

# Sri Lankan president appoints a new cabinet, as IMF bailout talks begin

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**18 April 2022**

Sri Lankan President Gotabhaya Rajapakse appointed a new cabinet of 17 ministers yesterday on the eve of talks over the terms of a bailout loan between the International Monetary Fund (IMF) and his government's delegation headed by Finance Minister Ali Sabry. He also appointed 21 state ministers.

Rajapakse's announcement is a desperate move, amid mass protests demanding his resignation, to demonstrate that Sri Lanka is politically stable. Sri Lanka's Central Bank governor declared last week that there had to be "political and social stability" to prove to the IMF that the government could implement the austerity demands of international finance capital.

The protest movement is continuing and spreading throughout the country demanding that the president and his government step down and that measures are implemented to end the social calamity facing ordinary people. Broad sections of the population are facing rampant inflation, acute shortages of food, medicine and fuel, and lengthy power cuts every day.

In an attempt to give a new look to his crisis-ridden regime, Rajapakse reduced the size of the new ministry and excluded virtually all of the previous cabinet ministers and state ministers. At the same time, his speech to the new ministers, publicised widely through that media, declared that changes would be made to address the problems people are facing.

The president cynically claimed that he "deeply regretted" the immense pressure caused by the economic crisis. He declared that the "pain, discomfort and anger" displayed by people "for having to spend time in queues to get essential items at a high price... is justified."

In response to the groundswell of opposition in rural areas, he said that the decision to ban chemical fertilizers was "wrong." The ban on fertilizer imports implemented to save foreign exchange under the guise of a shift to organic agriculture has created immense hardship for farmers.

Rajapakse also said that he now believed "we should have gone for a program with the International Monetary Fund earlier." This was a direct appeal to the opposition parties, investors and big business who have been demanding talks with the IMF for an economic rescue package that will inevitably mean greater hardships for working people.

The president again called for the collaboration of opposition parties and even offered to approve some of their limited constitutional amendments to curb the far-reaching, autocratic powers of the executive presidency.

Speaking about the protests, Rajapakse declared that youth were the most active in society, releasing their frustration in a way accustomed to them. The majority, he said, "love the country," but they must not "allow opportunists to turn your protest into rioting."

This remark is a menacing warning to the hundreds of thousands of people who have joined in the island-wide protests. It follows a speech last week by Prime Minister Mahinda Rajapakse who accused the protests of being a threat to democracy and recalled the way in which governments had brutally crushed previous so-called threats in the late 1980s and the country's vicious civil war.

Over the past three years as it has implemented austerity policies, the Rajapakse regime has strengthened the autocratic powers of the executive presidency and militarised the administration through the appointment of military officers. It has ruthlessly suppressed freedom of expression including through the arrest of political opponents and journalists while whipping up anti-Muslim and anti-Tamil racism to try and divide the working class.

Confronted with mass opposition to the hardships already imposed on working people, the government is mired in deep political turmoil and an unprecedented economic crisis. The Central Bank governor and the finance ministry secretary on April 12 jointly declared a temporary default on the \$US51 billion in foreign debts in order to promote the lie that there was no alternative but to beg the IMF for emergency assistance and accept its draconian terms.

The IMF talks in Washington begin today. Speaking to Bloomberg News, Finance Minister Sabry said Sri Lanka was appealing for \$3 to \$4 billion from the IMF Extended Fund Facility over three years. He said he was also looking for immediate funding to pay for essential imports. He pledged that Sri Lanka would repay creditors after the restructuring of loans. The finance ministry is also requesting \$500 million from the World Bank to aid farmers.

At what price to the working class is this aid being sought?

Sabry said the government would review state-owned enterprises on a case-by-case basis to determine those that could be “salvaged” and those to be “reformed”—that is, restructured, corporatised and privatised. Rajapakse’s economic advisers have already recommended that Katunayake, Mattala and Ratmalana airports be leased, the Colombo North Port Development Project to be handed to private investors, and more shares in Sri Lanka Telecom and the Sri Lanka Insurance Corporation be sold off.

The IMF has also outlined further savage austerity measures, including increasing taxes and slashing the fiscal deficit through deep cuts to public sector jobs, wages, pensions and the remaining price subsidies.

The social catastrophe for working people that will result from these measures will dwarf what is already taking place. This program of relentless austerity is to service the needs of foreign creditors and the Sri Lankan corporate and financial elite at the expense of the vast majority of the population.

Over the past six months, the prices of rice and wheat have doubled along with many other essentials. Diesel prices have shot up 60 percent. Yesterday, Sri Lankan oil companies increased all fuel prices for the third time. Last month, the official inflation rate rose to 18 percent and is predicted to hit 28 percent this month.

As the crisis deepens, the capitalist opposition parties are all manoeuvring to take advantage of the disaster while trying to divert the mass protest movement into safe parliamentary channels and defend capitalist rule. The protests have largely erupted outside their direct control.

The main opposition party, Samagi Jana Balavegaya (SJB), is tabling a no-confidence motion against the government. The SJB is calculating it can get the support of the Janatha Vimukthi Peramuna (JVP) and win the backing of 40 MPs who recently deserted the ruling coalition.

SJB has also announced a “massive” march from Kandy to Colombo on April 26 in support of the anti-government protests. The JVP initiated its own three-day march beginning on Sunday and due to reach Colombo today.

Both parties, whatever their tactical differences, call for an interim government to replace the Rajapakse regime in preparation for new elections. Both have a track record of implementing the IMF’s austerity demands and will not hesitate to do so again.

At the same time, a trade union front has declared an island-wide protest day tomorrow, calling on its members to wear black attire and hold demonstrations around the country. The protests will culminate in a strike on April 28, accompanied by the threat of an indefinite stoppage if their demands for limited relief are not met.

After days of silence, this a desperate attempt by the unions to retain control over their members, who are being radicalised by the unbearable conditions they face. These same unions have sold out one struggle after another for higher wages and

improved conditions over the past two years.

The Ceylon Teachers Union and the JVP-controlled Ceylon Teacher Services Union betrayed a 100-day pay campaign by teachers last year and accepted a greatly reduced offer from the government. The Federation of Health Professionals sold out a strike last month and even admitted that its limited campaign was to “manage” the members’ anger.

The Socialist Equality Party (SEP) is campaigning for a socialist program of action for the working class to fight for its democratic and social rights. We agree that the president and his government have got to go, but that is not enough. The SEP calls for the abolition of the executive presidency, not just cosmetic changes that would leave the president with sweeping anti-democratic powers.

Only the working class can provide a solution to the social devastation being created by capitalism, but at present any genuine fight is blocked by the trade unions, which act as industrial police for the ruling class. The SEP urges workers to break out of the straitjacket of the trade unions and take matters into their own hands through the formation of independent action committees, democratically elected, in workplaces, factories and neighbourhoods.

Only through a complete reorganisation of the economy can the pressing needs of workers and the poor be addressed. We advocate the repudiation of the foreign debt, workers’ control of production and distribution, and the nationalisation of the banks and major corporations under the democratic control of the working class.

On the basis of this political fight, the working class can rally the urban and rural masses to its side and lay the foundations for a workers’ and peasants’ government to implement socialist policies. The allies of Sri Lankan workers in this struggle are workers around the world who confront the similar attacks on their essential social and democratic rights.

This is the political perspective advanced by the Socialist Equality Party. We urge you to join this struggle and to join and build the SEP.



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