

# Sri Lankan president announces JVP/NPP government will implement savage IMF austerity program in full

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Sri Lanka's newly-elected Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government has jettisoned its election pledge to renegotiate the country's bailout agreement with the International Monetary Fund (IMF), claiming to protect the most vulnerable.

Sri Lanka's president, JVP/NPP leader Anura Kumara Dissanayake, used his speech inaugurating the 10th session of the country's parliament to announce that his government will implement the savage austerity program demanded by the IMF in full.

Dissanayake claimed that any reopening of the \$2.9 billion three-year bailout agreement with the IMF, as well as associated agreements with global investors and governments on the repayment of bond debt, would place the economy at grave risk.

"Due to the scale of the crisis," Dissanayake said, "even the smallest error could have significant repercussions ... There is no room for mistakes." Rather, the government's focus would be on "ensuring economic stability and reaffirming trust with the relevant economic stakeholders"—that is, Sri Lanka and global capital.

Dissanayake then tried to justify the imposition of further punitive increases in taxes and electricity rates, massive cuts to vital public services, the fire-sale of public sector assets and the destruction of hundreds of thousands of jobs by claiming there is no alternative. "Debating whether the proposed restructuring plan is good or bad, advantageous or disadvantageous, serves no purpose," declared the JVP/NPP president. "This is the reality we are faced with."

Underscoring that the government now intends to rapidly move forward with implementing the further austerity measures stipulated in the IMF bailout agreement, Dissanayake said he expects to have reached a "staff level agreement" with the IMF by Saturday.

Under that agreement, Colombo is expected to generate a 2.3 percent primary budgetary surplus in the coming year through a combination of budget cuts and revenue raising measures. The government is also committed, starting in 2028, to repay Sri Lanka's creditors an estimated \$5 billion per year, an amount that exceeds five percent of the country's current GDP.

Thursday's reopening of parliament came exactly one week after the JVP/NPP swept the polls, winning 159 of the 225 seats in parliament, by exploiting mass anger and disaffection with the traditional political establishment and the handful of elite capitalist families that have always dominated. These parties have presided over a devastating socio-economic crisis since 2022, one moreover that erupted after years of austerity and increasing economic insecurity and social inequality.

Dissanayake, who was catapulted into the presidency in last September's presidential poll, immediately called new parliamentary elections, arguing that he needed a "strong mandate" to fight corruption and bring about a "national economic renaissance."

In response, the Socialist Equality Party (Sri Lanka) and the *World Socialist Web Site* warned the working class and oppressed toilers not to be fooled by the JVP/NPP's demagoguery, and by the attempts of the Sri Lankan and international media to dress up this right-wing, pro-imperialist, Sinhala chauvinist party as "left" or even "socialist."

We specifically warned that Dissanayake would quickly drop his calls for modifications to the IMF agreement and that any changes would prove at most to be cosmetic. "JVP/NPP leaders," we wrote, have "sometimes declared they would 'renegotiate' the hated IMF program. This is purely to hoodwink workers and the poor who are bitterly opposed to the austerity measures that have made deep inroads into living conditions through increased prices for essentials, tariffs and the near collapse of the public health service."

We further warned that Dissanayake had postponed negotiations with the IMF on the release of the third loan installment so as to get the election out of the way and strengthen the JVP/NPP's hand in parliament before imposing the IMF's diktats in the face of what will be mounting and increasingly explosive social opposition.

All these warnings have been borne out, and on the very first day the majority-JVP/NPP parliament was convened!

The IMF diktats for increased austerity and the restructure of Sri Lankan capitalism to produce bigger investor profits will determine the government's agenda from top to bottom. Dissanayake tried, however, to obscure this with flowery pledges of "democracy," "national harmony" and a "transformational" government that will be focused on the "well-being" of the people. The president even claimed the government would increase support for the poor.

All of this was subterfuge. The JVP/NPP government has declared its true colours. For all its phony "left," "progressive" posturing it is a government beholden to Sri Lanka and international capital that will ruthlessly impose their diktats on working people.

The JVP's talk of democracy is utterly fraudulent. And not just because it transparently lied to the population, claiming it would find a way to change the IMF bailout agreement to lessen mass suffering.

The IMF program is the distillation of the dictatorship of the global financial oligarchy and their Sri Lankan capitalist clients. Its imposition will mark an enormous social regression that will be measured in increased poverty, hunger and declining life expectancy—as has already unfolded since 2021.

Dissanayake tried to shift blame for the program his government will now implement onto its predecessor. He noted that the previous president, Ranil Wickremesinghe, had concluded debt restructuring agreements just two days before the September 21 presidential election

But this only underscores their entirely illegitimate character.

The reality is that all the agreements the JVP/NPP insist cannot be changed are the outcome of a conspiracy against the people.

Wickremesinghe, then the sole parliamentarian of the right-wing United National Party, was undemocratically imposed as the country's president in July 2022, after a mass popular uprising had chased President Gotabaya Rajapakse from power.

The JVP played its part in this conspiracy, working with the opposition Samagi Jana Balawegaya and the trade unions to divert the uprising into calls for a new capitalist government based on the parliamentary opposition. Then when the rump parliament elected Wickremesinghe as president, the JVP supported his turn to the IMF and used its affiliated unions to channel mounting working-class opposition to the initial impact of the IMF austerity measures into impotent calls for the government to change course or provide relief.

That Dissanayake's almost 7,000-word address said nothing about the NATO-instigated war against Russia over Ukraine, the imperialist-backed Israeli genocide against the Palestinians, the US military-strategic offensive against China or for that matter any foreign policy issue does not mean the ever-intensifying global geopolitical crisis will not be a preoccupation for the new government.

Just as it is continuing Wickremesinghe's IMF scorched-earth program, so the new government has signalled that it will continue to integrate Sri Lanka ever more fully into the US-led, Indian supported plans for war with China. What Dissanayake did mention, albeit from the standpoint of the economic potential of the Port of Colombo, was Sri Lanka's unique position as a hub in the Indian Ocean, which is a key arena in the US drive to secure hegemony over the Indo-Pacific and Eurasia.

Arguably the most cynical element of Dissanayake's lie-laden speech was his attempt to promote his JVP/NPP government as a resolute opponent of racism and communalism and a votary of national harmony. In the opening passages of his speech, the president referred to the unprecedented vote his party has obtained across the country, including in the predominantly Tamil north and east. He deplored that in the past politics had often been shaped "along regional, ethnic or religious lines," leading to "suspicion and mistrust." He vowed his government will "not allow a resurgence of divisive racist politics in this country."

None of this it to be believed. Indeed, given the JVP's history and class character, Dissanayake's proclamation that the government will never allow a resurgence of "racist politics" should be construed as a threat that it will condemn opposition from the Tamil minority as divisive and intolerable.

The reality is Dissanayake's discussion of Sri Lanka's tragic history, including the almost three decade-long anti Tamil war, was entirely abstract. There was not even a single reference to a government, a party, a political leader or policy. Its aim was very much to absolve the Sinhala capitalist elite and its state for their responsibility in whipping up anti-Tamil chauvinism to divide the working class; and to excuse and cover up the role of the JVP, which throughout its six-decade history has played an especially pernicious role in anti-Tamil incitement. To this day, Dissanayake and the JVP celebrates the fascist rebellion it mounted in 1988-89 against the

Indo-Sri Lanka Accord.

Today the JVP/NPP is trying to present itself as the foremost promoter of Sri Lankan nationalism, but this "nationalism" is inextricably entwined with Sinhala-Buddhist supremacism.

Workers must be warned: when opposition to the government erupts, the JVP will, as the ruling class has always done, seek to whip up communal divisions so as to split the working class and embolden reaction.

The Dissanayake JVP/NPP government is one of extreme crisis. There is an explosive gap between the popular expectations of the government and the class war agenda it is now moving to implement.

The JVP leaders are themselves aware that the ruling class has very much turned to them as a last line of defence for the bourgeois order before risking a resort to military rule. Government spokesman and JVP General-Secretary Tilvin Silva recently told a press conference: "The people have given us this huge win because they've believed in us. But if we don't hold on to the weight of that responsibility and we fail, then there is no one else to come to the rescue."

The JVP/NPP will try to use its unprecedented parliamentary majority to claim that all opposition to its attacks is "anti-democratic." There is also no question that it will make use of the powers of the executive presidency and the battery of anti-democratic and emergency laws adopted by predecessor governments to criminalise and try to violently suppress an insurgent movement of the working class. A recurring theme in all Dissanayake's addresses is the need to establish "law and order" as a prerequisite for economic revival.

The SEP intervened in the just concluded parliamentary elections to bring to the working class the revolutionary socialist program on which it must base its opposition to the JVP/NPP government and to organise the most advanced workers and youth in our ranks so as to provide programmatic, tactical and organisational leadership in the struggles that will soon erupt.

Sri Lanka's workers and toilers must unequivocally reject the demands of the government and behind them the ruling class that they pay for the crisis of capitalism. To oppose the dismantling of public services, privatisation, and the assault on their democratic and social rights, working people must form workplace and neighbourhood action committees, independent of the pro-capitalist trade unions.

In opposition to the capitalist parliament and the entire structure of capitalist class rule, the SEP fights for a Democratic and Socialist Congress of Workers and Rural Masses, made up of democratically elected representatives from the growing network of action of committees. Such a Congress must advocate for and build an independent political movement of the working class with an internationalist perspective, rallying the rural poor against the bourgeoisie and to fight for the establishment of a workers' and peasants' government to implement a socialist program.



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