

India and the US send envoys to Sri Lanka amid worsening economic crisis

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On Wednesday, Prime Minister Ranil Wickremesinghe told parliament that the Sri Lankan economy had “completely collapsed” and appealed for the unity of all political parties. The population, he said, would have to “bear hardship for a short period” but high-level delegations from India and the US would be visiting Sri Lanka to assist on June 23 and June 27 respectively.

The real concern of US and India is the acute political instability in Sri Lanka amid rising social opposition against the government and the entire political establishment. Both countries are keen to enhance their political and military ties with Sri Lanka, strategically located in the Indian Ocean, and to pressure Colombo to distance itself from Beijing.

A special International Monetary Fund (IMF) team began talks on Monday in Colombo with senior Central Bank and finance ministry officials. Wickremesinghe, who also participated in the first day of talks, wants a rapid deal with the IMF, which is urging ruthless cuts to the fiscal deficit, increased government revenue and the implementation of privatisation and other austerity measures.

Wickremesinghe told parliament that the country was “facing a far more serious situation” than the current shortages of fuel and other essentials. He warned of “a possible fall to rock bottom... our economy has completely collapsed.” In order to resolve this crisis, he continued, “We must first resolve the foreign reserve crisis.”

Wickremesinghe blamed the previous administration for not addressing the problem and approaching the IMF earlier. Sri Lanka had secured a \$4 billion loan from an Indian credit line, he said, but India cannot “continuously support us in this manner.” The only safe option to resolve this dire situation, he told the parliament, was to hold discussions with the IMF.

“If we receive the IMF seal of approval, the world will once again trust us. It will help us to secure loan

assistance as well as low-interest loans from other countries in the world,” he declared.

In other words, the “solution” proposed by the Rajapakse-Wickremesinghe government and the Sri Lankan ruling class is for more loans and even further tightening of the dictatorship of international finance capital against all working people. This means workers will have to pay with even more brutal attacks on their jobs, wages and pensions, along with further cuts in subsidies and to free public education and health.

“I call on all Sri Lankans to bear these difficulties and hardships for a short period of time and contribute to the nation-building effort,” Wickremesinghe cynically declared. The government is indifferent to the suffering of workers and the poor who have already endured months of food, medicine and fuel shortages, and long hours of power cuts.

Last month’s official inflation rate hit 45 percent, with food inflation at 58 percent. Johns Hopkins University Professor Steve Hanke said yesterday, however, that Sri Lanka’s actual annual average inflation rose to 130 percent last month. Starvation is rampant with 70 percent of residents skipping at least one meal a day, schools were shut down last week, and major public sector services closed this week.

Acutely aware of the rising mass opposition in the working class, Wickremesinghe issued a desperate appeal for all political parties to rally behind his austerity program.

“[I]nform us of a better solution if you have one available,” and we will discuss it, the prime minister told parliament. It was a direct appeal to the Samagi Jana Balawegaya (SJB) and the Janatha Vimukthi Peramunale the National People’s Power Party (NPP) which began a protest boycott of parliamentary sessions this week.

Wickremesinghe recalled that the SJB had “previously

stated that Sri Lanka must work together with the IMF.” He also asked whether the NPP and the JVP agreed with the IMF discussions and suggested they attend the talks.

The SJB or the NPP have not yet responded to Wickremesinghe’s appeals but have not criticised the IMF talks. Nor have they opposed the austerity measures already being implemented by the government, including drastic cuts in public sector jobs or the devaluation of rupee, and recently approved VAT increases.

Their demagogic posturing about the plight of people without food, fuel, cooking gas, medicine and starvation is aimed at hoodwinking the masses, while covering up the fact that they have no fundamental differences with the government’s IMF-dictated measures. Likewise, the trade unions actively back the IMF policies and have not uttered a word against them.

On June 18, Indian Foreign Minister S. Jaishankar held a special parliamentary consultative committee discussion with senior Indian officials in New Delhi. “A good discussion held in a positive atmosphere on various issues and India’s role,” Jaishankar tweeted.

The high-level five-member team sent for meetings in Colombo on June 23 was led by Foreign Secretary Vinay Kwatra. According to the High Commission, the delegation was based on India’s “‘Neighbourhood First’ policy and Security and Growth for All in the Region vision of Prime Minister Narendra Modi,” a euphemism for New Delhi’s geo-strategic agenda to dominate South Asia.

The Indian High Commission statement said there had been “a productive exchange of views” and “in-depth discussion” with the Sri Lankan president and prime minister. The talks “highlighted the importance of promoting India-Sri Lanka investment partnership including in the fields of infrastructure, connectivity, renewable energy and deepening economic linkages between the two countries.”

The US delegation to Colombo includes Deputy Assistant Secretary of State Department Kelly Keiderling, Deputy Assistant Secretary of Treasury Robert Kaproth and other senior Biden administration officials.

The US and India are totally indifferent to the suffering of the Sri Lankan masses which will be further intensified by the next round of IMF attacks. Their principal concern is to open up the country to further investment and profit-making, and to enlist Sri Lanka in their confrontation with China. The US and India both falsely claim that China is responsible for Sri Lanka being caught in Beijing’s “debt trap” policy.

The Sri Lankan working class cannot defeat the government attacks or resolve the immense social problems it faces within the capitalist system. The root cause of the economic turmoil in Sri Lanka is the global crisis of capitalism and the ruthless attempts of the Colombo government to make the working masses pay for this crisis.

The working class must oppose this international conspiracy by advancing its own solution and uniting in struggle with their class brothers and sisters in Sri Lanka and internationally.

Workers and the poor will not be able to secure the essentials they need—food, medicine, fuel and power—unless production and distribution is taken out of the hands of the profit-making big companies and banks.

The banks, big companies and large estates must be nationalised under the democratic control of the workers and production organised according to human need, not for the profits of a few.

All foreign loans must be repudiated in order to stop this burden being imposed on workers and the poor. Working people are not responsible for these enormous debts.

Workers and youth must take up the struggle for these basic and urgently required demands as part of the fight for a workers’ and peasants’ government to implement socialist policies.

This program can only be carried out by mobilising the political and industrial strength of the working class and rallying all oppressed. While the potential for mass action around these demands was powerfully demonstrated in the multi-million strong general strikes on April 28 and May 6, this movement was politically blocked by the trade unions, which backed the opposition parties.

That is why the Socialist Equality Party (SEP) urges workers to build action committees, independent of trade unions and capitalist parties, to take matters into their own hands. We appeal to workers and youth to join this struggle and build Socialist Equality Party as the revolutionary party to lead this struggle.

The SEP and IYSSE have organised an online meeting at 4 p.m. on July 3 to discuss this program and we urge you to attend. You can register for vital political event here.



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