

# Sri Lankan president calls on parliamentary opposition to assist his government to impose IMF austerity

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Sri Lankan President Ranil Wickremesinghe delivered his government's new year policy statement on February 7 at the inauguration of the parliamentary session. Claiming that his administration had made significant economic progress since he was elevated into the presidency in July 2022, Wickremesinghe called for all parliamentary parties to join with him in the ongoing implementation of International Monetary Fund (IMF)-dictated austerity measures.

Wickremesinghe started by declaring that "initiating the process of overcoming a crisis must begin within oneself" rather than "pointing fingers at others." In other words, workers and the rural poor must find their own way out of the miserable conditions imposed by his administration and previous Sri Lankan governments. He made clear that these brutal social attacks will continue.

The president referred to the conditions in Sri Lanka in February 2022, which led in April and July of that year to the ousting of then President Gotabhaya Rajapakse and his administration. Wickremesinghe then cited the comments of a visiting IMF team which had "commended" Colombo for a "considerable improvement in the country's conditions" since February 2023.

"Commendable" for whom? Not for the vast majority of the country's population, the working people and rural poor, but for a tiny elite of the super rich, sections of the upper-middle class and global capital.

Wickremesinghe's indicators of "progress" in the past 12 months included a decrease of inflation from 50.6 percent last year to 6.4 percent today, declines in food inflation from 54.4 percent to 3.3 percent during the same period, and "a significant turnaround" from a 3.7 percent primary budget deficit in 2022 to a primary surplus in 2023.

The president boasted about "achieving" a surplus in the balance of payments at the end of 2023, from a deficit of 1.9 percent of GDP in 2022. This was "a milestone," he said, "not seen since 1977." He also cited foreign exchange reserves, which approached zero on April 12, 2022, forcing the then Rajapakse government to declare a default. Reserves now stood at \$4.4 billion, he claimed.

Wickremesinghe's indicators of "progress," however, have nothing to do with the conditions of life for the vast majority of Sri Lanka's population, the working people and rural toilers. Inflation may have declined but it continues. Along with the cumulative

impact of high prices in previous years, this has resulted in the cost of living skyrocketing for millions of Sri Lankan citizens, vastly reducing the real wages of workers and pushing them further into poverty.

The government's "achievement" of a primary budget surplus has been realised by sweeping public spending cuts. Foreign exchange reserves have been raised through the suspension of foreign loan repayments and severe cuts in imports, creating severe shortages of essential items, such as pharmaceuticals and health equipment.

Declaring that "the recovery of collapsed economies is typically fraught with prolonged challenges and hardships," Wickremesinghe said, "Unlike other nations, we have managed to rejuvenate our economy swiftly, evading enduring difficulties and pains."

While the super-rich have dodged "enduring difficulties and pains" this is not the case for the working masses. Corporate taxes have been kept low but exorbitant costs have been imposed on working people with increased income taxes, higher value added tax (VAT) and various import duties. VAT has been increased from 15 to 18 percent since January with the regressive impost extended to 97 essential goods, including fuel, cooking gas and fertiliser. And even harsher assaults on the basic social and democratic rights of working people are being planned.

"Despite not currently repaying any loans from foreign countries and external commercial bases, the impending restructuring signals a shift towards debt repayment. To fulfill these obligations, both rupees and dollars are essential," the president declared.

Wickremesinghe said Sri Lanka's total debt burden was \$US91 billion last September and that \$3 billion is required annually in loan repayments. Some 38 percent of the government's total annual expenditure goes on loan repayments, he stated.

This huge debt burden completely punctures Wickremesinghe's claims that his government is "making progress." Most importantly, the "rupees and dollars" which he says, "are essential" to repay loans will be extracted from working people through even harsher IMF policies, measures that the international bank itself has described as a "brutal experiment."

Rupees will be collected via further reductions in public expenditure through cuts in jobs, wages and allocations to basic services, such as health and education. Dollars will be raised by

selling state-owned enterprises (SOE) to foreign investors.

In line with IMF dictates, about 430 SOEs have been earmarked for privatisation/restructuring, resulting in the predicted destruction of about half a million jobs. These measures will lead to further increases in the cost of utilities, such as electricity and water. Power and water tariffs have been already increased to unbearably high levels for workers and the rural masses.

Under the pretext of increasing productivity, Wickremesinghe has unveiled plans to open the agricultural sector to local and foreign business investors. Hundreds of thousands of acres managed by various government agencies, such as Janavasama and the State Plantations Corporation, “remain unproductive, leading to a significant waste of resources,” he told parliament. The government plans to lease this land “to local entrepreneurs for long-term commercial cultivation, including the option for foreign technology and investment,” he added.

The last part of Wickremesinghe’s speech focused on urging the establishment parliamentary parties, particularly the opposition Samagi Jana Balawegaya (SJB) and the Janatha Vimukthi Peramuna (JVP), to assist his government to implement its IMF-dictated measures.

“Our journey can gain momentum only when we unite and confront this challenge collectively,” he declared. This is a call for joint action to suppress the growing opposition of workers, youth and rural poor to the government’s increasingly vicious attacks on social and democratic rights.

In early January, tens of thousands of Ceylon Electricity Board (CEB) workers defied the government’s essential service orders and other repressive measures. They participated in a nationwide three-day sick-note industrial campaign against the privatisation of the enterprise. Hundreds of thousands of public sector health workers have walked out on strike three times this year to demand increased special allowances. The government responded by deploying 1,000 military personnel to hospitals as strikebreakers.

The fear within the Wickremesinghe government and the entire Sri Lankan ruling class is that this growing working-class movement will develop into the sort of massive uprising that erupted in April–July 2022, which forced out Rajapakse and his government. Wickremesinghe’s appeal to the opposition parties is for them to close ranks and prevent the emergence of this sort of anti-government movement.

The parliamentary opposition’s criticism of the government, he declared, were from “individuals, driven by ambitions for titles” and “prioritising personal gain over the welfare of the country. I urge everyone to unite in the pursuit of our nation-building dream.”

The opposition SJB and JVP have no fundamental differences with the Wickremesinghe government’s economic program and are committed to its IMF policies. Their concern is that the current government, which depends on Rajapakse’s Sri Lanka Podujana Peramuna (SLPP), is incapable of implementing the IMF measures and suppressing popular opposition.

Attempting to deceive working people and the rural toilers with bogus criticism of the Wickremesinghe government, the SJB and JVP hope to come to power in the next elections and renegotiate their own versions of IMF austerity.

The IMF has repeatedly made clear, however, that it will not accept any change in the harsh conditions it has attached to a \$3 billion bailout loan to Sri Lanka. Whoever comes to power in the next election will continue to implement the same IMF assaults.

Knowing well that his rivals in the bourgeois opposition have no alternative economic policies, Wickremesinghe has repeatedly challenged the parliamentary opposition to outline their program. “If there are alternative methods superior to the ones we are currently employing, please bring them forward. Let us thoroughly examine and discuss them,” he told the parliament.

Praising Rajapakse’s party, the SLPP, for setting “aside past animosities and reaching a consensus,” Wickremesinghe asked: “Why can’t the Samagi Jana Balawegaya follow suit?” citing the SJB’s origins in his own United National Party.

He then reminded the JVP that it had “cooperated closely with us” during President Maithripala Sirisena and Prime Minister Wickremesinghe’s government in 2015–19, and added, “Why can’t the JVP join forces for the betterment of our nation?”

Wickremesinghe’s policy statement and his repressive response to the industrial action of CEB employees and public health workers, make clear that his government will intensify its assault on the basic social and democratic rights of the working class and rural poor.

The SJB, the JVP and the rest of the parliamentary opposition embrace these policies and if elected will carry forward the same ruling-class assault.

To confront this onslaught, the working class needs to build its own democratically controlled action committees to develop an independent political movement of workers and the rural poor to fight the capitalist elite. The aim must be the establishment of a government of workers and peasants committed to socialist internationalism.



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