

BLANKING THE BEACH

“THE SECOND TSUNAMI”

The tsunami that cleared the shoreline like a giant bulldozer has presented developers with an undreamed-of opportunity, and they have moved quickly to seize it.

—Seth Mydans, *International Herald Tribune*, March 10, 2005¹

I went to the beach at sunrise, hoping to meet some fishing people before they went out on the turquoise waters for the day. It was July 2005 and the beach was almost deserted, but there was a small cluster of hand-painted wooden catamarans, and beside one of them a small family was getting ready to go to sea. Roger, forty years old and sitting shirtless in his sarong on the sand, was repairing a tangled red net with his twenty-year-old son, Ivan. Jenita, Roger’s wife, was circling the boat, waving a small tin of smoldering incense. “Asking for luck,” she explained of the ritual, “and safety.”

Not so long ago, this beach and dozens like it up and down Sri Lanka’s coast had been the site of a frantic rescue mission after the most devastating natural disaster in recent memory—the December 26, 2004, tsunami, which took the lives of 250,000 people and left 2.5 million people homeless throughout the region.² I had come to Sri Lanka, one of the hardest-hit countries, six months later to see how the reconstruction efforts here compared with those in Iraq.

My travel companion, Kumari, an activist from Colombo, had been a part of the rescue and rehabilitation effort and had agreed to act as guide and translator through the tsunami-struck region. Our trip began in Arugam Bay, a fishing and faded resort village on the east coast of the island, which was

being held up by the government's reconstruction team as the showcase for its plans to "build back better."

That's where we met Roger, who gave us, after only a few minutes, a very different version. He called it "a plan to drive the fishing people from the beach." He claimed that this mass eviction plan long predated the giant wave, but the tsunami, like so many other disasters, was being harnessed to push through a deeply unpopular agenda. For fifteen years, Roger told us, his family had spent fishing season in a thatched hut on the beach in Arugam Bay, near where we were sitting. Along with dozens of other fishing families, they had kept their boats beside their huts and dried their catch on banana leaves in the fine white sand. They mingled easily with tourists, most of whom were Australian and European surfers staying in hostels along the beach, the kind of place with ratty hammocks out front and London club music playing on speakers lodged in palm trees. The restaurants bought fish straight off the boats, and the fishing people, with their colorful traditional lifestyles, provided just the splash of authenticity most rugged travelers were looking for.

For a long time, there was no particular conflict between the hotels and the fishing people in Arugam Bay, in part because the ongoing civil war in Sri Lanka ensured that neither industry could grow beyond a small scale. The east coast of Sri Lanka saw some of the worst of the fighting as it was claimed by both sides—the Liberation Tigers of Tamil Eelam (known as the Tamil Tigers) in the North, and the Sinhalese central government in Colombo—but was never fully controlled by either. Reaching Arugam Bay required navigating a maze of checkpoints and running the risk of getting caught in a shootout or a suicide bombing (the Tamil Tigers are credited with having invented the exploding suicide belt). All the guidebooks contained stern warnings about steering clear of Sri Lanka's volatile east coast; the wave breaks were notoriously good, but only worth the trouble for the seriously hard core.

The breakthrough came in February 2002, when Colombo and the Tigers signed a cease-fire agreement. It wasn't exactly peace but more like a taut pause in the action, one punctured by the occasional bombing or assassination. Despite this precarious state, as soon as the roads were opened, the guidebooks began pumping up the east coast as the next Phuket: great surfing, beautiful beaches, funky hotels, spicy food, full-moon raves . . . "a hot party spot," according to *Lonely Planet*.³ And Arugam Bay was the center of the action. At the same time, the opening of checkpoints meant that fishing

people from around the country could return in large numbers to some of the most plentiful waters along the eastern coast, including Arugam Bay.

The beach was getting crowded. Arugam Bay was zoned as a fishing port, but local hotel owners began complaining that the huts blocked their views, that the fragrance of drying fish turned off their customers (one hotelier, a Dutch expat, told me that "there is such a thing as smell pollution"). Some of the hoteliers started lobbying the local government to relocate the boats and fishing huts to a different bay, one less popular with foreigners. The villagers pushed back, pointing out that they had been living on these lands for generations, and that Arugam Bay was more than a boat launch—it was fresh water and electricity, schools for their children and buyers for their catch.

These tensions threatened to explode six months before the tsunami hit, when there was a mysterious fire on the beach in the middle of the night. Twenty-four fishing huts were reduced to ash. Roger and his family, he told me, "lost everything, our belongings, our nets and ropes." Kumari and I spoke with many fishing people in Arugam Bay, and all insisted that the fire was arson. They blamed the hotel owners, who obviously wanted the beach to themselves.

But if the fire really was a bid to scare off the fishing people, it didn't work; the villagers became more determined than ever to stay, and the people who lost their huts quickly rebuilt.

When the tsunami came, it did what the fire couldn't: it cleared the beach completely. Every single fragile structure was washed away—every boat, every fishing hut, as well as every tourist cabana and bungalow. In a community of only 4,000, about 350 were killed, most of them people like Roger, Ivan and Jenita, who make their living from the sea.⁴ And yet, underneath the rubble and the carnage was what the tourism industry had been angling for all along—a pristine beach, scrubbed clean of all the messy signs of people working, a vacation Eden. It was the same up and down the coast: once the rubble was cleared away, what was left was . . . paradise.

When the emergency subsided and fishing families returned to the spots where their homes once stood, they were greeted by police who forbade them to rebuild. "New rules," they were told—no homes on the beach, and everything had to be at least two hundred meters back from the high-water mark. Most would have accepted building farther from the water, but there was no available land there, leaving the fishing people with nowhere to go. And the new "buffer zone" was being imposed not only in Arugam Bay but along the entire east coast. The beaches were off-limits.

The tsunami killed approximately thirty-five thousand Sri Lankans and displaced nearly a million. Small-boat fishing people like Roger made up 80 percent of the victims; in some areas the number was closer to 98 percent. In order to receive food rations and small relief allowances, hundreds of thousands of people moved away from the beach and into temporary camps inland, many of them long, grim barracks made of tin sheet that trapped the heat so unbearably that many abandoned them to sleep outside. As time dragged on, the camps became dirty and disease ridden and were patrolled by menacing, machine-gun-wielding soldiers.

Officially, the government said the buffer zone was a safety measure, meant to prevent a repeat of the devastation should another tsunami strike. On the surface it made sense, but there was a glaring problem with that rationale—it was not being applied to the tourism industry. On the contrary, hotels were being encouraged to expand onto the valuable oceanfront where fishing people had lived and worked. Resorts were completely exempted from the buffer-zone rule—as long as they classified their construction, no matter how elaborate or close to the water, as “repair,” they were free and clear. So all along the beach in Arugam Bay, construction workers hammered and drilled. “Don’t tourists have to fear a tsunami?” Roger wanted to know.

To him and his colleagues, the buffer zone looked like little more than an excuse for the government to do what it had wanted to do before the wave: clear the beach of fishing people. The catch they used to pull from the waters had been enough to sustain their families, but it did not contribute to economic growth as measured by institutions like the World Bank, and the land where their huts once stood could clearly be put to more profitable use. Shortly before I arrived, a document called the “Arugam Bay Resource Development Plan” was leaked to the press, and it confirmed the fishing community’s worst fears. The federal government had commissioned a team of international consultants to develop a reconstruction blueprint for Arugam Bay, and this plan was the result. Even though it had been only the beachfront properties that were damaged by the tsunami, with most of the town still standing, it called for Arugam Bay to be leveled and rebuilt, transformed from a hippie-charming seaside town into a high-end “boutique tourism destination”—five-star resorts, luxury \$300-a-night ecotourism chalets, a floatplane pier and a helipad. The report enthused that Arugam Bay was to serve as a model for up to thirty new nearby “tourism zones,” turning the previously war-torn east coast of Sri Lanka into a South Asian Riviera.⁵

Missing from all the artists’ impressions and blueprints were the victims of the tsunami—the hundreds of fishing families who used to live and work on the beach. The report explained that villagers would be moved to more suitable locations, some several kilometers away and far from the ocean. Making matters worse, the \$80 million redevelopment project was to be financed with aid money raised in the name of the victims of the tsunami.

It was the weeping faces of these fishing families and others like them in Thailand and Indonesia that had triggered the historic outpouring of international generosity after the tsunami—it had been their relatives piled up in mosques, their wailing mothers trying to identify a drowned baby, their children swept to sea. Yet for communities like Arugam Bay, the “reconstruction” meant nothing less than the deliberate destruction of their culture and way of life and the theft of their land. As Kumari said, the entire reconstruction process would result in “victimizing the victims, exploiting the exploited.”

When the plan got out, it sparked outrage across the country, and nowhere more than in Arugam Bay. As soon as we arrived in town, Kumari and I stumbled into a crowd of several hundred demonstrators dressed in a kaleidoscopic mix of saris, sarongs, hijabs and flip-flops. They were gathered on the beach and were just beginning a march that would pass in front of the hotels, then on to the neighboring town of Pottuvil, home of the local government.

As they marched past the hotels, a young man in a white T-shirt with a red megaphone led the demonstrators in a call-and-response. “We don’t want, we don’t want . . .” he called out, and the crowd shouted back, “Tourist hotels!” Then he shouted, “Whites . . .” and they cried, “Get out!” (Kumari translated from Tamil with apologies.) Another young man, skin toughened by the sun and the ocean, took over megaphone duties and yelled, “We *do* want, we *do* want . . .” and the answers came flying: “Our land back!” “Our homes back!” “A fishing port!” “Our aid money!” “Famine, famine!” he shouted, and the crowd replied, “Fisher people are facing famine!”

Outside the gates of the district government, leaders of the march accused their elected representatives of abandonment, of corruption, of spending aid money meant for the fishing people “on dowries for their daughters and jewelry for their wives.” They spoke of special favors handed out to the Sinhalese, of discrimination against Muslims, of the “foreigners profiting from our misery.”

It seemed unlikely that their chants would have much effect. In Colombo I spoke with the director general of the Sri Lankan Tourist Board, Seeni-vasagam Kalaiselvam, a middle-aged bureaucrat with a bad habit of quoting

from his country's multimillion-dollar "brand personality profile." I asked him what would become of the fishing people in places like Arugam Bay. He leaned back in a rattan chair and explained. "In the past, in the coastal belt, there were a lot of unauthorized establishments . . . not constructed according to the tourism plan. With the tsunami, the good thing that happened to tourism is that most of these unauthorized establishments [have been] affected by the tsunami, and the buildings are no longer there." If fishing people come back and rebuilt, he explained, "We again will be forced to demolish. . . . The beach will be clean."

It hadn't started this way. When Kumari first came to the east coast in the days after the tsunami, none of the official aid had arrived yet. That meant everyone was a relief worker, a medic, a gravedigger. The ethnic barriers that had divided this region suddenly melted away. "The Muslim side was running to the Tamil side to bury the dead," she recalled, "and Tamil people were running to the Muslim side to eat and drink. People from the interior of the country were sending two lunch parcels each day from each house, which was a lot because they are very poor. It was not to get anything back; it was just the feeling 'I have to support my neighbor; we have to support the sisters, the brothers, the daughters, the mothers.' Just that."

Similar cross-cultural aid was breaking out across the country. Tamil teenagers drove their tractors from the farms to help find bodies. Christian children donated their school uniforms to be turned into white Muslim funeral shrouds, while Hindu women gave their white saris. It was as if this invasion of salt water and rubble was so humbly powerful that, in addition to grinding up homes and buckling highways, it also scrubbed away intractable hatreds, blood feuds and the tally of who last killed whom. For Kumari, who had done years of frustrating work with peace groups trying to bridge the divides, it was overwhelming to see such tragedy met with such decency. Instead of endlessly talking about peace, Sri Lankans, in their moment of greatest stress, were actually living it.

It also seemed that the country could count on international support for its recovery efforts. At first, the help wasn't coming from governments, which were slow to respond, but from individuals who saw the disaster on TV: schoolchildren in Europe held bake sales and bottle drives, musicians organized star-studded concerts, religious groups collected clothes, blankets and money. Citizens then demanded that their governments match their generosity with official aid. In six months, \$13 billion was raised—a world record.⁶

In the first months, much of the reconstruction money reached its intended recipients: NGOs and aid agencies brought emergency food and water, tents and temporary lean-tos; rich countries sent medical teams and supplies. The camps were built as a stopgap, to give people a roof while permanent homes were constructed. There was certainly enough money to get those homes built. But when I was in Sri Lanka six months later, progress had all but stopped; there were almost no permanent homes, and the temporary camps were starting to look less like emergency shelters and more like entrenched shantytowns.

Aid workers complained that the Sri Lankan government was putting up roadblocks at every turn—first declaring the buffer zone, then refusing to provide alternative land to build on, then commissioning an endless series of studies and master plans from outside experts. As the bureaucrats argued, survivors of the tsunami waited in the sweltering inland camps, living off rations, too far from the ocean to begin fishing again. While the delays were often blamed on "red tape" and poor management, there was in fact far more at stake.

Before the Wave: Foiled Plans

The grand plan to remake Sri Lanka predated the tsunami by two years. It began when the civil war ended and the usual players descended on the country to plot Sri Lanka's entry into the world economy—most prominently USAID, the World Bank and its offshoot the Asian Development Bank. A consensus emerged that Sri Lanka's most significant competitive advantage lay in the fact that it was one of last places left uncolonized by go-go globalization, a by-product of its long war. For such a small country, Sri Lanka still had a remarkable amount of surviving wildlife—leopards, monkeys, thousands of wild elephants. Its beaches were strangers to high-rises, and its mountains were dotted with Hindu, Buddhist and Muslim temples and holy sites. Best of all, raved USAID, it was "all contained in a space the size of West Virginia."⁷

Under the plan, Sri Lanka's jungles, which provided such effective cover for guerrilla fighters, would be opened up to adventure ecotourists, who would ride the elephants and swing like Tarzan through the canopies the way they do in Costa Rica. Its religions, accomplices in so much bloodshed, would be retrofitted to nourish the spiritual needs of Western visitors—Buddhist monks could run meditation centers, Hindu women could perform colorful dances at hotels, Ayurvedic medical clinics could soothe aches and pains.

In short, the rest of Asia could keep the sweatshops, call centers and frenetic stock markets; Sri Lanka would be there waiting when the captains of those industries needed a place to rest up. Precisely because of the enormous wealth created in the other outposts of deregulated capitalism, money would be no object when it came to enjoying the perfectly calibrated combination of luxury and wilderness, adventure and attentive service. Sri Lanka's future, the foreign consultants were convinced, rested with chains like Aman Resorts, which has recently opened two stunning properties on the southern coast, with rooms going for \$800 a night and plunge pools in every suite.

The U.S. government was so enthusiastic about Sri Lanka's potential as a high-end tourism destination, with all the possibilities for resort chains and tour operators, that USAID launched a program to organize the Sri Lankan tourism industry into a powerful Washington-style lobby group. It takes credit for increasing the budget for tourism promotion "from less than \$500,000 a year up to approximately \$10 million a year."⁸ The U.S. embassy, meanwhile, launched the Competitiveness Program, an outpost mandated to advance U.S. economic interests in the country. The program's director, a graying economist named John Varley, told me that he thought the Sri Lanka Tourist Board was thinking small when it talked about attracting a million tourists a year by the end of the decade. "Personally, I think they could double that." Peter Harrold, an Englishman who directs the World Bank operation in Sri Lanka, told me, "I've always thought of Bali as the perfect comparator."

There is no question that high-end tourism is a bankable growth market. The overall revenues for luxury hotels, where rooms cost an average of \$405 a night, went up a rather striking 70 percent between 2001 and 2005—not bad for a period that included the post-September 11 slump, the war in Iraq and spiraling fuel costs. In many ways, the phenomenal growth of the sector is a by-product of the extreme inequality that resulted from the generalized triumph of Chicago School economics. Regardless of the overall state of the economy, there is now a large enough elite made up of new multi-millionaires and billionaires for Wall Street to see the group as "superconsumers," able to carry consumer demand all on their own. Ajay Kapur, the former head of Citigroup Smith Barney's global equity strategy group in New York, encourages his clients to invest in his "Plutonomy basket" of stocks, featuring companies like Bulgari, Porsche, Four Seasons and Sotheby's. "If plutonomy continues,

which we think it will, if income inequality is allowed to persist and widen, the plutonomy basket should continue to do very well."⁹

But before Sri Lanka could fulfill its destiny as a playground for the plutonomy set, there were a few areas that needed some drastic improvements—fast. First off, to attract top-notch resorts, the government had to drop the barriers to private land ownership (roughly 80 percent of Sri Lanka's land was owned by the state).¹⁰ It needed more "flexible" labor laws under which investors would staff their resorts. And it needed to modernize its infrastructure—highways, swank airports, better water and electricity systems. However, since Sri Lanka had driven itself deep into debt buying weapons, the government could not pay for all these rapid upgrades on its own. The usual deals were on offer: loans from the World Bank and IMF in exchange for agreements to open the economy to privatization and "public-private partnerships."

All these plans and terms were neatly laid out in *Regaining Sri Lanka*, the country's World Bank-approved shock therapy program finalized in early 2003. Its prime local advocate was a Sri Lankan politician/entrepreneur named Mano Tittawella, a man who bears a striking resemblance to Newt Gingrich, both physically and ideologically.¹¹

Like all such shock therapy plans, *Regaining Sri Lanka* demanded many sacrifices in the name of kick-starting rapid economic growth. Millions of people would have to leave traditional villages to free up the beaches for tourists and the land for resorts and highways. What fishing remained would be dominated by large industrial trawlers operating out of deep ports—not wooden boats that launch from the beaches.¹² And of course, as has been the case in similar circumstances from Buenos Aires to Baghdad, there would be mass layoffs at state companies, and the prices of services would have to go up.

The problem for the plan's advocates was that many Sri Lankans simply didn't believe that the sacrifices would pay off. This was 2003, and the starry-eyed faith in globalization had long since been extinguished, especially after the horrors of the Asian economic crisis. The legacy of war also proved to be an obstacle. Tens of thousands of Sri Lankans had lost their lives in the conflict in the name of "nation," "homeland" and "territory." Now, when peace had finally arrived, the poorest among them were being asked to give up the little plots of land and property they had—a vegetable garden, a simple house, a boat—so that a Marriott or a Hilton could build a golf course (and villagers could pursue careers as street hawkers in Colombo). It seemed like a lousy deal, and Sri Lankans responded accordingly.

Regaining Sri Lanka was rejected first through a wave of militant strikes and street protests, then, decisively, at the polls. In April 2004, Sri Lankans defied all the foreign experts and their local partners and voted in a coalition of center-leftists and self-identified Marxists who vowed to scrap the entire *Regaining Sri Lanka* plan.¹³ At the time, many of the key privatization schemes had not yet gone through, including water and electricity, and the highway projects were being challenged in court. For those dreaming of building a plutonomy playground, it was a major setback: 2004 was supposed to have been Year One of the new investor-friendly, privatized Sri Lanka; now all bets were off.

Eight months after those fateful elections, the tsunami hit. Among those mourning the demise of *Regaining Sri Lanka*, the significance of the event was understood immediately. The newly elected government would need billions from foreign creditors to reconstruct the homes, roads, schools and railways destroyed in the storm—and those creditors knew well that when faced with a devastating crisis, even the most committed economic nationalists suddenly become flexible. As for the militant farmers and fishing people who had blocked roadways and staged mass rallies to derail their previous attempts to clear the land for development, well, Sri Lanka's villagers were otherwise occupied at the moment.

After the Wave: A Second Chance

In Colombo, the national government moved instantly to prove to the wealthy countries who control the aid dollars that it was ready to renounce its past. President Chandrika Kumaratunga, elected on an overtly antiprivatization platform, claimed that the tsunami had been, for her, a kind of religious epiphany, helping her to see the free-market light. She traveled to the storm-ravaged coast and, standing amid the rubble, announced, "We are a country blessed with so many natural resources, and we have not made use of them fully. . . . So nature itself must have thought 'enough is enough' and whacked us from all sides and taught us a lesson to be together."¹⁴ It was a novel interpretation—the tsunami as divine punishment for failing to sell off Sri Lanka's beaches and forests.

The penance began immediately. Just four days after the wave hit, her government pushed a bill through that paved the way for water privatization, a plan citizens had been forcefully resisting for years. Of course now, with the country still swamped with sea water and graves not yet dug, few even

knew it had happened—much like the timing of Iraq's new oil law. The government also chose this moment of extreme hardship to make life even harder by raising the price of gasoline—a move designed to send lenders an unmistakable message about Colombo's fiscal responsibility. It also began developing legislation to break up the national electricity company, with plans to open it up to the private sector.¹⁵

Herman Kumara, the head of Sri Lanka's National Fisheries Solidarity Movement, which represents the small boats, referred to the reconstruction as "a second tsunami of corporate globalization." He saw it as a deliberate attempt to exploit his constituents when they were most injured and weakened—as pillage follows war, so this second tsunami rushed in after the first. "People were vehemently opposed to these policies in the past," he told me. "But now they are starving in the camps, and they are just thinking about how to survive the next day—they don't have a place to sleep, they don't have a place to be, they have lost their source of income, they have no idea how they will feed themselves in the future. So it's in that situation that the government pushes ahead with this plan. When people recover, they will find out what had been decided, but by then the damage will already be done."

If the Washington lenders were able to move quickly to exploit the tsunami, it was because they had done something remarkably similar before. The dress rehearsal for posttsunami disaster capitalism took place in a little-examined episode following Hurricane Mitch.

In October 1998, for an entire interminable week, Mitch had parked itself over Central America, lashing the coasts and mountains of Honduras, Guatemala and Nicaragua, swallowing villages whole and killing more than nine thousand people. The already impoverished countries could not dig themselves out without generous foreign aid—and it came, but at a steep price. In the two months after Mitch struck, with the country still knee-deep in rubble, corpses and mud, the Honduran congress passed laws allowing the privatization of airports, seaports and highways and fast-tracked plans to privatize the state telephone company, the national electric company and parts of the water sector. It overturned progressive land-reform laws, making it far easier for foreigners to buy and sell property, and rammed through a radically pro-business mining law (drafted by industry) that lowered environmental standards and made it easier to evict people from homes that stood in the way of new mines.¹⁶

It was much the same in neighboring countries: in the same two months post-Mitch, Guatemala announced plans to sell off its phone system, and Nicaragua did likewise, along with its electric company and its petroleum sector. According to *The Wall Street Journal*, “The World Bank and International Monetary Fund had thrown their weight behind the [telecom] sale, making it a condition for release of roughly \$47 million in aid annually over three years and linking it to about \$4.4 billion in foreign-debt relief for Nicaragua.”¹⁷ Phone privatization had nothing to do with hurricane reconstruction, of course, except inside the logic of the disaster capitalists at Washington’s financial institutions.

Over the next few years, the sales went through, often at prices far below market value. The buyers, for the most part, were former state-owned companies from other countries that had been privatized themselves and were now scouring the globe for new purchases that would increase their share prices. Telmex, Mexico’s privatized phone company, snapped up Guatemala’s telecom company; the Spanish energy company Unión Fenosa bought up Nicaragua’s energy companies; San Francisco International Airport, now a private company, bought all four Honduran airports. And Nicaragua sold off 40 percent of its telephone company for only \$33 million, when PricewaterhouseCoopers had estimated the value at \$80 million.¹⁸ “Destruction carries with it an opportunity for foreign investment,” announced Guatemala’s foreign minister on a trip to the World Economic Forum in Davos in 1999.¹⁹

By the time the tsunami hit, Washington was ready to take the Mitch model to the next level—aiming not just at individual new laws but at direct corporate control over the reconstruction. Any country hit by a disaster on the scale of the 2004 tsunami needs a comprehensive plan for reconstruction, one that will make the wisest use of the influx of foreign aid and ensure that the funds reach their intended recipients. But Sri Lanka’s president, under pressure from Washington lenders, decided that the planning could not be entrusted to her government’s elected politicians. Instead, just one week after the tsunami leveled the coasts, she created a brand-new body called the Task Force to Rebuild the Nation. This group, and not Sri Lanka’s Parliament, would have full power to develop and implement a master plan for a new Sri Lanka. The task force was made up of the country’s most powerful business executives from banking and industry. And not just any industry—five of the ten members of the task force had direct holdings in the beach tourism sector,

representing some of the largest resorts in the country.²⁰ There was no one from the fishing or farming sectors on the task force, not a single environmental expert or scientist or even a disaster-reconstruction specialist. The chair was Mano Tittawella, the former privatization czar. “This is an opportunity to build a model nation,” he declared.²¹

The creation of the task force represented a new kind of corporate coup d’état, one achieved through the force of a natural disaster. As in so many other countries, in Sri Lanka, Chicago School policies had been blocked by the normal rules of democracy; the 2004 elections proved that. But with the country’s citizens pulling together to meet a national emergency, and politicians desperate to unlock aid money, the express wishes of voters could be summarily brushed aside and replaced with direct unelected rule by industry—a first for disaster capitalism.

Somehow, in only ten days, and without leaving the capital, the business leaders on the task force were able to draft a complete national reconstruction blueprint, from housing to highways. It was this plan that called for the buffer zones and that kindly exempted hotels. The task force also redirected the aid money to the superhighways and industrial fishing ports that had met so much resistance before the catastrophe. “We see this economic agenda as a bigger disaster than the tsunami, which is why we had been fighting so hard to prevent it before and why we defeated it in the last elections,” Sarath Fernando, a Sri Lankan land-rights activist told me. “But now, just three weeks after the tsunami, they give us the same plan. It’s obvious that they had it all ready to go before.”*

Washington backed up the task force with the kind of reconstruction aid that was by now familiar from Iraq: megacontracts to its own companies. CH2M Hill, the engineering and construction giant from Colorado, had been awarded \$28.5 million to oversee other major contractors in Iraq. Despite its central role in the Baghdad reconstruction debacle, it was given an additional \$33 million contract in Sri Lanka (later expanded to \$48 million), primarily to work on three deep-water harbors for industrial fishing fleets and to build a new bridge to Arugam Bay, part of the plan to turn the town into a “tourist paradise.”²² Both of these programs—carried out in the name of tsunami relief—were disastrous for the primary victims of the tsunami,

* Fernando is head of the Movement for Land and Agricultural Reform (MONLAR), a coalition of Sri Lankan NGOs that began calling for “a people’s reconstruction process” shortly after the disaster.

since the trawlers scooped up their fish, and the hotels didn't want them on the beach. As Kumari put it, "It's not just that the 'aid' isn't aiding, it is that it is hurting."

When I asked him why the U.S. government was spending its aid money on projects that ensured the displacement of tsunami survivors, John Varley, director of USAID's Competitiveness Program, explained that "you don't want to restrict the aid so it only goes to tsunami victims. . . . Let it be for the benefit of all Sri Lanka; let it contribute to growth." Varley compared the plan to an elevator in a high-rise building: on the first trip it picks up one group of passengers and takes them to the top, where they create wealth that allows the elevator to go back down and pick more people up. The people waiting at the bottom have to know that the elevator will be back for them too—eventually.

The only direct money that the U.S. government was spending on small-scale fishing people was a \$1 million grant to "upgrade" the temporary shelters where they were being warehoused while the beaches were redeveloped.²³ It was a good indication that the tin-and-particle-board shelters were temporary in name only; that they were indeed destined to become permanent shantytowns—the kind that ring most major cities in the global South. There are no great relief drives to help the people who live in those slums, of course, but the tsunami victims were supposed to be different. The world watched them lose their homes and livelihoods on live TV, and the arbitrariness of their fate provoked a visceral, global feeling that what was lost needed and deserved to be replaced—not through trickle-down economics, but directly, with hand-to-hand aid. But the World Bank and USAID understood something that most of us did not: that soon enough, the distinctiveness of the tsunami survivors would fade and they would melt into the billions of faceless poor worldwide, so many of whom already live in tin shacks without water. The proliferation of these shacks has become as much an accepted feature of the global economy as the explosion of \$800-a-night hotels.

In one of the most desolate inland camps on the southern coast of Sri Lanka, I met a young mother named Renuka, arrestingly beautiful even in rags, and one of the people waiting for Varley's elevator. Her youngest child, a girl, was six months old, born two days after the tsunami. Renuka had summoned superhuman strength to grab both of her boys and run, nine months pregnant and in water up to her neck, away from the wave. Yet after this extraordinary feat of survival, she and her family were now quietly going hungry on a parched piece of land in the middle of nowhere. A couple of canoes,

donated by a well-meaning NGO, made a pitiful sight: three kilometers from the water, and with not even a bicycle for transportation, they were little more than a cruel reminder of a former life. She asked us to carry a message to everyone who was trying to help the tsunami survivors. "If you have something for me," she said, "put it in my hand."

The Wider Wave

Sri Lanka wasn't the only country that got hit by this second tsunami—similar stories of land and law grabs have come out of Thailand, the Maldives, and Indonesia. In India, tsunami survivors in Tamil Nadu were left so impoverished that up to 150 women were driven to sell their kidneys in order to buy food. An aid worker explained to *The Guardian* that the state government "would prefer the coast was used to build hotels, but the result is desperate people." All the tsunami-struck countries imposed "buffer zones" preventing villagers from rebuilding on the coasts, freeing up the land for increased development. (In Aceh, Indonesia, the zones were two kilometers wide, though the government was eventually forced to repeal the edict.)²⁴

A year after the tsunami, the respected NGO ActionAid, which monitors foreign aid spending, published the results of an extensive survey of fifty thousand tsunami survivors in five countries. The same patterns repeated everywhere: residents were barred from rebuilding, but hotels were showered with incentives; temporary camps were miserable militarized holding pens, and almost no permanent reconstruction had been done; entire ways of life were being extinguished. It concluded that the setbacks could not be chalked up to the usual villains of poor communication, underfunding or corruption. The problems were structural and deliberate: "Governments have largely failed in their responsibility to provide land for permanent housing," the report concluded. "They have stood by or been complicit as land has been grabbed and coastal communities pushed aside in favour of commercial interests."²⁵

When it came to posttsunami opportunism, however, nowhere compared with the Maldives, perhaps the least understood of the affected countries. There, the government wasn't satisfied with merely clearing the poor people from the coasts—it used the tsunami to try to clear its citizens out of the vast majority of the country's livable zones.

The Maldives, a chain of roughly two hundred inhabited islands off the coast of India, is a tourism republic in the same way that certain Central

American countries used to be called banana republics. Its export product is not tropical fruit but tropical leisure, with a staggering 90 percent of the state's revenues coming directly from beach holidays.²⁶ The leisure that the Maldives sells is a particularly decadent, enticing kind. Nearly one hundred of its islands are "resort islands," patches of lush vegetation surrounded by halos of white sand that are entirely controlled by hotels, cruise lines or wealthy individuals. Some are leased for up to fifty years. The most luxurious of the Maldivian islands cater to an elite clientele (Tom Cruise and Katie Holmes on their honeymoon, as an example) that is drawn not just to the beauty and the diving but to the promise of total seclusion that only private islands can provide.

With architecture "inspired" by traditional fishing villages, the spa-resorts compete over who can pack their thatched huts on stilts with the most exciting array of plutonomy toys and perks—Bose Surround Sound home entertainment, Philippe Starck fixtures in outdoor bathrooms, sheets so fine that they practically dissolve on touch. The islands also outdo one another to erase the boundaries between land and sea—the villas at Coco Palm are built over the lagoon and have rope ladders from the decks into the water beneath, the Four Seasons' sleeping quarters "float" on the ocean, and the Hilton boasts the first underwater restaurant, built on a coral reef. Many suites feature maids' quarters, and on one private island, a twenty-four-hour-a-day "dedicated Maldivian butler—a 'Thakuru'" who takes care of such details as "how you like your martini—shaken or stirred." Villas at these James Bondian resorts go as high as \$5,000 a night.²⁷

The man who reigns over this pleasure kingdom is Asia's longest-running ruler, President Maumoon Abdul Gayoom, who has held on to power since 1978. During his tenure, the government has jailed opposition leaders and been accused of torturing "dissidents" for such crimes as writing for antigovernment Web sites.²⁸ With critics kept out of sight on prison islands, Gayoom and his entourage have been free to lavish their attention on the tourism business.

Before the tsunami, the Maldives government had been looking to expand the number of resort islands to meet the growing demand for luxury getaways. It faced the usual obstacle: people. Maldivians are subsistence fishers, many of whom live in traditional villages scattered throughout the island atolls. This way of life created some challenges because the rustic charm of seeing fish skinned on the beach is definitely not the Maldives scene. Well before the tsunami, the Gayoom government had been trying to

persuade its citizens to move to a handful of larger, more heavily populated islands that tourists rarely visit. Those islands were supposed to offer better protection from rising waters caused by global warming. But it was difficult even for a repressive regime to uproot tens of thousands of people from their ancestral islands, and the "population consolidation" program was largely unsuccessful.²⁹

After the tsunami, Gayoom's government immediately announced that the disaster proved that many islands were "unsafe and unsuitable for habitation" and launched a far more aggressive relocation program than it had previously attempted, declaring that anyone who wanted state assistance with tsunami recovery would need to move to one of five designated "safe islands."³⁰ The entire populations of several islands have already been evacuated and more are in process, conveniently freeing up more land for tourism.

The Maldives government claims that the Safe Island Program, supported and funded by the World Bank and other agencies, is being driven by public demand to live on "bigger and safer islands." But many islanders say they would have stayed on their home islands if the infrastructure had been fixed. As ActionAid put it, "People are left with no choice but to move as it is a precondition of housing and livelihood rehabilitation."³¹

Attracting further cynicism about the safety rationale was the fact that the government's concerns evaporated when it came to all the hotels built with precarious architecture on low-lying islands. Not only were the resorts subject to no safety evacuations but, in December 2005, one year after the tsunami, the Gayoom government announced that thirty-five new islands were available to be leased to resorts for up to fifty years.³² Meanwhile, on the so-called safe islands, unemployment was rampant, and violence was breaking out between the newcomers and the original residents.

Militarized Gentrification

In a way, the second tsunami was just a particularly shocking dose of economic shock therapy: because the storm did such an effective job of clearing the beach, a process of displacement and gentrification that would normally unfold over years took place in a matter of days or weeks. What it looked like was hundreds of thousands of poor, brown-skinned people (the fishing people deemed "unproductive" by the World Bank) being moved against their wishes to make room for ultrarich, mostly light-skinned people (the "high-yield"

tourists). The two economic poles of globalization, the ones that seem to live in different centuries, not countries, were suddenly put in direct conflict over the same pieces of coastline, one demanding the right to work, the other demanding the right to play. Backed up by the guns of local police and private security, it was militarized gentrification, class war on the beach.

Some of the most direct clashes took place in Thailand, where, within twenty-four hours of the wave, developers sent in armed private security guards to fence in land they had been coveting for resorts. In some cases the guards wouldn't even let survivors search their old properties for the bodies of their children.³³ The Thailand Tsunami Survivors and Supporters group was hastily convened to deal with the land grabs. One of its first statements declared that, for "businessmen-politicians, the tsunami was the answer to their prayers, since it literally wiped these coastal areas clean of the communities which had previously stood in the way of their plans for resorts, hotels, casinos and shrimp farms. To them, all these coastal areas are now open land!"³⁴

Open land. In colonial times, it was a quasi-legal doctrine—*terra nullius*. If the land was declared empty or "wasted," it could be seized and its people eliminated without remorse. In the countries where the tsunami hit, the idea of open land is weighted with this ugly historical resonance, evoking stolen wealth and violent attempts to "civilize" the natives. Nijam, a fisherman I met on the beach in Arugam Bay, saw no real difference. "The government thinks our nets and our fish are ugly and messy, that's why they want us off the beach. In order to satisfy foreigners, they are treating their own people as if they are uncivilized." Rubble, it seemed, was the new *terra nullius*.

When I met Nijam, he was with a group of fishing people who had just returned from the sea, their eyes bloodshot from the salt water. When I raised the government's plan to move the small-boat fishers to another beach, several of them waved broad fish-gutting knives and vowed to "gather their people and strength" and fight for their land. At first, they said they had welcomed the restaurants and hotels. "But now," said a fisherman named Abdul, "because we gave them a little of our land, they want it all." Another, Mansoor, pointed overhead to the palm trees giving us shade, strong enough to withstand the force of the tsunami. "It was my great-great-grandparents who planted these trees. Why should we move to another beach?" One of his relatives made a pledge: "We will leave here only when the sea runs dry."

The influx of reconstruction aid from the tsunami was supposed to offer Sri Lankans a chance to build a lasting peace after suffering so much more

than their share of loss. In Arugam Bay, and all along the eastern coast, it seemed to be starting another kind of war, one over who would benefit from those funds—Sinhalese, Tamil or Muslim—and, most of all, whether the real benefits would go to foreigners, at the expense of all locals.

I started to get a sinking feeling of *déjà vu*, as if the wind was changing and this was about to become another "reconstructed" country slipping back into perpetual destruction. I had heard very similar grievances a year earlier in Iraq, about the reconstruction favoring the Kurds and certain select Shia. Several aid workers I met in Colombo had told me how much more they liked working in Sri Lanka over Iraq or Afghanistan—here, NGOs were still seen as neutral, even helpful, and reconstruction wasn't yet a dirty word. But that was changing. In the capital, I had seen posters featuring crude caricatures of Western aid workers stuffing themselves with money while Sri Lankans starved.

The NGOs bore the brunt of the anger at the reconstruction because they were intensely visible, slapping their logos on every available surface along the coast, while the World Bank, USAID and government officials dreaming up Bali plans rarely left their urban offices. It was ironic, since the aid organizers were the only ones offering any kind of help at all—but also inevitable, because what they offered was so inadequate. Part of the problem was that the aid complex had become so large and so cut off from the people it was serving that the lifestyles of its staffers became, in Sri Lanka, a kind of national obsession. Almost everyone I met commented on what one priest called "the NGO wild life": high-end hotels, beachfront villas and the ultimate lightning rod for popular rage, the brand-new white sport utility vehicles. All the aid organizations had them, monstrous things that were far too wide and powerful for the country's narrow dirt roads. All day long they went roaring past the camps, forcing everyone to eat their dust, their logos billowing on flags in the breeze—Oxfam, World Vision, Save the Children—as if they were visitors from a far-off NGO World. In a country as hot as Sri Lanka, these cars, with their tinted windows and blasting air conditioners, were more than modes of transportation; they were rolling microclimates.

Seeing this resentment build, I couldn't help wondering how long before Sri Lanka went the way of Iraq and Afghanistan, where the reconstruction looked so much like robbery that aid workers became targets. It happened shortly after I left: seventeen Sri Lankans working on tsunami relief for the international NGO Action Against Hunger were massacred in their office near the east-coast port city of Trincomalee. It sparked a new wave of vicious

fighting, and tsunami reconstruction was stopped in its tracks. Many aid organizations, fearing for the safety of their staff after several more attacks, left the country. Others shifted focus to the south, the government-controlled area, leaving the harder-hit east and Tamil-controlled north without aid. These decisions only deepened the sense that the reconstruction funds were being spent unfairly, especially after a study conducted in late 2006 found that even though the majority of tsunami-hit homes were still in ruins, the one exception was the president's own electoral district in the south, where a miraculous 173 percent of the homes had been rebuilt.³⁵

The aid workers still on the ground in the east, near Arugam Bay, were now dealing with a new wave of displaced people—the hundreds of thousands forced to leave their homes because of the violence. United Nations workers “who originally were contracted to rebuild schools destroyed by the tsunami have been redirected to build toilets for people displaced by the fighting,” reported *The New York Times*.³⁶

In July 2006, the Tamil Tigers announced that the cease-fire was officially over; the reconstruction was off, and the war was back on. Less than a year later, over four thousand people had been killed in posttsunami fighting. Only a fraction of the homes hit by the tsunami had ever been rebuilt along the east coast, but of the new structures, hundreds were already punctured with bullet holes, just-installed windows were shattered by explosives and brand-new roofs had collapsed from shelling.

It's impossible to say how much the decision to use the tsunami as an opportunity for disaster capitalism contributed to the return to civil war. The peace had always been precarious, and there was bad faith on all sides. One thing was certain, though: if peace was to take root in Sri Lanka, it needed to outweigh the benefits of war including the tangible economic benefits flowing from a war economy, in which the army takes care of the families of its soldiers and the Tamil Tigers look after the families of its fighters and suicide bombers.

The enormous outpouring of generosity after the tsunami had held out the rare possibility of a genuine peace dividend—the resources to imagine a more equitable country, to repair shattered communities in ways that would rebuild trust as well as buildings and roads. Instead, Sri Lanka (like Iraq) received what the University of Ottawa political scientist Roland Paris has termed “a peace penalty”—the imposition of a cutthroat, combative economic model that made life harder for a majority of people at the very moment when what they needed most was reconciliation and an easing of

tensions.³⁷ In truth, the brand of peace Sri Lanka was offered was its own kind of war. Continued violence promised land, sovereignty and glory. What did corporate peace offer, besides the certainty of landlessness in the immediate term and John Varley's elusive elevator in the long term?

Everywhere the Chicago School crusade has triumphed, it has created a permanent underclass of between 25 and 60 percent of the population. It is always a form of war. But when that warlike economic model of mass evictions and discarded cultures is imposed in a country that is already ravaged by disaster and scarred by ethnic conflict, the dangers are far greater. There are, as Keynes argued all those years ago, political consequences to this kind of punitive peace—including the outbreak of even bloodier wars.