



Inflation riots have begun: Sri Lankan Cabinet offers to resign as widespread unrest over price spikes boils over

Description

We've been warning for weeks now that inflation around the world is spiraling out of control and that, as a result, there would be widespread unrest.

That cycle of violence appears to have begun in Sri Lanka, and we expect it to spread far beyond that country's borders. In fact, it has already gotten so bad there that the entire Sri Lankan Cabinet has offered to resign, according to a ruling party member who spoke to Bloomberg News, after rising public anger over the government's economic policies have produced skyrocketing cost of living increases as well as a foreign exchange crisis.

"We gave resignations to the Prime Minister saying we are willing to leave at any time," Education Minister Dinesh Gunawardena told reporters in Colombo late Sunday evening. "After discussing with the president the steps to be taken will be decided."

Earlier, reports noted that the tiny country had begun experiencing worsening food, fuel and medicinal shortages as a foreign currency exchange crisis unfolded as well. The government put in place a 36-hour curfew over the weekend amid mass protests that had broken out throughout the nation amid soaring living costs.

Bloomberg News [reported that President Gotabaya Rajapaksa ordered](#) a state of emergency on Friday as prices spiraled upward and widespread rolling blackouts lasted for as long as 13 hours a day, leading to protests in the capital and at Rajapaksa's private residence. The emergency order gives authorities new sweeping powers to put down protests and restore public order in the country.

Several area residents in Colombo have stepped out of their homes to protest against the recent developments in the country. Sri Lanka economic crisis. [#SriLanka](#).
pic.twitter.com/g4U9Lh4R70

— Shobana (@Shobana_29) [April 3, 2022](#)

Public protest in Rajagiriya braving the rain. [#srilanka](#) [#lka](#) pic.twitter.com/B97bzRjkzU

— NewsRadio – TNLRN (@newsradiolk) [April 3, 2022](#)

People of Panadura thanking the Panadura police for the support in today's protest! Gotas curfew turned out to be just like Gota. INEFFECTIVE! Power to the People! [#GoHomeGota](#) [#GoHomeGota2022](#) [#GoHomeRajapaksas](#) [#wakeupsrilanka](#) [#SriLanka](#) [#SriLankaEconomicCrisis](#) pic.twitter.com/HdzxDG2sCe

— Siraj Noorani (@sirajnoorani) [April 3, 2022](#)

Late last week, the International Monetary Fund (IMF), which is based in Washington, D.C., [quickly entered into talks with Sri Lankan officials](#) regarding a rescue loan, as Rajapaksa was scheduled to hop aboard a flight to the U.S. capital for additional discussions with the agency's officials.

The unrest stems from several factors that led to the South Asian island nation losing more than 70 percent of its foreign exchange reserves since the COVID-19 pandemic began, including a collapse in tourism — a major income producer for the country — as well as ill-timed tax cuts.

Bloomberg news added:

The island nation is undergoing a severe shortage of food and fuel as it runs out of dollars to pay for imports. Inflation has accelerated to almost 19%, the highest in Asia and has played a major part in people taking to the streets to call for Rajapaksa and his family to resign from government.

Rajapaksa's elder brother Mahinda serves as prime minister and Basil, the youngest, holds the finance portfolio, while the eldest Chamal controls the agriculture ministry and nephew Namal is the sports minister. In a possible sign of friction within the clan, Namal openly criticized the latest curbs involving social media.

The Rajapaksa family still enjoys two-thirds majority support in parliament. National elections will be held in 2023 at the earliest.

The outlet also reported that in recent weeks, Rajapaksa's administration moved to devalue the country's currency, the rupee, while also raising interest rates and putting limits on non-essential imports. Also, the government cut back on stock-trading hours in order to preserve electricity and foreign currency.

Rajapaksa has also ended his prior resistance to being bailed out by the IMF while also entering talks

with other countries including China and India for bilateral aid.

But the point is, this is just the beginning: The global collapse that began with bad pandemic policies in the form of enduring lockdowns has created a chain reaction of economic fallout that can't be stopped. More [unrest in more countries is coming](#).

Sources include:

[Bloomberg.com](#)

[ZeroHedge.com](#)

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