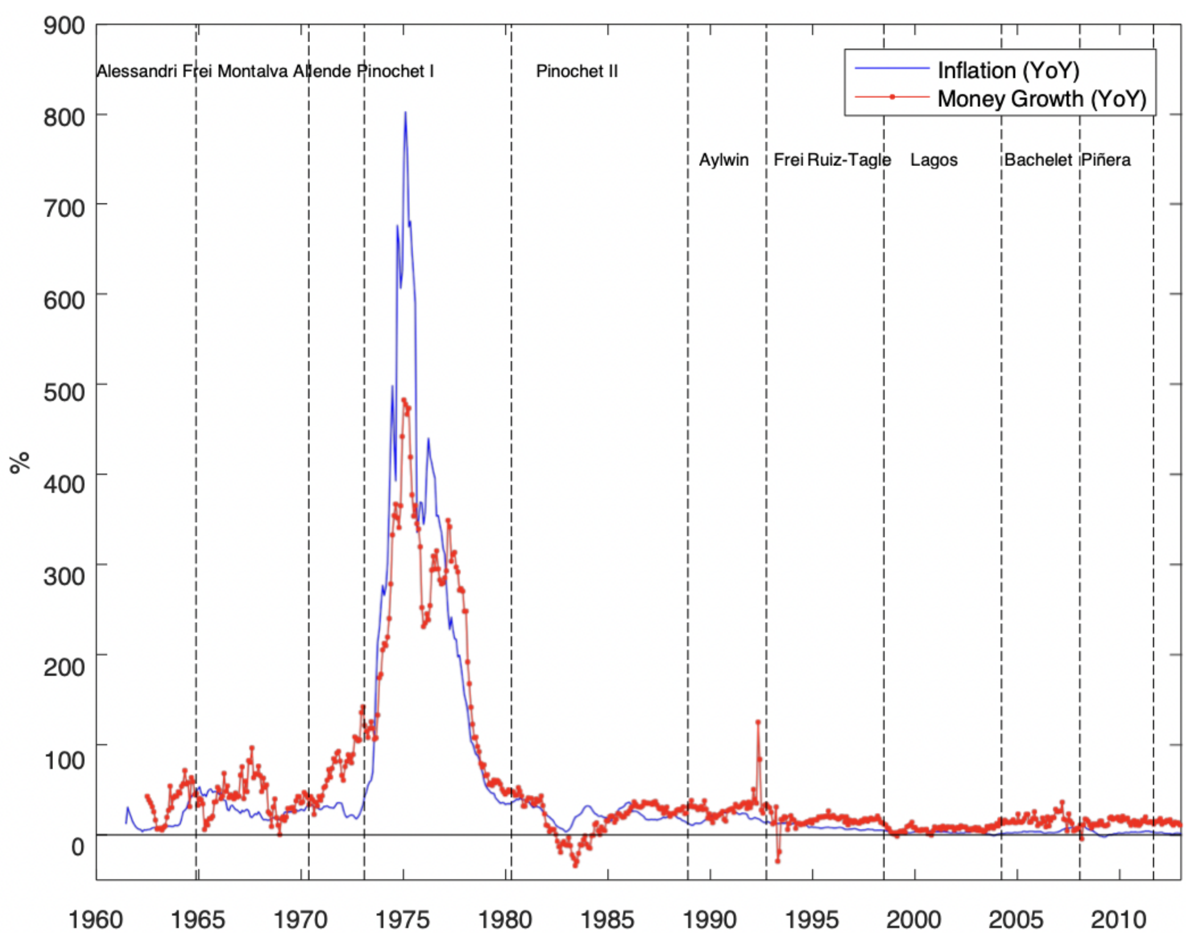


Figure one shows Chile's inflation from 1960 to 1990[5]. Chile experienced levels of hyperinflation in the mid-1970s, reaching a peak of 678.6 in 1974[6].

A comparison can be made to Chile, which successfully transitioned from an authoritarian regime to a well-functioning democracy. At the time of their transitions, both countries had similar population sizes (Chile: 13.34 million, Sri Lanka: 17.2 million)[7]. Moreover, Chile and Sri Lanka both had internal conflicts, with Sri Lanka enduring a civil war and Chile facing a Coup D'etat in 1973, which led to a military dictatorship. Additionally, Chile and Sri Lanka both have export-oriented economies. The reasons above exemplify why Chile is used as an example to show how a democracy operates as compared to an autocracy. We acknowledge and analyze Chile's success in similar events that Sri Lanka has faced after the transition to democracy to indicate the shortcomings of the authoritarian regime of the Rajapaksa clan.

Chile was ruled by dictator General Augusto Pinochet from 1973 to 1990. On March 11th, General Pinochet was replaced by a democratically elected government, transitioning Chile into a democracy. Since then, Chile has had the highest income per capita and the highest HDI in South America[8]. Additionally, Chile is ranked 7th out of 35 OECD countries ranked by the economist in which economies did the best in 2023[9]. This is a notable improvement from when Chile was under military dictatorship and faced several issues. For example, the crisis of the 1980s, where GDP fell 20% from 1981 to 1983, unemployment rates hit a low of 20% in 1982, and hyperinflation was rampant from 1973 to 1976[5,10].

Our analysis suggests that authoritarianism has been a significant factor in Sri Lanka's economic meltdown. The Sri Lankan constitution, with its various flaws, has facilitated this autocratic governance by reducing oversight. This environment allowed the Rajapaksa family to secure a dominant position in Sri Lankan politics and maintain long-term control over the country. These insights are based on a review of existing literature and previously published works.

## Twentieth Amendment

The Twentieth Amendment was added to the Constitution on October 22nd, 2020, essentially increasing presidential power and control. The President now had power over the Judicial, legislative, and independent branches, increasing his control over the country.

In the 2020 presidential elections, Gotabaya Rajapaksa won with a landslide victory, having a comfortable two-thirds majority with the SLFA (Sri Lanka People's Freedom Party)[11]. This was a political alliance led by Rajapaksa's party (SLPP), having 59% of the vote[12]. This made passing the Twentieth Amendment in Parliament relatively simple, with 150 (including political allies) out of 225 members voting in favour[11]. The Twentieth Amendment brought back all of the constitutional powers that were abolished in the Nineteenth Amendment. This included allowing unlimited power for the executive presidency and led to the return of an autocratic presidential regime. The executive presidency in Sri Lanka, established by the 1978 Constitution, wields extensive powers as head of state, head of government, and commander-in-chief, with significant control over legislative, judicial, and administrative functions. The President's new powers include that the President is only required to observe the Parliamentary Council when appointing high-ranking officials such as supreme court judges, attorney generals, chief justice, auditor general, and independent commissions. These independent commissions include those overseeing elections, the police, human rights, bribery, and corruption. This is in contrast to the Nineteenth Amendment, in which the President is subjected to the recommendations of the constitutional council. The President can also dissolve Parliament after one year or by resolution passed by ½ of MPs, and seeing as Gotabaya Rajapaksa had majority support from the Parliament, this once onerous task can now be done with relative ease. This links to the following change: the President can unilaterally remove the prime minister and any other minister. With the President able to remove any minister without needing approval, executing actions such as dissolving Parliament would be extremely easy. As shown on many occasions throughout this paper, the Rajapaksa’s have removed ministers who do not support their actions. It also includes immunity from all proceedings, effectively meaning the President is above the law and can do anything with no legal repercussions[13].

This significantly impacted the economic decline, leading to inadequate oversight and no checks and balances. When the 19th Amendment was passed, it marked a small but important step towards democracy by reducing presidential powers[14]. The Twentieth Amendment gave the President limitless power as the prime minister and cabinet now play the role of a spectator rather than a politician, with no ability to do anything except observe. The ability to appoint members of independent organizations defeats the purpose of having them as the President controls them. These organizations will now be reluctant to voice opinions and give feedback for fear of losing their job. After the passing of the Twentieth Amendment Gotabaya Rajapaksa appointed six new supreme court judges, a new president to the court of appeal, and 14 new judges to the court of appeal[15]. He later appointed retired Supreme Court Judge Rohini Marasinghe as chairperson of the Human Rights Commission as well as a Buddhist monk[16].

To summarize, if we consider the pillars of democracy, the principle of the rule of law guarantees fairness and justice, open and equitable elections empower people to select their representatives, the defense of human rights protects personal freedoms, and the division of powers disperses control within government branches to avoid misuse. Together, these columns uphold democratic beliefs and customs. The establishment of the Twentieth Amendment completely violates these pillars. With Gotabaya Rajapaksa able to avoid legal consequences, modify the judicial members, and even change independent organizations, the separation of power and checks and balances has essentially been abolished.

Tax

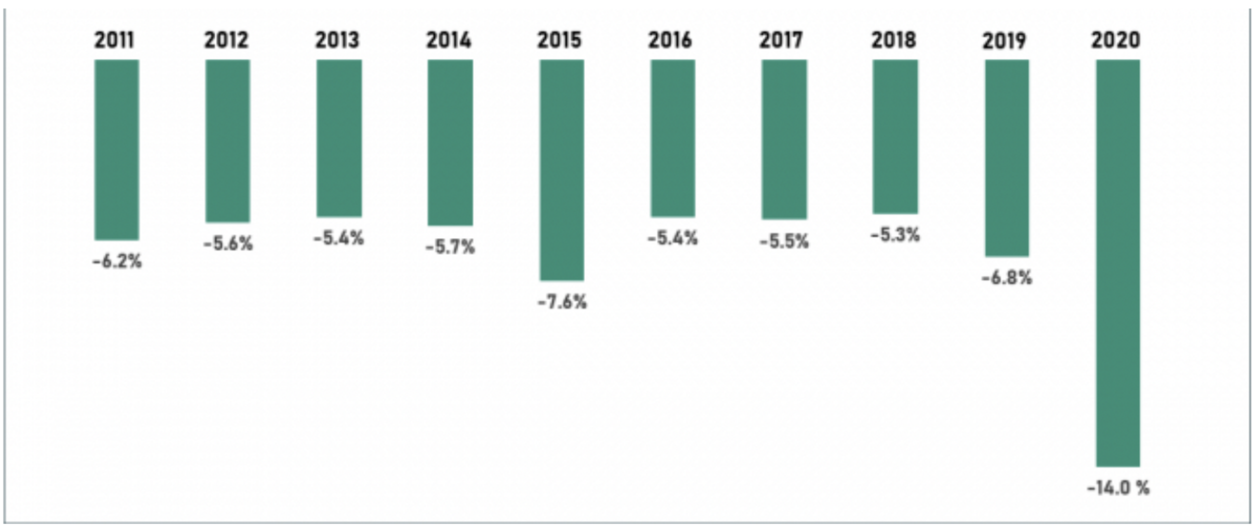
This section dissects the new taxation policies in 2019 implemented by Gotabaya Rajapaksa. These policies had several adverse effects, including perpetuating the economic decline subsequently seen in Sri Lanka, including a significant loss in government revenue, causing a historically large budget deficit. This led to increased borrowing and the use of foreign reserves to finance debt, significantly depleting its reserves and leading to a debt default in April 2022. When Gotabaya Rajapaksa was appointed President in 2019, he immediately made his brother Mahinda Rajapaksa (the former President, Prime Minister, and Member of Parliament) the Prime Minister. I label this as the point of downfall for Sri Lanka as the rebirth of the Rajapaksa rule begins. Gotabaya Rajapaksa lived up to his promise made during the elections and reduced various forms of taxation[17].

Gotabaya Rajapaksa reduced the VAT rate from 15% to 8% and eliminated eight tax forms. VAT revenues dropped from 3 per cent of GDP in 2019 to 1.6 per cent in 2020. Moreover, over 75% of individuals previously enrolled as VAT payers have left the tax system. In Sri Lanka, the VAT registration threshold witnessed a significant rise in 2020, soaring from 12 million to 300 million LKR, much higher than other nations. This lessened the tax compliance burden for many medium-sized firms while considerably reducing the number of VAT payers. VAT registered taxpayers fell to 8,152 by the end of 2020, down from 28,914 taxpayers listed in 2019. Furthermore, in 2020, Rajapaksa made changes to several other tax regulations. This involved increasing the tax exemption for personal income tax from 500,000 to 3,000,000 LKR and decreasing the highest tax rate from 24 to 18 per cent, leading to a lower effective tax rate for all income brackets. The government lowered the standard corporate income tax rate from

28 to 24 per cent and expanded exemptions for different industries. In particular, the agriculture and information technology sectors are currently entirely excluded from paying corporate income tax. As a result of changes in the personal income tax rate structure and withholding processes, there was a 32 per cent drop in the number of individuals paying income tax in 2020[18].

In 2020, the effects of the pandemic, coupled with tax cuts, caused total tax revenue to fall to 8% of GDP. In contrast, between 2000 and 2019, tax revenue as a per cent of GDP hovered around 10-12 per cent[18]. In 2019, the government faced a loss of more than $1.4 billion a year in revenues.

Fig 2




The figure above shows Sri Lanka's budget balance as a share of GDP from 2011 to 2020. In November 2020, Sri Lanka recorded its highest budget deficit as a share of its GDP since 1982[19].

The significant decline in tax revenue led to a downgrade in the sovereign credit rating by rating agencies; New York rating agency Fitch Ratings has downgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC' from 'B-'[20]. This made it more difficult to borrow additional funds and roll over international sovereign bonds. This starkly contrasted the views given by the Sri Lanka IMF country head, World Bank chief economist of South Asia, and other rating agencies[21]. This led

Sri Lanka to increase multilateral and bilateral borrowings and start to use their foreign reserves to finance their debt obligations. Eventually, Sri Lanka's foreign reserves began to diminish from 8,864 million USD in June 2019 to 2,361 million USD in January 2022, and in April 2022 Sri Lanka defaulted on its debt[22].

During Gotabaya Rajapaksa's first cabinet meeting, he passed these tax reforms bypassing the Parliament. He proceeded to approve the mandate for these policies unequivocally. These reforms lacked pushback as the finance minister at the time was his brother (Mahinda Rajapaksa). We see a fundamental lack of oversight here as ministers are constrained with a lack of choice due to the fear of scrutiny. Ministers struggle to disagree from the fear of losing their jobs or even harsher repercussions. Moreover, as the President benefits from the power of removing and replacing ministers, which is clearly outlined in section eight of the constitution (Article 47(3) and Article 50), this mechanism keeps ministers under the thumb of the ruling party[23]. Evidence demonstrating this occurred during the previous Rajapaksa rule, where Mahinda Rajapaksa removed high-profile cabinet ministers for admitting 18 members of the opposing party (UNP) into Parliament in 2007[24]. Another reason that there was a lack of oversight is simply that the ministers are not appointed on a meritocratic basis but rather through nepotism. One example is that the President made his brother Mahinda Rajapaksa not only the Prime Minister but several other roles as well, such as Minister of Buddha Sasana, Cultural and Religious Affairs, Minister of Finance, Economy and Policy Development, Minister of Urban Development, Water Supply and Housing Facilities, Minister of Community Empowerment and Estate Infrastructure Development and prime minister. He also made his other brother Chamal Rajapaksa in the allied political party (SLPP) Minister of Internal Trade, Food Security and Consumer Welfare, Minister of Mahaweli, Agriculture, Irrigation and Rural Development.

He hired his other brother as the finance minister, Basil Rajapaksa, who is unqualified as he has no degree or any prior experience in finance. Basil Rajapaksa is accused of several crimes, such as misallocation of funds, corruption, and abuse of state assets. One of the several crimes Basil Rajapaksa is involved with was he was arrested on April 15th, 2015, as experts estimate a scam worth 70 million Sri Lankan rupees involved with the construction of public housing[25]. Many of the most influential and important political figures in Sri Lanka are related to the Rajapaksa clan in some way, either as a family member or a friend. When the President has the ability to do this, two main issues arise. First, when positions are given based on nepotism, we do not get a qualified and competent candidate, which eventually causes inadequate oversight on decisions as well as a reduction in checks and balances as this means the President can interfere with the Ministry of Finance and vice versa. This means one family controls various political positions and where resources go. The effects of this are shown even in the decisions that the President's family members make with their respective powers. For example, in October 2020, the finance minister abruptly lowered the tax on various items, such as sugar, from 50 to 0.25 LKR. After that, well-connected entrepreneurs imported a significant quantity of sugar. With no change in the consumer price of sugar, the importers benefited greatly from the reduction in levy. The Auditor-General calculated a revenue decrease of LKR 16 billion by February 2021[26,27]. We see that the President's brother can make overnight decisions without consulting the Parliament and in a situation where Sri Lanka is already in a severe budget deficit actions such as these only worsen the problem at hand.

A comparison can be drawn with a more democratic nation, namely Chile. In 2008, when the global financial crisis occurred, the Chilean government had a planned response that included countercyclical behaviour. In 2009, due to the implemented countercyclical actions, along with declining tax revenues caused by the economic downturn and lower copper prices, government expenditure rose significantly, as did the actual deficit. Starting in the middle of 2009, assistance in reducing losses led to a slow increase in production, exports, and employment. The Central Bank began to reduce interest rates significantly as part of their monetary policy. Therefore, starting July 2009, the yearly rate stood at 0.5%, a decrease of 775 basis points from the peak of 8.25% in September 2008. As a result of these measures, lending rates began to come down in mid-2009, credit conditions improved, access to international markets increased, inflationary pressure significantly reduced, and GDP improved.[28].

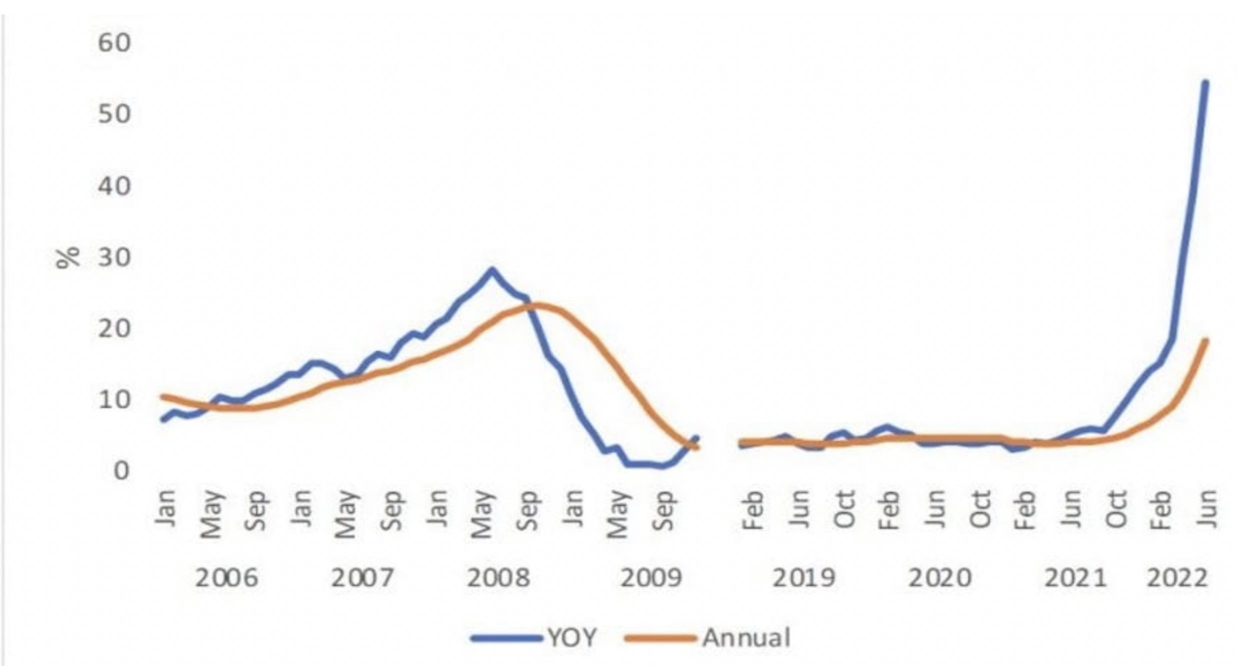
We see that the authoritarian regime of the Rajapaksa meant a lack of oversight by the cabinet due to fear of losing their jobs, nepotism in the selection of cabinet members, and overall abuse of power. When Gotabata Rajapaksa was selected for the presidency, if there had been a strong cabinet that could voice its opinion, the tax cuts would not have gone through, seeing as several experts have suggested against it. Alternatively, if this went to an unbiased parliament, a similar result would unfold. Furthermore, when the President went against the advice of the IMF, this once again proved the severe lack of oversight; the two figures who are supposed to give guidance in this situation are the prime minister and minister of finance; both positions were given to his brother (Mahinda Rajapaksa).

Money printing

The central bank of Sri Lanka printed a record amount of money during the presidency of Gotabaya Rajapaksa, which went against the advice of the IMF. This caused large amounts of inflation, as seen in the graph below. The President hired incompetent central bank governors; in one instance, he went against regulations, and in the other, he hired someone who had close ties to his family and had allegations of corruption and embezzlement. Gotabaya Rajapaksa could readily appoint whomever he wanted, as in the Monetary Law Act, the President had the power to appoint the Governor with the recommendation of the minister in charge of finance, which in both cases was his brothers[29].

From January 2020 to March 2022, the Central Bank printed 1.62 trillion Rupees, which caused extreme levels of inflation. The President appointed central bank governor W.D Lakshman; the money stock increased 38% (2,864 billion LKR) during his tenure as Governor from the end of 2019 to September 2021, when he eventually resigned. Subsequently, he hired Ajith Cabraal; during Caabral's tenure as Governor from September 15th 2021, to April 4th 2022, he increased the money supply by 1087 billion, approximately 10%. Notably, he printed 22.27 billion LKR overnight on March 14th[30].

Fig 3



The figure above shows Sri Lanka's inflation from 2006 to 2022 when it defaulted. The large amounts of money being printed caused inflation to go up to 70% in 2022 before Sri Lanka defaulted[31].

President Gotabaya Rajapaksa appointed W.D. Lakshman, a 78-year-old with no experience in the central bank, as central bank governor, despite the position's age limit of 70 years. Gotabaya Rajapaksa's interests took priority over the country's needs as Gotabaya Rajapaksa's nepotism once again caused adverse consequences for Sri Lanka, but the same mistake was repeated when hiring Ajith Caabral, the next central bank governor. Ajith Cabraal was closely related to the Rajapaksa clan, as he and Mahinda Rajapaksa met at university. Ajith Cabraal became the Governor of the central bank in 2006 when Mahinda Rajapskha appointed him. There were severe accusations and claims of embezzlement in regard to an investment in Greek sovereign bonds[32]. Despite numerous allegations of corruption, Gotabaya Rajapaksa still hired him to succeed W.D. Lakshman.

We later see that Ajith Cabraal (along with the Rajapaksa's) were found guilty of breaching article 12(1) where all persons are equal before the law which was filed in 2023 November long after the resignation of both the Rajapaksa's and Ajith Cabraal and long after the economic meltdown that Sri Lanka faced[33].

Fertilizer crisis

In the spring of 2021, Gobaya Rajapaksa made an obscure decision that proved fatal for the Sri Lankan economy. He announced a ban on inorganic fertilizers and pesticides, as well as, mandating the use of local bio-fertilizers. This had severe impacts on the rice, tea, and all agricultural industries. President Gotabaya Rajapaksa suddenly implemented a complete restriction on chemical fertilizers and pesticides without any prior planning.

The prohibition of fertilizer led to a significant decrease in tea production, causing economic losses of approximately $425 million and a twenty per cent decline in rice production in the first six months. This reversed the country's self-sufficiency in rice production and required importing rice for $450 million. In the year 2020, around 23.7% of Sri Lanka's workforce was involved in agricultural activities, indicating that almost one-fourth of the country's labour force depends on natural resources for their livelihoods. This has also resulted in a 37% reduction in the 2020/2021 seasonal harvest, which is the worst harvest since 2003/2004 (except for 2016/2017 due to climatic anomalies- La Nina and El Nino). The impact is especially evident in the rising inflation rates, which reached 69.8% in September 2022. Food insecurity affected around 6.3 million people in the same month. High food inflation was recorded at an all time high of 94.9% in September 2022. Additionally, malnourishment, particularly among children, affected an estimated 1.7 million children[34]. Receiving foreign loans in the form of goods (such as 40,000 tons of rice from India) will not only hinder the country's local production but also lead to a rise in its external debt[35].

Gotabaya Rajapaksa was presented with evidence by 30 scientists and experts that this is detrimental to the farmer's lives, the agricultural sector, and the overall well-being of the Sri Lankan citizens. However, he was confident that he would lead Sri Lanka as the first country to go 100% on organic fertilizer[36]. It's also noteworthy and by no surprise that the state minister of Paddy and Grains, Organic Food, Vegetables, Fruits, Chillies, Onion and Potato Cultivation Promotion, Seed Production, and Advanced Technology Agriculture was his nephew, once again confirming the nepotism and bureaucracy influences poor decision making. There is evidence of this later when three Cabinet ministers have been removed from their positions due to their criticism of the government's economic policies. The constitution freely allows this under article 47 (3) as the President, in consultation with the prime minister (in this case, it's his brother), can remove ministers. Ex-Sri Lankan State Minister Susil Premajayantha said he was dismissed for speaking out against the government's fertilizer policy, which had caused a sharp increase in food prices[37]. The secretary to the Ministry of Agriculture, Udith Jayasinghe, was sacked which was followed by the appointment of a new official, a mere few hours after Jayasinghe issued a warning of a potential food scarcity[38]. No official reason was given for the dismissal of Udith Jayasinghe. This reinforces the idea that the President does not accept criticism, and ministers will not share their input out of fear of losing their jobs.

Chile is an excellent example of how a democratic approach has prevented its economy from following a similar path as Sri Lanka. A joint committee in the country's congress turned down a proposed change to Chile's general fisheries law that would have banned new or renewed aquaculture concessions in protected areas. The article might have closed down 431 current salmon farming permits, jeopardizing thousands of jobs. However, the congressional committee approved several additional articles in the bill, which seeks to establish a public service under Chile's Ministry of the Environment responsible for preserving biodiversity in Chile, such as implementing a national network of protected areas and promoting conservation efforts beyond these areas. This shows how the congressional committee can form middle grounds while carefully assessing the advantages and drawbacks before passing bills and that the Chilean President cannot approve such bills without going to Parliament, where it receives adequate oversight. Furthermore, since the appointment of President Gabriel Boric in December 2021, Chilean authorities have tightened regulations on the nation's salmon industry, which was worth USD 6.6 billion in the previous year. Since that time, there has been an increase in regulatory supervision by Chile's National Fisheries and Aquaculture Service (Sernapesca) over excessive production[39].

Similar to the cuts in taxation, ministers being fired for criticism shows a complete scarcity of oversight. This idea is further reinforced by his nephew, the state minister in multiple positions. The President's ability to decide this without parliamentary approval shows the concentration of power that the Rajapskha clan had. In contrast to Chile, where the congressional committee of 155 people democratically votes to reject, pass, or alter a bill[40].

Delayed IMF assistance

Sri Lanka's government debt as a percentage of GDP reached an all time high of 113.8% in 2022. In April 2022, the President of Sri Lanka, Gotabaya Rajapaksa, requested a $3 Billion loan from the IMF. Sri Lanka has gone to the IMF 16 times between 1965 and 2018, receiving a total of 3,586,000,000 SDRs[41].

During that time, the IMF imposed several austerity measures and structural reforms. We saw this in 2009 under the presidency of Mahinda Rajapaksa when the IMF introduced reforms to reduce Sri Lanka's fiscal deficit, such as reducing tax exemptions, broadening the tax base, reduction in military spending and concessional donor financing[42]. We also see this later in the transcript on IMF-supported EFF program Press Briefing for Sri Lanka in March 2023 where reforms such as anti-corruption strategies, changes in taxation to target high-income earners as well as broadening the tax base was discussed as IMF approved a 3 billion USD loan[43]. However, many of these reforms would go against Gotabaya Rajapaksa's vision as according to presidential secretary P B Jayasundra he was aware that revenues would fall, however, he considered it an investment[44]. In Colombo, from December 7–20, 2021, IMF directors had discussions with Finance Minister Basil Rajapaksa and central bank governor Ajith Cabraal. IMF directors encouraged raising VAT and income tax as well as that "FX debt service needs of US$7 billion each year will require access to very large amounts of external financing at concessional rates and long maturities, sustained over many years", "fiscal consolidation and macroeconomic policy adjustments alone cannot restore Sri Lanka's debt", however, the central bank governor Ajith Cabraal claimed Sri Lanka can finance its outstanding debt[45].  Former prime minister and leader of the opposition Ranil Wickremesinghe stated in Parliament that IMF assistance is needed, and this has been reiterated by several other members of the opposition party; however, they are unable to do anything other than make statements as the ministry of finance and central bank governor are under the control of the Rajapaksa's[46].

To contrast this to a democracy using the example of Chile, under the basic constitutional act, we see that the Chilean central bank can take loans in the form of credit, credit lines, or any other manner. The President of the Republic will appoint five Members to the Board through an executive decree issued by the Ministry of Finance following Senate approval. The Senate is made up of 43 members that have been directly elected. Under section 16, we see that the President of the Republic has the authority to dismiss the Board Member serving as both the Governor of the Board and the Governor of the Bank only if at least three Members make a justified request citing failure to comply with the adopted policies or regulations. The President of the Republic must first obtain approval from the Senate before carrying out the removal mentioned above; this also applies to the auditor general and general counsel[47]. There is also a committee on audit and compliance and a panel of experts. The panel of experts is a group of economists composed of professors, the former Governor of the Israeli central bank, and even the former vice president of the US Federal Reserve. The panel of experts assesses certain aspects of the bank's performance[48].

We see a clear difference in the systems of Sri Lanka and Chile, where in Chile, there is a clear separation of power as the President does not have a severe impact on decisions regarding borrowing as that is in the hands of the board of the central bank. The method of selection and removal eliminates nepotism and allows decisions to be independently made without the fear of losing their job. We also see adequate oversight here, with several committees established to give feedback, which central bank board members themselves select without intervention from external bodies.

## Limitations

The limitations of the paper are that while Sri Lanka has several authoritarian characteristics, it is not a complete autocracy, and likewise for Chile, where Chile is not a full democracy. Thus, we cannot judge to a complete extent the impact of authoritarianism on Sri Lanka. Similarly, when we compare Sri Lanka's economic decline to Chile's financial success, we must note that Chile also has autocratic tendencies. For example, even though Chile transitioned into a democracy, Chile's constitution has not been altered since 1980, when it was under a military-driven autocracy under General Pinochet. Similarly, Sri Lanka has democratic traits, even though under the 20th Amendment, the President has complete control over independent commissions like the election commissions, Sri Lanka still has elections, which even caused the Rajapaksa to lose power when they lost the elections in 2015 even though Mahinda Rajapaksa had a short stint as the prime minister.

Regardless, the current political structures of both countries widely contrast since Chile moved away from its authoritarian past while Sri Lanka is still under an authoritarian regime, sitting on opposite ends of the political spectrum. While Chile has had its challenges, its rise from economic failure to being one of the most prosperous countries in its region stems from its shift to democracy. According to Weyland 1999 Chile's new democratic government established new economic policies that yielded "considerable socioeconomic benefits" such as a reduction in inflation, which declined from 27.3% in 1990 to 4.7% in 1998, and a steady increase in real wages by 22.4% from 1993 to 1998[48]. On the other hand, Sri Lanka faced its worst recession in 2022, compounded by the aftermath of a civil war, natural disasters, and terrorist attacks.

## Conclusion

Extensive reasoning behind the autocratic rulings of the Rajapaksa's tenure stems from the Sri Lankan constitution. A clear example of this is in chapter eight (The Executive), where the President can control ministers by fear, and we have seen on numerous occasions that the President has removed ministers without a fair reason, such as basic criticism. Aristotle says, "For where the laws do not rule, there is no regime." According to Aristotle, a regime or government can only be considered just and stable if it is governed by laws rather than by the whims or arbitrary decisions of individuals. When the Twentieth Amendment was established and passed, we saw the very last of Sri Lanka's democracy turned to ashes. We use the comparison of Chile (which used to be under an autocratic regime) to show a difference in how a democracy functions. This situation only becomes worse when the President appoints people in positions of abundant power who are unqualified, incompetent, and corrupt. Chile has done an exceptional job in rising from multiple economic failures over the years under the autocratic rule of General Pinochet to the seventh-best OECD country, according to the economist, with a significant factor being its switch to democracy. Through the authoritarian regime of the Rajapaksa's, Sri Lanka's economy collapsed like ever before for the first time in its history.

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