

# Defeat Sri Lankan regime's brutal austerity measures! Fight for socialist policies

**Socialist Equality Party (Sri Lanka)****30 March 2022**

The government of President Gotabhaya Rajapakse in Sri Lanka has begun unleashing ferocious austerity measures dictated by the International Monetary Fund (IMF), further worsening the already terrible living conditions facing workers and the poor.

The Socialist Equality Party (SEP) calls on workers to take the initiative to fight these austerity measures. The working class must mobilise its industrial and political strength and rally the rural poor to fight for a workers' and peasants' government to implement socialist policies. Only in this way can working people resolve the desperate situation they confront.

Mired in the global economic downturn exacerbated by the COVID-19 pandemic, Sri Lankan capitalism has plunged into a crisis not seen since formal independence in 1948. The US-NATO war drive against Russia in Ukraine is further battering the economy.

The country's foreign reserves had shrunk to \$US2.21 billion by February. This is adequate for just one and a half months imports and is less than one third of the massive foreign debt repayments of \$7 billion due this year. The country is surviving hand to mouth on frequent borrowings from India, China and Bangladesh in the form of currency swap measures.

The economy is on a downward path. Foreign exchange reserves are being hit by the prices of imports, which are continuously increasing, while earnings from tourism, exports and other income from abroad are declining.

During the past two years, President Rajapakse has relentlessly imposed the burden of the economic crisis on the backs of working people declaring that his government would save the nation. This month, in a televised speech, he made an abrupt U-turn to the International Monetary Fund (IMF), directly embracing its austerity demands.

International financial institutions such as the IMF and World Bank as well as rating agencies have all demanded this turn. The international banks are insisting on a continuous flow of returns on their loans. Similar interventions have been made recently in Argentina, Ecuador, Surinam and Zambia.

Already Sri Lanka's year-on-year inflation rate has doubled since September and in February stood at 15 percent. Food inflation is far higher at 25.7 percent. Millions are suffering from the lack of essential food and medicine.

The lack of foreign exchange has led to a cut in fuel imports, leading to electricity shut downs for hours and long queues for cooking gas. Without fuel, public and private transport has been crippled. Without cooking gas or electricity, thousands of small-scale businesses, including bakeries and restaurants, have been forced to close. So severe is the crisis that four elderly people died while waiting to buy

petrol for their three wheelers and another person was killed in a dispute in a petrol queue.

The IMF announced its austerity prescription for Sri Lanka on March 2. Its brutal measures include deep cuts to the budget deficit, higher interest rates, increased goods and services taxes, the devaluation of the rupee and the further restructuring of the state sector.

Finance minister Basil Rajapakse is to visit Washington in April to finalise agreements with the IMF and World Bank.

In the three weeks since the IMF announcement, authorities have devalued the rupee against the US dollar by a huge 50 percent. Fuel prices have increased by around 50 percent and rail transport by 58 percent. Huge rises in electricity and water charges are due. Cuts to jobs and wages in the state sector are on the agenda while social subsidies are to be slashed under the guise of assisting the "poor segment" of the society.

Rajapakse declared during his national address that shortages of essentials and price increases "will continue for reasons beyond our control." He called on the population to bear with the situation. However, it is the profit system that his government and the ruling class as a whole defend that is responsible for this disastrous situation.

Rajapakse knows these austerity measures cannot be carried out peacefully and is preparing to shift to dictatorial forms of rule. Throughout his presidency, he has militarised the state administration. He has boosted spending on the armed services and police while blocking state salary increases and cutting funding for public health and education, and fertiliser subsidies for farmers.

Last week the government deployed military personnel to fuel filling stations to control angry crowds.

Rajapakse called an all-party conference last week to enlist support for the IMF program. The government's coalition partners attended, along with opposition parties, including the right-wing United National Party, the Tamil National Alliance and Sri Lanka Muslim Congress, and expressed their backing for the IMF austerity agenda.

The main opposition parties—the Samagi Jana Balavegaya (SJB) and Janatha Vimukthi Peramuna (JVP)—did not attend, saying they had nothing to discuss with the government. Their demagogic posturing, aimed at exploiting the seething anger of the masses, is a sham.

The SJB is holding meetings around the country calling for general elections to oust the government. Thousands are attending to express their bitter opposition against the government's attacks. The SJB, however, has no qualms about going to the IMF and, in fact, last year called on the government to do so.

Last year, as the government's criminal policies allowed the COVID-19 pandemic to spread, SJB leader Sajith Premadasa called a

political ceasefire. He declared that leaders should “set aside their personal ambitions and focus on” keeping our citizens alive and preventing the country being dragged into “anarchy.”

In January, Premadasa called for an “elected dictatorship” along the lines of the anti-working class regime of Margaret Thatcher in Britain in the 1980s.

The JVP is also holding rallies declaring of the government: “Enough. Step down. And go.” Its leader Anura Kumara Dissanayake is calling for a “people’s government,” saying political parties have failed over the past 74 years since independence.

Dissanayake has said nothing about how a “people’s government” would come to power or what it would do. His silence on the IMF austerity agenda is a clear sign that the JVP would implement such measures.

In fact, the JVP has repeatedly backed governments that imposed pro-market restructuring. In 2004, it entered the coalition of President Chandrika Kumaratunga and JVP ministers helped implement the IMF’s program.

The SJB and JVP are “opposing” the government, but not its reactionary policies, because like the rest of the ruling class they fear and are seeking to neutralise the rising groundswell of opposition. As a recent *Sunday Times* editorial warned, the “IMF panacea is not going to be easy... [with] political instability in the making as corresponding public agitation continues.”

No one should be hoodwinked by the empty demagogic of these opposition leaders. The SJB and JVP defend the capitalist system to the hilt and would be just as ruthless as Rajapakse in imposing the burden of the current crisis on working people.

Likewise, no faith should be placed in the various fake-left groups, such as the Frontline Socialist Party and Socialist People’s Forum, that seek to corral workers and youth behind phony campaigns of the opposition parties.

These treacherous pseudo-left groups held a public meeting last weekend to announce a “people’s struggle movement” and declare, “Let us chase out the government.” But to do what! Its declared program is to build “a people’s force to pressurise and bargain with whatever the next government that comes to power... to defend rights of people.”

A powerful force has already begun to emerge—the working class. Hundreds of thousands of workers in health, railways, education, postal, petroleum, ports and plantation sections have taken strike action and protested over wages and allowances over the past year. But these struggles have come to nothing precisely because the pro-capitalist trade unions have promoted the illusion that workers’ demands can be achieved by pressurising and bargaining with the government.

None of the unions has opposed the government’s repressive Essential Public Services Act that criminalises strike action by the majority of public sector workers. All of the unions are tied in one way or another to the political establishment and function as its industrial police force to suppress the struggles of the working class.

Working people cannot afford to allow another capitalist government to come to power. No amount of pressurising and bargaining is going to halt the onslaught on living conditions. Workers need to take matters into their own hands, rally the urban and rural poor and fight for a socialist perspective.

The Socialist Equality Party insists that the Rajapakse regime must be replaced, not with another capitalist government, but with a workers’ and peasants’ government to implement socialist policies.

The first step in such a struggle is for workers to establish their own action committees, independent of the trade unions and capitalist parties, in factories, workplaces and working-class suburbs to fight for their class interests. Such committees will become poles of attraction for the rural poor who are seeking a means for opposing the appalling conditions they confront.

The SEP has already taken the initiative in establishing action committees in the health, education, and plantation sectors but these initial steps have to be rapidly expanded. We are ready to give our political assistance to other sections of workers wanting to establish such committees to fight to defend their jobs and conditions.

The SEP calls on workers to fight for the following demands:

\* Secure jobs for all and decent wages fully indexed against inflation!

\* Billions to expand public health, education and welfare! Reinstate public health restrictions to eliminate COVID-19!

\* Guarantee a decent living to farmers by reinstating subsidies on agricultural inputs!

To the defenders of the profit system who say there is no money, we say society must be reorganised from top to bottom to meet the pressing social needs of the majority, not the profits of the super rich.

\* Repudiate all foreign loans!

\* Nationalise the major corporations, plantations and banks under workers’ control!

The SEP calls on workers to reject the poisonous communal politics promoted by unscrupulous capitalist politicians for decades to divide Sinhala workers from Tamil and Muslim workers. Only by uniting to fight for its common class interests can the working class defeat the onslaught underway on its social position.

The Sri Lankan crisis is part of a global crisis of capitalism. The ruling classes around the world are resorting to war against their rivals and class war at home. Just as the criminal “let it rip” policy has led to the deaths of millions from COVID-19, so the US-NATO war against Russia is plunging humanity towards a catastrophic world war in which many millions more will die.

There is no national solution to the crisis in Sri Lanka. The allies of workers in this country are not the discredited bourgeois opposition parties and their pseudo-left satellites but workers around the world who are confronting similar attacks on their social and democratic rights. We call on workers to turn to their class brothers and sisters around the world.

Sri Lankan workers should link their action committees to the International Workers’ Alliance of Rank-and-File Committees launched by the International Committee of the Fourth International as a means for uniting working class struggles internationally.

Above all, we call on workers and youth to join and build the SEP as the mass party necessary to lead the revolutionary fight for a socialist alternative.



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