

# Sri Lankan business demands deal with LTTE to end war

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Big business in Sri Lanka has launched an aggressive campaign to demand that the Peoples Alliance government and the opposition United National Party join hands to strike a deal with the separatist Liberation Tigers of Tamil Eelam (LTTE) and end the country's 18-year civil war. The highly-orchestrated campaign of advertising and public rallies underscores the corporate elite's dissatisfaction with this month's agreement between the PA government and the extreme chauvinist Janatha Vimukthi Peramuna (JVP) to rescue the government from defeat.

Ceylon Chamber of Commerce chairman Chandra Jayaratna told the press that business was "singularly calling for cessation of hostility and resumption of peace talks ... [as] the single most important issue before the country."

A lunchtime demonstration was organised by business chambers in Colombo on September 19, which was joined by thousands of people despite an attack by 300 thugs from the racist Sihala Urumaya led by one of its leaders, Champika Ranawaka, a member of parliament. The Sinhala supremacist organisation has declared that it will not allow such rallies.

President Chandrika Kumaratunga signed a Memorandum of Understanding with the JVP on September 5, after a three-month struggle for survival triggered by the defection of the Sri Lanka Muslim Congress to the opposition in June. The pact gave the government a new temporary lease of life, providing it with a thin majority of six in parliament and pushing back a United National Party (UNP) no-confidence motion.

The JVP agreed to "protect" the regime for a "probation period" of one year. In return, Kumaratunga promised, in effect, not to pursue negotiations with the LTTE during that time. The PA government agreed not to introduce "proposals for the devolution of power or any other proposals that may lead to controversy" for 12 months and also pledged to prune the cabinet to 20 ministers and halt the privatisation of the financial sector and education system.

The JVP committed itself to "not support any subversive line of action adopted by other parties that may result in

paralysing the government and the economy"—in other words, to help suppress workers' struggles. Through its trade union in the health sector, the JVP last week issued a leaflet urging nurses "not to engage in strikes arbitrarily that would harass people and that would be thoroughly opposed by the people".

Yet, the PA-JVP alliance is fragile. Four senior ministers resigned last week (one later rejoined the cabinet), on the grounds that the JVP agreement would "block" any peace arrangement. These ministers have held discussions with the UNP and seem to be marking time before crossing over to the opposition, taking other MPs with them. Other conflicts have erupted between the JVP and the PA, including controversies over the number of ministerial portfolios and appointments to a new constitutional council.

Though the JVP pact saved the day for the PA and employers are pleased with the JVP's willingness to discipline workers, big business is not satisfied. Just as the PA was concluding discussions with the JVP, 14 chambers of business met on September 4 and launched a campaign on the slogan "Sri Lanka First—It's Now or Never".

National Development Bank chief executive officer Ranjith Fernando told the meeting: "Enough is enough. This country is bleeding. We need peace... This campaign will continue until the two sides decide to resume talks." Business leaders said they were "taking this initiative to mobilise peace-loving people to tell the politicians to stop the war and start talks." They have allocated 20 million rupees to the campaign and enlisted the support of non-government organisations, professionals and popular film and sports stars.

One business tycoon, Lalith Kotalawela, has written to LTTE leader V. Prabhakaran, seeking a meeting with him to discuss peace. While Kotalawela informed Kumaratunga and UNP leader Ranil Wickremesinghe of his initiative, he told the media that he did not believe politicians, and would like to emulate Nelson Mandela in building a "people's power" movement.

Corporate leaders first raised the "Now or Never" slogan

following the LTTE's devastating July 24 raid on the country's main air force base and international airport, which destroyed half the air force and civilian air fleets. The attack deepened the crisis of the government, already facing huge war expenditure, political instability and the world economic downturn. In purely financial terms, the damage at the airport added 10 billion rupees to the cost of the war, which has consumed an estimated 600 billion rupees (nearly \$ US7 billion) in government funds over the past 18 years.

International airlines and shipping lines seized upon the airport disaster to increase fares and insurance charges, naming Sri Lanka as a "war risk country". The charges were reduced after the government offered a bond worth \$US50 million to cover all risks. But surcharges have hit imports and exports and foreign investment has fallen due to the political turmoil.

Economic growth in the first half of this year dropped to just 1 percent, well down from the original forecast of 4 percent. Exports declined by 1.5 percent, with industrial exports falling by 2.6 percent. Tourism, the country's main source of foreign income, has declined by 28 percent since the airport attack. Central Bank governor A.S. Jayawardana told the *Far Eastern Economic Review*: "On the one hand we have the political crisis—the government has been reduced to a minority in parliament and is fighting to survive—and then there is the impact of the airport attack."

Business leaders fear that continued political instability will threaten loans from the IMF, the World Bank and other institutions. The IMF has delayed granting the second installment of its standby loan, due in November, to early next year. Its chief representative in Sri Lanka, Nadeem Ul Haque, has indicated that the JVP-PA agreement must not be allowed to cut across the government's pledges to the Fund. In an interview with the *Daily Mirror*, he spoke approvingly about the two parties' agreement to reduce cabinet posts and eliminate other waste, but insisted on reductions in the budget deficit and public debt, the removal of subsidies and other structural changes.

The continuation of the war could also generate popular unrest. Following the attack on the airport, major conglomerates such as Keels Holdings have retrenched hundreds of hotel workers. About 30,000 health workers struck last week, while thousands of station masters and railway technical officers downed tools for two days, demanding higher wages. About 700 nurses at a semi-government hospital launched a strike.

In June, the financial elite demanded a "national unity regime" comprised of the PA and UNP to end the war and deal with the working class, but the two parties could not agree on who would lead the government. In the past, neither the PA nor the UNP has been able to reach an

accommodation with the LTTE, because both utilise Sinhala-Buddhist chauvinism to divide the working class and rest on racist forces. As recently as last August, the JVP—one of the most extremist parties—forced the PA to abandon autonomy proposals designed to forge a deal with the LTTE.

Given the pressure from business, Kumaratunga appears to realise that her regime cannot survive unless it seeks a settlement with the LTTE. The PA has written to the UNP proposing a common appeal to the LTTE and Foreign Minister Lakshman Kadirgamar announced last weekend that "the government will seek a mutually-agreed cessation of hostile military operations". Kumaratunga also held a meeting with Sri Lanka Muslim Congress leader Rauf Hakeem—who defected to the UNP in June—to discuss how to proceed toward peace talks. After the meeting, he announced that he would act as a mediator between the PA and UNP.

The "Now or Never" campaign has nothing to do with establishing the democratic rights of the Tamil people. The business elite has long utilised the racist war to split the working class along Sinhala and Tamil ethnic lines and enforce attacks on jobs, wages and living standards. Now, however, the war has become an economic burden and international investment is being withdrawn from the country. Big business hopes that an agreement with the LTTE, representing the aspiring Tamil bourgeoisie, will widen its economic base and strengthen the government's hand in implementing the IMF's agenda.

Moreover, given Sri Lanka's strategic importance in South Asia, the major Western powers have been exerting pressures on the PA regime and the LTTE to come to a settlement. Their concern is that the political impasse in Sri Lanka and any LTTE move to create a separate state would have adverse repercussions across the Indian sub-continent, where a myriad of separatist organisations are now active.

The ruling elite is attempting to exploit the war-weary sentiments of the masses for its own purposes, but its agenda is to establish the best conditions to continue slashing working conditions, overhauling labour laws to enforce a hire and fire policy, reducing holidays and privatising government services, including education and health.



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