

Sri Lankan president demands more austerity

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Sri Lankan President Ranil Wickremesinghe called on public sector employees to work longer hours in his new year address to presidential secretariat staff on January 2.

“Each person’s duties cannot be limited to eight hours a day and five days a week. Let’s all work with commitment. By the end of 2023, I hope to take this country forward with the support of all of you, and to restore normalcy,” he declared.

Wickremesinghe’s message further underscores his determination to impose the burden of the deepening economic crisis gripping Sri Lanka on the working class and the poor.

What the president means by taking Sri Lanka “forward” is implementation of the government’s 2023 budget proposals.

Dictated by the International Monetary Fund (IMF) and passed by the parliament on December 8, the budget involves deep cuts to government expenditure. This includes major tax increases for hundreds of thousands of workers, the slashing of price subsidies, massive state sector job cuts, and a swathe of privatisations.

The Public Administration Ministry recently announced that a record 30,000 state employees—eight times higher than usual—abruptly retired on December 31, after Wickremesinghe reduced the retirement age from 65 to 60. The government has already frozen recruitment. Public Administration Ministry Secretary Neel Bandara has also threatened to take tough action against public officials using mobile phones during office hours.

The impact of staff shortage was immediately felt in the railways with the department forced to cancel at least 11 trains on the first working day of the year and reduce services during the week.

Education Minister Susil Premajantha admitted that around 4,000 teachers usually retire annually but that this time retirements increased to between 10,000 and 12,000. There was a shortage of over 4,500 principals, he added, declaring that the ministry confronted many obstacles trying to deal with the around 4.3 million students. This is the background to Wickremesinghe’s call for extended

working hours and a longer work week.

On Friday, Wickremesinghe told the media that the government’s privatisation agenda will be stepped up. “A holding company will be set up to hold the shares of these [privatising state] institutions. It will be formed in the second week of this month,” he declared.

Colombo has already announced the privatisation or restructuring of Sri Lankan Airlines, the Ceylon Electricity Board, Lanka Hospitals, Sri Lanka Telecom and the Waters Edge and Hilton Colombo hotels.

Wickremesinghe has also demanded reports from Ceylon Petroleum Corporation and Sri Lankan Airlines CEOs, explaining why they paid bonuses to employees in these companies. This directive is not just about ending the payment of bonuses at state-owned institutions but a warning that other hard-won rights of the working class will be axed.

Pay-as-you-earn tax increases were implemented as soon as 2023 began, effectively slashing thousands of rupees from the salaries of many state and private sector workers. This occurred as hyperinflation in Sri Lanka continues to impact, further eroding the value of workers’ wages. Treasury Secretary Mahinda Siriwardena justified the higher tax rates, declaring: “Sri Lanka is still in a difficult situation [and has to] implement the 2022 tax policies introduced in May and August.”

Yesterday, the cabinet of ministers approved an average 65 percent increase in electricity tariffs. This is on top of a 75 percent rise last August. The latest increase is particularly targeted against the low-income groups whose electricity charges have climbed by three to four times.

Inflation in Sri Lanka is currently 57 percent, after hitting a record 73 percent in September, mainly due to the printing of billions of rupees to benefit big business. Sri Lanka is among the top ten countries in the world with the highest inflation and child malnutrition rates. According to the World Food Program, 6.3 million people, or almost 30 percent of the population, are “food insecure” and require humanitarian assistance.

In 2022, the Sri Lankan government defaulted on foreign debts, unable to make repayments due to foreign reserves drying up. The country's debt crisis was intensified by the COVID-19 pandemic and the US-led NATO war against Russia in Ukraine.

Late last year Colombo made a deal with the IMF for a \$2.9 billion loan, subject to debt restructuring and ruthless austerity measures. Creditor countries, however, have failed to agree on a concessionary debt restructuring program for Sri Lanka, which has led to the IMF delaying its bailout loan.

Appearing on CBS's "Face the Nation" program on January 1, IMF Managing Director Kristalina Georgieva warned that because "25 percent of emerging markets are trading in distressed territories, the world economy may be in for a bad surprise. And this is why the IMF is working very hard to press for debt resolution for these countries."

A third of the world economy would be hit with recession this year, facing a "tougher" year than 2022, Georgieva continued. The war in Ukraine, rising prices, higher interest rates, and the spread of COVID-19 in China would weigh on the global economy, she added. In other words, there will not be a financial recovery for any country, let alone Sri Lanka, but a deepening of the economic crisis.

While the World Bank estimated that the Sri Lankan economy would decline by 10 percent, it contracted by almost 12 percent in the third quarter of last year. The higher contraction rate was partly due to the IMF dictated policies and the impact of the global crisis.

Working-class resistance to Wickremesinghe's austerity measure is growing. Yesterday thousands of junior staff at public hospitals walked out on strike opposing job cuts and interest rate hikes and demanding a wage rise.

In December, thousands of insurance, banking, electricity, railway, postal, healthcare and free trade zone workers demonstrated across the country in opposition to privatisation and demanding improved working conditions.

The trade unions blocked these struggles, promoting illusions that the government could be pressured to grant workers' demands. Yesterday, for example, the health sector unions declared that striking hospital workers "understood" the crisis facing the country and only wanted a promise from the government that it would implement workers' demands.

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Opposition parties, such as Samagi Jana Balawegaya (SJB), the Janatha Vimukthi Peramuna (JVP) and the Tamil National Alliance (TNA) have no fundamental differences with Wickremesinghe's brutal budget-cutting measures.

The SJB and JVP are demanding general elections in an attempt to divert and exploit the mass opposition among workers and the poor. If elected to power they would implement the same IMF measures.

Yesterday, SJB leader Sajith Premadasa boasted that "foreign donors trust me more than others." JVP leader Anura Kumara Disسانayake is campaigning across country, declaring that Sri Lanka could be saved from the economic crisis by "two years of hard work" under his government.

Workers must reject these capitalist parties and their respective trade unions. Instead, independent action committees must be built in factories, plantations and other workplaces and in their neighborhoods. These action committees should demand:

*No to the IMF austerity agenda! No to wage and job cuts! No to pension cuts!

*Decent wages, indexed to the cost of living, for all workers! Increase the pension to a decent level to counter high inflation!

*Welfare programs for all those who need assistance!

*Repudiate all foreign debts! Seize the assets of the super-rich and nationalise the major banks and corporations under workers' control!

The Socialist Equality Party (SEP) is campaigning to build a Democratic and Socialist Congress of Workers and Rural Masses, based on elected representatives from these action committees as the means to mobilise the working class in a political fight for a workers' and peasants' government and socialist policies.

Workers can defeat the demands of international finance capital, paving the way for socialist measures, including the repudiation of all foreign debts and the nationalisation of the banks, large companies and plantations under workers' democratic control.

We call upon workers and youth to join the SEP and take up the fight for this program.



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