

The political economy of the Sri Lankan “peace process”

Part 2

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This is the concluding section of a two-part article. The first part was published on November 13.

The International Monetary Fund's (IMF) endorsement of Wickremesinghe's so-called Poverty Reduction Strategy Program earlier this year opened the way for the next stage of Sri Lanka's integration into the circuit of global finance—at the Sri Lanka Donors' Conference, convened in Tokyo last June. With the active political backing of the US and considerable financial input from Japan, the conference participants, representing some 50 countries and more than 20 international financial institutions, pledged \$4.5 billion over the next four years towards Sri Lanka's reconstruction.

The provision of this aid, however, was conditional on the country's protracted civil war being brought to a conclusive end. So far as the dominant sections of international capital are concerned, Colombo's conflict with the Liberation Tigers of Tamil Eelam (LTTE) constitutes an obstacle to their plans for the region. Their motivation in providing aid is not a desire to bring stability to the lives of ordinary Sri Lankans or improve their living standards. The US wants Sri Lanka as a hub for its financial—and possibly military—operations in South Asia.

For almost 20 years, the US showed no interest in the civil war or its impact on the Sri Lankan population. But in the past two years, as its intervention in South Asia has escalated, Washington has become an active participant in the “peace process.” Deputy Secretary of State Richard Armitage spelled out the issues in an interview earlier this month.

After the obligatory declaration that “the overwhelming interest we have is one of humanity” Armitage continued: “We want this island—this nation of over 20 million—to be a full, complete partner in the economic life not only of South Asia, but of the globe. We see no reason why Sri Lanka can't be an engine of growth in South Asia and I look forward to the day when it will be.”

To further its interests in the region, the US has been pushing for closer ties between the Vajpayee regime in New Delhi and the Wickremesinghe government. A Comprehensive Economic Partnership Agreement, based on a statement already prepared by a joint committee, is due to be signed in March 2004.

As an article by Ramtanu Maitra entitled “India pulls Sri Lankan strings”, published in the November 10 edition of *Asia Times*, noted: “The CEPA replaces the existing trade agreement, which was restricted to a list of goods for trade between the two countries and covers a wide spectrum of trade and economic areas such as service, aviation, transport, tourism and investment. In fact, the agreement in general allows the two countries to enter into broad negotiations

covering all service sectors and modes of supply within the GATT (General Agreement on Tariffs and Trade) framework. Besides, it facilitates greater investment flows by addressing identified regulatory and operational constraints, helps implement measures to enhance economic cooperation, and paves the way for trade and investment liberalisation.”

US plans to turn Sri Lanka into an “engine of growth” are part of a broad program aimed at the closer economic integration of the entire South Asian region, in order to facilitate increased domination by international, and above all, US finance capital.

This integration extends to the military sphere as well. Last month, after discussions in New Delhi, Wickremesinghe and Vajpayee announced that they would formalise defence ties between their respective countries. According to their joint declaration: “India will maintain an abiding interest in the security of Sri Lanka and remains committed to its sovereignty and territorial integrity.”

Like the closer economic arrangements, the growing defence ties are being undertaken in line with US strategic interests. According to Maitra's *Asia Times* article: “India's priority on resolving the Tamil-Sinhala conflict reflects the international convergence on security issues. Recent reports from the US embassy in Colombo indicate that about 30 US Air Force experts have begun a joint survey of Sri Lanka's airfields to assist their local counterparts with their security, medical and engineering needs. For the past eight years or so, the Tigers have claimed that Sri Lankan troops were being afforded extensive combat training in the southern Wirawila district, where US Special Forces have set up a sophisticated military training camp. The Colombo government, while maintaining a diplomatic silence on the issue of foreign intervention, has not denied any of the rebel allegations.”

Significantly, Wickremesinghe has openly endorsed the US invasion of Iraq and made clear he will back any future military interventions. As he told the UN General Assembly last month “the US and its allies had no choice but to intervene.” The “failure” of the United Nations, he went on, had created the need for a “world policeman.”

These remarks serve to underscore the fact that the so-called “peace process” involves much more than a settlement between the Sri Lankan government and the LTTE. It is part of a much broader agenda, orchestrated by the US and its regional allies, as well as the IMF and other global financial institutions, for the reshaping of economic and political relationships across the entire sub-continent.

Of course, these plans are couched in phrases about the need to bring peace and secure growth. But they are, in fact, driven by the

need of major corporations and financial institutions to secure new sources of profit in every corner of the world. This involves much more than the acquisition of cheap labour and raw materials, as important as that is. Finance capital—banks, insurance companies, investment funds and the like—are no less voracious in their constant scouring of the world for new sources of revenue.

While the new system of imperialism being established across the sub-continent differs from the British Empire, its essential content remains the same. As the historians Cain and Hopkins have drawn out in their valuable study of British imperialism, the crucial question for the empire was not colonial domination as such, but the enforcement of the economic “rules of the game”.

“From an economic perspective the empire could be seen as a transnational organisation that reduced transactions costs by extending abroad the property rights associated with the metropolitan economy” [*British Imperialism 1688-2000*, P. J. Cain and A. G. Hopkins, p. 4].

Cain and Hopkins’ description of the empire’s operations resembles nothing so clearly as the activities of the IMF and the other international financial institutions that enforce the modern-day “rules of the game.”

Within the framework of the British empire, they noted, “the reforming principles of political economy were eagerly applied to distant lands; approved property rights, individualism, free markets, sound money and public frugality provided discipline and purpose for both moral and material life, underpinned good government and produced congenial allies” [op cit, p. 48].

The imposition of such conditions today does not necessarily require the establishment of colonial forms of rule. As Lenin once pointed out, “finance capital is such a great, such a decisive force ... in all international relations, that it is capable of subjecting, and actually does subject, to itself even states enjoying the fullest political independence” [*Collected Works*, Volume 22, Lenin, p. 259].

This consideration, however brief, of what could be called the political economy of the “peace process” begins to clarify, at least in broad outline, the social forces represented by its major participants.

Ranil Wickremesinghe’s UNP, with the backing of the dominant sections of big business, is working to integrate Sri Lanka into the political and economic arrangements for the South Asia region being spearheaded by the US—to transform the country into a “hub” for investment and finance.

The LTTE has already openly declared it wants Sri Lanka to become a “tiger economy.” It has no differences with the United National Front government on its basic orientation. The various conflicts that have arisen in the negotiations are not about defending the democratic rights of the Tamil masses. Rather, they are being used by the LTTE to secure the best possible deal for itself, and for the Tamil bourgeoisie that it represents, within the framework of the Sri Lankan state.

Chandrika Kumarantunga’s SLFP and the People’s Alliance (PA) coalition speak for sections of the Sri Lankan bourgeoisie that fear for their future under the new economic relations. They also represent those layers of the army and business that have profited from the 20-year civil war. While the PA continues to rely on the support of the old workers’ organisations—the LSSP, NSSP and the Communist Party—their role has become somewhat limited. After decades of betrayals and countless opportunist twists and turns, these parties have, politically speaking, become squeezed lemons.

That is why it has fallen to the JVP to play the central role in garnering mass support for the PA. Under conditions where the IMF

dictates will mean the wholesale destruction of jobs, privatisation of state-owned enterprises and the cutting of social welfare measures—in the name of scrapping outmoded “redistributive” policies—the JVP is trying to mobilise support from the rural poor, middle class and student youth, as well as sections of the working class, through strident denunciations of imperialism and its plans to recolonise Sri Lanka.

But for all its populist demagogy, the JVP advances a completely reactionary program, in the fullest sense of the word. In the first place, the anti-Tamil Sinhala chauvinism that forms such a central component in its perspective is nothing more than a regurgitation of the racist politics that have proven so useful to the ruling class in pursuing its “divide-and rule” policy ever since the British colonists handed over power.

Moreover, the JVP’s call for “national unity” on the basis of the revival of national economy and national culture is simply a revamped form of the program of bourgeois nationalism that has been rendered totally bankrupt by the sweeping changes in world capitalist economy over the past two decades.

In facing the political challenges posed by the eruption of the constitutional crisis, the Sri Lankan working class must consciously assimilate the lessons of its rich historical experience. A balance sheet must now be drawn of the decades-long conflict between the program of socialist internationalism and all forms of bourgeois nationalism, including its “left” varieties.

Such an assessment will demonstrate that, contrary to the political wiseacres who denounced the internationalist perspective of the Fourth International as “unrealistic”, it is the program of bourgeois nationalism that has proven to be completely unviable.

The struggle against imperialist re-colonisation—the essential content of the IMF-dictated “free market” agenda—can only go forward if it is grounded on a fight to unite all workers against racism and communalism. Such a struggle will find a powerful response from the urban and rural masses in Sri Lanka, in the Indian sub-continent as a whole and internationally. That is the basis of the program of the Socialist Equality Party, as the Sri Lankan section of the International Committee of the Fourth International.

Concluded



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