

Sri Lankan UNP's bogus opposition to IMF austerity program

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The opposition United National Party (UNP) in Sri Lanka has launched a thoroughly cynical campaign against the fuel and other price hikes announced by the government last month. The UNP, which has a long history of imposing the dictates of big business and trampling on democratic rights, is now posing as a champion of the masses.

The government of President Mahinda Rajapakse devalued the rupee last month, increased fuel prices and electricity charges, and announced further cuts to public expenditure. The measures were imposed in return for the final instalments, worth \$US800 million, of an International Monetary Fund (IMF) loan.

With the backing of the pseudo-left Nava Sama Samaja Party (NSSP) and United Socialist Party (USP), UNP leader Ranil Wickremesinghe is parading around the country at the head of anti-price rise protests. While blaming the ruling coalition for the economic crisis, the UNP is seeking to disguise its real policy of supporting the IMF austerity measures.

In this regard, a recent debate between UNP parliamentarian and economist Harsha de Silva and a government minister, Ranjith Siyambalapitiya, on the price hikes was revealing. The much-publicised debate was broadcast on Sirasa TV on February 27.

De Silva tried to depict the financial crisis as a result of “abject corruption,” “economic mismanagement” and “misappropriation of finances” by the Rajapakse government. Siyambalapitiya, without much difficulty, sought to prove that the government was doing nothing new, but was instead adopting similar policies to those of the UNP in office.

Siyambalapitiya quoted from the UNP's 2001 *Regaining Sri Lanka* program that was approved by the IMF and formed the basis of the UNP government's attacks on the working class. It cut thousands of public sector jobs and slashed government expenditure,

including subsidies, as well as carrying out privatisation and wage freezes.

For all his talk about mismanagement and misappropriation, de Silva made clear that the UNP continued to support the IMF's current austerity agenda being implemented by President Rajapakse. He said the government had kept the exchange rate at an artificially high level, sold foreign reserves, increased imports and borrowed hugely.

De Silva criticised the government for not acting earlier to devalue the rupee. The IMF had insisted on devaluation from last July and withheld two loan instalments, citing the government's failure to adhere to its prescriptions. Rajapakse delayed devaluation, not because he opposed the measure but because he feared its social impact would provoke protests.

Speaking to the press, de Silva openly commended the austerity measures. According to the *Island*, he stated: “The rupee float [devaluation], interest rate and fuel price hikes will help the economy.” He added that these policies “should help, because these are the only options available [for the government].” He insisted on the importance of obtaining the low-interest IMF loan rather than borrowing commercially at high rates.

Explaining the UNP's policy on fuel and other subsidies, de Silva said his party would give subsidies but only to specific target groups, not everyone. This is in line with the IMF's own policy, which is cover up the impact of cuts to price subsidies by providing limited “targetted” aid to the very poorest sections of the population.

At the same time, the UNP representative sought to deflect attention from the island's worsening economic crisis by criticising the personal weaknesses of Central Bank Governor Ajith Nivad Cabraal and other government decision makers. “They managed the economy in an egocentric, self-centred manner,” he

declared.

In fact, Sri Lanka's economic woes are part and parcel of the crisis of world capitalism—a reality both de Silva and Siyambalapitiya sought to hide in the debate.

The global economic breakdown, which began with the collapse of Lehman Bros in 2008, has only deepened and is hitting every country. In Sri Lanka's case, the impact has been compounded by the huge debts accumulated by the government to finance the communal war against the separatist Liberation Tigers of Tamil Eelam—a war that the UNP backed.

The IMF's prescriptions will only worsen the island's economic difficulties. Last week the IMF revised the country's growth rate down from its earlier estimate of 7.5 percent as a result of public spending cuts, devaluation and other measures that it has been advocating.

Credit rating agency Standard & Poor's also lowered Sri Lanka's sovereign outlook from positive to stable. It cited "weak external liquidity, moderately high and increasing external debt, fundamental fiscal weaknesses, the attendant high public debt and interest burden."

The announcement highlighted the mounting pressure from the global financial markets on the government to make greater inroads into the social position of workers and the poor in order to reduce the budget deficits and debts.

The Rajapakse government has already resorted to police-state methods to suppress demonstrations against the price rises. The UNP's protests are seeking to exploit the widespread anger among working people, while ensuring the mass opposition does not challenge Colombo establishment and the capitalist system it defends.

If the UNP were to take office, it would deliver similar blows to workers and the rural poor. By promoting this right-wing party, the NSSP and USP bear political responsibility for the pro-market policies that a UNP government will implement.



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