

After unleashing IMF austerity, Sri Lankan president initiates “compensation” welfare program for the poor

W.A. Sunil
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On Tuesday, the Sri Lankan president’s media division (PMD) announced that President Wickremesinghe, who is also the minister of finance, has initiated an “Aswesuma” or compensation welfare program for the country’s poor.

The program is a desperate attempt to dissipate rising popular anger over hyperinflation and government social attacks on workers and rural toilers in response to the collapse of the Sri Lankan economy, caused by the COVID pandemic and the US-led NATO war against Russia in Ukraine.

The government has decided to allocate 485 billion rupees (\$US1.5 billion) for its so-called compensation program. Benefits will be distributed according to four different categories—transitional, vulnerable, poor and extremely poor.

Beginning on July 1, some 400,000 transitional beneficiaries will receive 2,500 rupees (\$7.42) per month until December 31; 400,000 vulnerable beneficiaries will get 5,000 rupees (\$15.85) per month until March 31, 2024; 800,000 poor beneficiaries will receive 8,500 rupees (\$26.95) per month and extremely poor beneficiaries 15,000 rupees (\$47.56) for the next three years.

In addition to welfare payments already being made to differently-abled people, kidney patients and the elderly, 5,000 rupees per month will be paid to the first two categories and 2,000 rupees (\$ 6.4) to the last category.

The president’s media division reported that over 3.7 million applications for this welfare have been received by Sri Lanka’s 340 Divisional Secretariats and that over 3.3 million people are eligible. The highest number of applications—over 95 percent—came from the island’s war-torn northern and eastern provinces.

Although the government has not yet officially declared what will happen to its existing “Samurdhi” welfare

grants for poor families, it is likely that these will be replaced by the “Aswesuma” program. In 2022, there were 1,762,661 Samurdhi beneficiaries, a figure that will definitely increase this year, given a further deterioration of the economic crisis. Unlike the president’s new measures, the Samurdhi program is not limited to three years.

Wickremesinghe’s so-called compensation welfare, under conditions of high inflation, declining government spending and job cuts, is grossly inadequate and not even enough to provide one meal a day for a family.

The Sri Lankan census and statistics department reported in 2019 that household monthly expenditure was 63,130 rupees but with rising inflation and commodity prices over the past three years household expenditure is now far higher than 100,000 rupees per month.

The Wickremesinghe government’s savage International Monetary Fund-dictated austerity measures, in exchange for a \$3 billion bailout loan, will push poverty to even more unprecedented levels. Last year, the Sri Lanka economy contracted by 7.8 percent, with gross domestic product declining by 12.4 in the fourth quarter.

What is the social cost of this crisis for the people?

Poverty

According to last year’s Central Bank report, the national poverty line rose by 13,777 rupees per month in 2022, placing 2.5 million more people in poverty, a 74 percent increase.

The most recent World Bank report notes that poverty has already doubled from 13 percent of the population in 2021 to 25 percent in 2022. The bank predicted that poverty levels would remain above 25 percent in coming years “due to the multiple risks to households’ livelihoods.”

Surging commodity prices and food inflation, which

increased last year by 46 percent and 94.9 percent respectively, drastically reduced the purchasing power of Sri Lankan workers and the rural masses. Severe job cuts in the service and manufacturing industries have also heavily impacted.

According to the World Food Program's Remote Household Food Security Survey, "the food security status" of Sri Lanka "remained vulnerable as at end 2022, with 68.0 percent of the population adopting food based coping strategies by limiting portion sizes, reducing the number of meals, and relying on less preferred food."

The survey also reported that "85 percent of the population relied on livelihood based coping strategies, such as borrowing money, reducing spending on education and health, spending savings, or deferring due debt payments."

The World Bank has warned that Sri Lanka's "negative economic outlook for 2023 and 2024" and the "adverse effects of revenue-mobilizing reforms"—i.e., the IMF austerity measures being implemented by the Wickremesinghe government—"would worsen poverty projections."

Health

In October, the Sri Lankan Ministry of Health's Family Health Bureau (FHB) reported a disastrous deterioration in the nutritional status of children under the age of five in 2022 because of declining household income. It noted a serious worsening in all the major nutrition indicators for children—stunting, wasting, and underweight—in the under five-year age category.

The percentage of underweight children under five years increased to 15.3 percent in 2022, up from 12.2 percent in 2021. Stunting and wasting among children of the same age increased from 7.4 percent to 9.2 percent, and from 8.2 percent to 10.1 percent respectively.

Despite Wickremesinghe's claims that his government is resolving Sri Lanka's economic crisis and will bring prosperity to the country by 2026, *Sustainable Development Report 2022*, published by Cambridge University Press, acknowledged that the country is lagging behind in its efforts to reach a zero-hunger target by 2030.

Education

As in health, public education services and inequalities in educational outcomes have worsened over the last three years as the result of government cost-cutting and its failure to provide necessary education and technology-related infrastructure facilities in 2020 and 2021 when the COVID pandemic severely impacted on the country.

Surging inflation has caused further difficulties for the children of low-income households who cannot afford the increased costs of stationery and other school supplies.

According to the recent Ministry of Education survey, the level of foundational skills in literacy and numeracy of Grade 3 students has dramatically fallen. Only around 6 percent of these students have achieved foundational skills in literacy and only 7 percent numeracy skills.

Sri Lankan workers and rural toilers cannot overcome the worsening poverty and extreme social inequality under capitalism. In order to combat and overcome the Wickremesinghe government's brutal social attacks, the working class must organise independently of all of the parliamentary parties, including the Samagi Jana Balawegaya and the Janatha Vimukthi Peramina and the trade unions, who support IMF austerity.

Workers and the rural toilers must form their own independent rank-and-file action committees in workplaces, factories, plantations and in the rural areas and take up the Socialist Equality Party's call for a Democratic and Socialist Congress of Workers and Rural Masses.

The purpose of this congress, which will be based on delegates elected by these action committees, is to develop an independent political movement of the working class and the rural poor for a workers' and peasants' government. Such a government would eliminate poverty by implementing a socialist program, including repudiation of the foreign debt and nationalisation of the banks and the major corporations, placing them under the democratic control of the working class.



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