

# IMF mission lays down the law to next Sri Lankan president

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The International Monetary Fund (IMF) mission to Sri Lanka has made absolutely clear that whoever wins the presidential election on September 21 will be compelled to implement its austerity agenda to the letter.

In doing so, the IMF has exposed all the lies being made by the establishment parties and their candidates. As soon as the election is over, the new president will tear up their promises to ease the social crisis facing working people, impose the IMF's savage measures and resort to police state measures against any opposition.

In a statement on August 2, IMF mission head Peter Breuer bluntly warned: "With Sri Lanka's knife-edged recovery at a critical juncture, sustaining the reform momentum and ensuring timely implementation of all program commitments are critical... [to] put the economy on a firm footing."

IMF mission will return to Colombo after the election to discuss the next steps the government must take in return for the continued disbursement of the country's \$US3 billion bailout loan.

Breuer did not stop there. He specified that the 2025 budget of the next government would need to be "underpinned by appropriate revenue measures and continued spending restraint" to ensure a medium-term primary balance surplus of 2.3 percent of GDP.

In other words, higher taxes, the fire sale of state-owned enterprises and the slashing of public health, education and welfare programs will continue. What for? To restore Sri Lanka's "debt sustainability"—that is, to enable repayments to the international loan sharks—working people must be made to pay.

Breuer was full of praise for the "reform program" of President Wickremesinghe, a pro-market stooge, saying it was "yielding commendable outcomes" with 5.3

percent GDP growth in the first quarter of 2024 and impressive revenue collections.

Wickremesinghe, who is also finance minister, boasted his government had exceeded revenue targets in the first five months of this year—1,620 billion rupees (\$5.4 billion), up from 1,122 billion rupees (\$4 billion) for the corresponding period in 2023.

Where did these revenue collections come from? Value added tax (VAT) was hiked to 18 percent, pushing up prices for all essentials, including electricity and water, and the further slashing of expenditure on public health and education.

The result is social devastation. The poverty rate has increased from 11 percent in 2019 to 26 percent in 2024. The real wages of all workers have plunged by around 40 percent in the two years of 2022 and 2023. The decline in income has led to rising levels of food insecurity, malnutrition and stunted growth. Some 42 percent of the population have been forced to adopt "food coping" methods. More than a million people have been cut off from electricity.

President Wickremesinghe is proudly standing for re-election on this anti-working class record and the continued implementation of the IMF's demands. "It is not possible to break any agreements made with the IMF and... lending countries. These existing targets and benchmarks are non-negotiable," he told the media on August 7.

The major opposition parties—the Samagi Jana Balawegaya (SJB) and National People's Power (NPP) led by the Janatha Vimukthi Peramuna (JVP)—are both committed to the IMF agenda but declare it can be modified.

SJB candidate Sajith Premadasa told big business last week: "We will talk with the IMF and other international financial institutions to ensure that the

voice of the Sri Lankan people is heard.”

He is lying through his teeth. When the former president Gotabaya Rajapakse initially sought the IMF loan in March 2022 after the country defaulted, Premadasa was among first to back it. He told Bloomberg Television: “We all have to swallow a bitter pill, or even several pills... It’s going to be a time of extreme austerity. And the people of Sri Lanka must comprehend this reality.”

NPP candidate Anura Kumara Disanayake, not to be outdone by Wickremesinghe and Premadasa, has repeated his pro-IMF policy. In an interview to the *Daily Mirror* on August 8, he said: “We will continue with the IMF agreement... the IMF approach is to help the country come out of the financial crisis.”

Like Premadasa, Disanayake declares that he would renegotiate the loan with the IMF. However, as the IMF mission insisted, Sri Lanka is “at a critical juncture.” It has already set the benchmark for the next budget and there is no room for manoeuvre.

The subservience of all the pro-capitalist candidates to the IMF is not the result of flawed thinking but flows from their class position. As Leon Trotsky explained in his *Theory of Permanent Revolution*, the bourgeoisie in countries of a belated capitalist development such as Sri Lanka is bound hand and foot to international finance capital and is organically incapable of meeting the basic social and democratic rights of working people.

In opposition to all capitalist parties, the Socialist Equality Party’s presidential candidate Pani Wijesiriwardena is calling for the repudiation of all foreign debt and the complete rejection of the IMF’s austerity agenda.

The working class is not responsible for the mountain of foreign debt accumulated by successive capitalist governments. We say use the money saved by ending debt repayments to restore subsidies and bring down prices as well as boost public health and education.

The bulk of the IMF’s plan is yet to be implemented. It will have a devastating impact on working people whose living conditions have already dramatically worsened. All state-owned enterprises are to be sold off or commercialised. Nearly two million public sector jobs are to be destroyed. More taxes are being planned. Essential services such as health and education are to be further privatised.

The SEP warns workers that they have to prepare for the struggles ahead. In doing so, they have to draw the necessary lessons from recent strikes and protests that have been limited, sabotaged and ultimately betrayed time and again by the trade unions.

The trade unions have promoted the illusion that industrial action will force the government to cave in to their demands. The IMF mission has made absolutely clear that no amount of pressure on the next government will force it to make the slightest concessions.

The working class can only defend its interests by organising independently of all capitalist parties and their trade unions. The SEP calls for the formation of independent action committees in all workplaces, the plantations, working class suburbs and rural areas to oppose the attacks on the social and democratic rights of working people.

The SEP is using the election campaign to popularise its call for a Democratic and Socialist Congress of Workers and Rural Masses comprised of elected delegates from the action committees. In opposition to parliament—the talking shop of bourgeois parties—we insist that the working class must have its own venue to formulate a political strategy and plan of action to defend its class interests.

The SEP is advancing a socialist program to meet the needs of working class. No to privatisation! Place SOEs under workers’ democratic control! Nationalise the banks, big companies and plantations under the democratic control of the working class! These are the demands that should be taken up by a Democratic and Socialist Congress in the fight for a workers’ and peasants’ government to reorganise society along socialist lines.



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