

# Sri Lankan budget: a brazen exercise in electioneering

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With just five days to go to the presidential poll, the Sri Lankan government brought down the coming year's budget on Tuesday in a brazen last-minute appeal for votes for its candidate—Prime Minister Mahinda Rajapakse of the Sri Lanka Freedom Party (SLFP). Even in a campaign that has been dominated by lies and empty election promises, this latest move is a particularly outrageous piece of electioneering.

Rajapakse is well aware that the budget, like his promises, commits the government to nothing. If he wins, it can always be changed to meet the requirements of business and international finance agencies like the IMF and World Bank. If he loses, his rival Ranil Wickremesinghe from the United National Party (UNP) has already promised to tear it up. In fact, Wickremesinghe called for the budget to be postponed, but was ignored. Rajapakse continued to insist that Finance Minister Sarath Amunugama proceed on November 8.

The budget was largely cooked up by Rajapakse and his campaign committee, which includes Wimal Weerawansa, a prominent leader of the Janatha Vimukthi Peramuna (JVP). It was designed to provide limited handouts to a range of voters and to edge Rajapakse across the line on November 17. Significantly, however, the budget fails to implement the many pledges in Rajapakse's election manifesto, signalling in advance that they will not be carried out. Rajapakse appears to have plumbed new depths of duplicity—breaking his promises, not after the election, but before it!

Neither the SLFP nor the UNP has a great deal of political credibility. The two parties have alternately held power for 58 years since independence and have failed to address the deepening social crisis. Over the last three decades both parties have implemented the open market demands of the IMF and World Bank, resulting in the destruction of jobs, social services and living standards.

Whoever wins will continue along the same path.

At a political rally on Wednesday at Hanwella near Colombo, Rajapakse declared: "The budget presented by the government going along with *Mahinda Chinthanaya* [his election manifesto] has given a series of concessions to the masses." These "concessions", however, reveal Rajapakse's real contempt for the masses—that they should be grateful for the government's handouts, like beggars receiving a bowl of rice or a few *doitu* (worthless coins).

The measures include monthly increases in Samudhi (welfare) payments from 500 to 750 rupees (\$US7.50); in public sector salaries by 1,300 rupees in 2006; and in public sector pensions of between 200 and 1,250 rupees, as well as a cost of living allowance of 500 rupees. A nutritional program is to be established in response to widespread child and maternal malnutrition in the plantation, dry zone and coastal areas of the island.

As a sop to the hundreds of thousands of people in coastal areas whose lives were devastated by the December 26 tsunami, the budget will establish special bank accounts for the children of the victims, with a monthly allowance of 1,500 rupees. In most affected areas, the government is yet to begin any serious reconstruction of schools, homes and hospitals nearly a year after the tragedy. Many of the victims are still struggling to survive in makeshift camps, or with relatives or friends, having lost their livelihoods, possessions and family members.

The budget makes an appeal to small farmers by increasing the government buying price of rice from 16.50 to 17.50 rupees per kilogram, and milk from 25 to 30 rupees per litre. These pathetic increases, which many farmers will be unable to obtain in any case, will do nothing to alleviate the immense financial hardships facing many farming families, who are deeply in debt.

Rajapakse did even not try to square the budget with his

*Mahinda Chinthanaya* or Mahinda Thinking, which promised to increase public sector salaries by 3,000 rupees and the Samurdhi allowance to 4,000 rupees. No mention was made of any plan to boost jobs, despite Rajapakse's pledge to create 200,000 a year. Nothing was said about his promise to reduce the cost of fertilisers to 350 rupees per 50 kilograms.

One of the few major increases in spending was on defence: a huge 23 percent hike from 56.3 billion rupees in 2005 to 69.5 billion rupees in 2006. This was one more indication that Rajapakse, in league with the Sinhala chauvinist JVP, is preparing for war. The terms of the election deal between Rajapakse and the JVP included a series of demands on the Liberation Tigers of Tamil Eelam, including major revisions of the current ceasefire, which could rapidly lead to conflict.

There is no secret as to why the government has failed to implement Rajapakse's election platform—it is in deep financial crisis. Finance Minister Amunugama indicated he will have to obtain large new loans amounting to about 518 billion rupees to plug the budget deficit. If the government had implemented all of Rajapakse's promises there would have been an immediate uproar from the representatives of foreign and local capital.

Far from being in a strong position, the island's economy has been buffeted by the steep rise in world oil prices and the end of the international quota system for textile exports, as well as the tsunami. "Soaring oil prices dealt another blow," Amunugama complained. The total cost of imported oil rose from \$800 million last year to \$1,300 million this year, widening the trade deficit and increasing the financial burden of government oil subsidies.

The response in the media and corporate circles has been cautious. An editorial in the *Daily Mirror* on November 10 described the budget as "realistic". "Amunugama has not apparently succumbed to the pressure to pursue narrow objectives and has performed his task with a certain degree of objectivity," it declared approvingly.

Then, in a clear indication of what is in store after the election, the *Daily Mirror* added that the budget "has shown that the country's financial position does not permit the fulfillment of extravagant promises held out to the people for gaining short term political advantage."

The Ceylon Chamber of Commerce (CCC) had called on the government to postpone its budget until after the election. It has indicated its support for Wickremesinghe as he has promised to carry on implementing economic

reforms. The CCC complained that the budget had not adequately offered "incentives for direct investments and infrastructure."

The response of the corporate elite was also indicated by the stock market. The All Share Price Index (ASP) fell on Tuesday by 34 points to 2,482.36 and again on Wednesday by 25.57 to 2,456.79. The blue chip Milanka index fell by 54 points on Tuesday to 3,272 and 36 points on Wednesday to 3,236.22.

Nothing could be clearer. As soon as the election is over, the campaign will begin in business circles for a more "economically responsible" budget. Most of the election promises will simply be dropped. If the next government fails to comply, the World Bank and IMF will rapidly pull it into line—loans will have conditions attached and investors will start to look elsewhere. Whether the winner is Wickremesinghe or Rajapakse, the result will be the same and working people will once again be the losers.

The necessary conclusions should be drawn from this electoral charade. Workers cannot expect anything from the parties of the ruling class other than deeper inroads into their living conditions and new economic burdens. The Socialist Equality Party and its candidate Wije Dias are the only ones offering a genuine political alternative. We bluntly say to working people that the election will not solve any of the problems that they confront.

What is needed is a political counteroffensive against the next government based on the independent mobilisation of the working class to demand decent jobs, an end to poverty, and a vast improvement in social services. Such a campaign must be part of a broader international struggle for a world planned socialist economy to meeting the pressing social needs of the vast majority of mankind rather, than the profits of the few.



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