

Sri Lankan parliament approves savage IMF measures

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30 April 2023

On Friday, the Sri Lankan parliament approved the International Monetary Fund's austerity program, after a three-day debate. It was endorsed by 120 parliamentarians, mainly from the ruling Sri Lanka Podujana Peramuna (SLPP), with 25 opposition MPs—three from the Janatha Vimukthi Peramuna (JVP) and 22 from SLPP breakaway groups—voting against.

Sixty parliamentarians from the Samagi Jana Balawegaya (SJB), the main opposition group, and MPs from the Sri Lanka Freedom Party (SLFP) and Ilankai Tamil Arasu Katchchi (ITAK) abstained.

Those who voted against, or abstained, have no fundamental disagreements with the IMF's demands but are cynically attempting to capitalise on the rising mass opposition to the austerity measures.

President Ranil Wickremesinghe presented the IMF agreement to parliament on April 26. "We have no other option but the IMF agreement... Let's get both parties together and pass this," he declared, and added: "If this program is not done, none of us will be able to survive in another two or three years."

The initial staff-level agreement between the government and the IMF was signed last September. The IMF's Executive Board, however, only released its \$3 billion bailout package on March 20 after reviewing Colombo's ability to implement its brutal attacks.

These measures included: lifting the value-added tax (VAT) to 15 percent on all goods and services; imposing new pay-as-you-earn tax rates on tens of thousands of workers and professionals; abolishing fuel, electricity and water supply subsidies and hiking tariffs; maintaining the market-driven exchange rate; reducing imports; and cutting public employees' pensions via the introduction of a contributory scheme for those recruited after 2006.

Wickremesinghe boasted in parliament that he had imposed more than 15 of the measures initially demanded by the IMF. These policies have escalated hyperinflation and increased poverty and starvation facing millions of families while also contributing to an unprecedented economic

contraction—an estimated 7.8 percent last year and a predicted 3 percent this year.

Announcing the bailout package and the first installment of \$330 million, IMF mission chief for Sri Lanka Peter Breuer declared that the country was undergoing a "brutal experiment." The remainder of the bailout loan will be released in three instalments, subject to the IMF review and supervision.

The Wickremesinghe government is now committed to the privatisation of state-owned enterprises (SOEs), more tax revenue increases, further cuts to education and health, which will be opened up to more private investment, and the destruction of hundreds of thousands of state workers' jobs.

The government must also undertake domestic debt restructuring. The major local creditors to the government are the state banks and the main pension funds—the Employees' Provident Fund and the Employees' Trust Fund. Any reduction in these loans will severely affect the savings and livelihoods of workers and retirees.

Wickremesinghe threatened any bank unwilling to restructure its debts. If they "cannot face this situation" and take on "this responsibility and carry forward the economy," he said, "the stock market says it will collapse. If that happens, I will close it [the stock market] down."

These remarks indicate Wickremesinghe's total commitment to the dictates of international capital, reassuring foreign creditors that workers and the poor will be made to pay.

The parliamentary debate on the IMF's austerity program was a farce. The opposition SJB denounced the government for not going to the IMF earlier, insisting it was the only alternative. Sri Lanka's growing foreign debt and economic crisis were intensified by the global outbreak and persistence of COVID-19 and the US-NATO war against Russia in Ukraine.

SJB leader Sajith Premadasa told parliament it was "correct" for the government to go to the IMF but cynically declared that "its negotiated solutions are incorrect" and that he disagreed with the austerity measures imposed upon

ordinary people. Knowing that he cannot negotiate terms with the IMF, Premadasa's statements are an attempt to hoodwink the population.

SJB parliamentarians promoted the privatisation models adopted by Singapore and Malaysia, presenting these as ideal methods for privatising SOEs.

SJB parliamentary and chief opposition whip Lakshman Kiriella praised the IMF austerity measures, claiming they would "restore macroeconomic stability and debt sustainability" and "unlock Sri Lanka's growth potential."

The SJB's concern, he said, was whether the government would "keep its promises to the IMF." This was a reference to former President Gotabhaya Rajapakse, who halted the previous government's IMF measures after he took office in November 2019.

JVP leader Anura Kumara Disanayake hypocritically criticised the IMF program, claiming it would worsen existing social problems that were the sole creation of corrupt former governments. Citing various examples of corruption by previous governments, he claimed that the only way forward was with a non-corrupted government involving his party that would implement the required austerity.

Last October, Disanayake told the "Swarnavahini" talk-show that "going to the IMF has become inevitable" because Sri Lanka had defaulted on foreign loans, and "society must bear a certain cost."

On January 24, Disanayake told a Colombo big business event it was necessary to open education and health up to more private investment. He insisted: "If we want to come out of this crisis, we must do it. We will be forced to take painful action."

In other words, the JVP has no differences with the Wickremesinghe's bailout agreement with the IMF.

ITAK, the main Tamil bourgeoisie party, has publicly campaigned for the IMF loan package as the only solution to the economic crisis. It changed its tune and began criticising Wickremesinghe's policies to dissipate the rising opposition among the Tamil masses.

Last week, on April 25, mainly Tamil and Muslim workers and the poor launched an almost total shutdown of the country's north and east, opposing the government's Anti-Terrorist Bill and voicing their anger over the government's attack on living and social conditions.

On March 1 and 15, about half a million workers across Sri Lanka engaged in strikes and protests against increased income tax rates and privatisation. The trade union bureaucracies, which directly or indirectly support the IMF policies, limited these struggles, sowing illusions that the government could be pressured to halt its austerity policies and repressive laws.

On April 28, two Colombo daily newspapers—the *Daily Mirror* and the *Island*—published editorials supporting the IMF measures.

"The MPs' right to support or oppose the IMF agreement or anything else for that matter cannot be questioned. But they should not lose sight of the fact that beggars have no choices," the *Island* declared. The *Daily Mirror* said: "If we do not work together, commence squabbling and indulge in back-biting, we face the prospect of facing a situation similar to that of yesteryear or worse."

These editorials show that the ruling elites are acutely concerned about the rising popular opposition and the need to rally counter-revolutionary forces against the working class and the poor.

While the mass uprising of workers and the poor in April and July 2022 brought down President Rajapakse and his regime, the trade union bureaucracy, supported by the pseudo-left groups, allowed Wickremesinghe's elevation into the presidency.

There is no solution for the workers and poor within the capitalist system to the immense social crisis and international finance capital-dictated attacks. This is why the Socialist Equality Party calls for the working class to develop its own independent movement and break from the capitalist parties and union bureaucracies.

Workers need to build their own action committees in every workplace and in the rural areas to organise a Democratic and Socialist Congress of Workers and Rural Masses, based on delegates elected by action committees, and take forward the fight for a workers' and peasants' government.

Such government should nationalise the banks and the major corporations, including plantations, placing them under democratic public control, seizing the wealth of the super-rich and repudiating the foreign debts.

The unfolding workers' struggles in France and across Europe, Canada and in Sri Lanka are part of a rising upsurge of the international working class. Sri Lankan workers need to coordinate their action committees with the International Workers Alliance of Rank-and-File Committees (IWA-RFC), initiated by the International Committee of the Fourth International, in order to take forward the fight for above program.



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