

# Sri Lankan president calls on companies to exploit pandemic for cost-cutting

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Addressing the Sri Lanka Economic Summit early this month, President Gotabhaya Rajapakse called on big business to take advantage of the “beneficial consequences” of the coronavirus pandemic. The virtual event was organised by the Ceylon Chamber of Commerce, the country’s premier business lobby.

India’s Minister of Finance & Corporate Affairs Nirmala Sitharaman was the keynote speaker at the summit, which was held on December 1. She spoke about the “synergistic and complementary” nature of India’s so-called “self-reliant visions” of India and Sri Lanka—jargon used by both governments to cover up their big-business agendas.

Sitharaman is a key figure in the right-wing Bharatiya Janatha Party-led government which has stepped up its pro-market program in recent months. This has included changing labour laws to allow the use of contract workers in every industry, accelerated privatisation and agriculture reforms at the expense of small farmers. These actions have ignited mass struggles of workers and farmers throughout India.

Like governments around the world, New Delhi claims that employees must remain at work and learn to live with the deadly virus as the “new normal.” These policies have seen COVID-19 infections in India climb to almost 9.8 million, with over 141,000 deaths.

In his address, President Rajapakse declared India to be Sri Lanka’s “closest friend and partner” and hailed its efforts to boost international finance capital through a “digital unified single window clearance system”—in other words, to by-pass previous investment rules and regulations.

Rajapakse, who is making similar changes in Sri Lanka, told the summit that his government was balancing “the twin imperatives of containing the virus on the one hand and ensuring continued economic

activity on the other.” In some ways, he continued “this new normal has had beneficial consequences. It has forced the adoption of many new work practices.”

Rajapakse’s entire address, in fact, was devoted to urging business to reap the “beneficial consequences” of the crisis—i.e., to step up labour exploitation and boost profits. There was not one word in his speech about dealing with the dire situation facing workers and the poor, social conditions created by the government in league with the big companies.

The president’s claim about the government balancing between the pandemic and economic activities is bogus. Since the end of the April, Colombo has actively demanded employees return to work, producing a new surge of COVID-19 infections.

The number of confirmed cases has jumped from around 3,000 in early October to over 30,000, with 144 deaths according to yesterday’s figures. This is under conditions where the government is following a low-testing regime while claiming that the situation has been properly managed.

One of the so-called “new normal” opportunities cited by Rajapakse at the summit was to “improve efficiency so that work can be carried out even by a skeletal staff.” The government, he declared, was “strongly encouraging new business models,” and new technologies and infrastructure improvement “needed to support this productivity enhancing transformation.”

Stripped of its corporate rhetoric, this means more workforce downsizing and increased exploitation.

When he called for the economy to be reopened in late April, Rajapakse—using social distancing as an excuse—directed state and private institutions to only call back a “required number of employees.” This was a clear signal to employers to slash jobs and wages whilst maintaining the same productivity.

In some factories the monthly wages of permanent workers, who were “temporarily retrenched,” was reduced to 14,500 rupees (\$US78) while other positions were eliminated. These measures were imposed with the full backing of the trade unions, which regularly meet with government ministers, state officials and CEOs in a so-called tripartite task force.

During his speech, Rajapakse nervously referred to Sri Lanka’s ballooning foreign and domestic debts. “The large volume of pending debt repayments is a matter of concern... our over-reliance on loans must come to an end,” he said. The solution, Rajapakse continued, was to “attract more foreign direct investment and encourage more local investment to drive our economic growth.”

Sri Lanka’s foreign reserves were reduced this year to about \$6 billion after debt-servicing payments. These payments are expected to be \$4.5 billion annually for the next four years with the country’s debt to gross domestic product (GDP) ratio likely to surpass 100 percent next year.

In September, Moody’s downgraded Sri Lanka’s credit rating to Caa1, one above the default level. Last week Fitch, another rating agency, lowered the country’s rating to CCC. While Rajapakse has said that the government will meet its debt obligations, the country, in reality, is teetering on the brink of default.

Rajapakse’s attempt to boost foreign reserves by “attracting more direct investments” will involve new laws to fully protect these investors. While he did not elaborate, these measures will be designed to ensure lower business taxes and unhindered exploitation of Sri Lanka’s resources and the working class. And like in other under-developed countries, such as Bangladesh, Vietnam and Cambodia, who mainly export to the US and Europe, this means an intensification of the already cutthroat race to slash jobs, wages and other production costs.

The Rajapakse government previously ordered the Central Bank to release 178 billion rupees to the commercial banks to provide cheap loans to big business. In its 2021 budget, it announced sweeping tax concessions, including cuts in personal and corporate tax, as well as exemptions and tax holidays for foreign and local investors. It also announced more downsizing of the public sector and further privatisations of state-owned enterprises.

Sri Lankan Treasury Secretary Sajith Attiyagalle told the summit that the government had immediate plans to sell-off non-strategic state enterprises and to list others on the Colombo Stock Exchange. This includes the state-owned Grand Hyatt, Grand Oriental Hotel, Hotel Developers, land belonging to the Ceynor Foundation and expressways.

A few weeks ago, Rajapakse imposed an essential service order on 15,000 port employees after they began challenging demands that they continue working without proper protection from the pandemic, which was spreading through the docks. The repressive move was a direct signal to corporate chiefs that the government will try to crush all opposition to unsafe COVID-19 working conditions and the increasing austerity attacks on the working class.

Notwithstanding the verbal posturing of the opposition parliamentary parties—the Samagi, Jana Balavegaya, Janatha Vimukthi Peramuna and the Tamil National Alliance (TNA)—these organisations have supported the government’s assaults on working people, its enrichment of the major corporations and moves towards dictatorial methods of rule. They endorsed the reopening of the economy, the allocation of bailout funds for big business and the essential services order on port workers. Last week, all of them, apart from the TNA, passed the budget’s huge defence expenditure allocation.

Rajapakse’s “advice” to the Ceylon Chamber of Commerce summit further underscores the necessity for the working class to break from every faction of the Sri Lankan capitalist class and their trade union and opportunist hangers-on and to mobilise on the basis of a socialist and internationalist program.

The only party advancing this perspective is the Socialist Equality Party which fights for a workers’ and peasants’ government in Sri Lanka as part of Union of Socialist Republics of South Asia.



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