

HRW report highlights impact of pro-market policies on public education in Sri Lanka

W.A. Sunil

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The Human Rights Watch (HRW) report titled *Tax Giveaways, Struggling Schools* has revealed that extensive tax exemptions handed to big business by successive Sri Lankan governments over decades have deepened the country's social crisis.

The report focuses on Sri Lanka's deteriorating public education system as part of the social calamity created by tax concessions to the wealthy, resulting in systematic cuts to state allocations for social services and price subsidies.

The report, issued on October 14, noted that "the decline in Sri Lanka's tax-to-gross domestic product (GDP) ratio that began in the late 1970s has contributed to a steady decline in education spending relative to GDP."

It added that "after steep tax cuts [to the wealthy] in 2019, this ratio fell to among the lowest in the world."

This period began with the introduction of free-market economic policies under President J.R. Jayawardene and his right-wing United National Party (UNP) government, which came to power in 1977.

The economic crisis had already deepened during 1970–1977 under the coalition government of the Sri Lanka Freedom Party, Lanka Sama Samaja Party and the Communist Party. Workers' struggles and rural unrest culminated in the 1976 general strike that led to the end of the coalition's rule in early 1977.

The UNP exploited this mass opposition to win the election but began to integrate Sri Lanka's economy into globalised production. Colombo offered huge tax concessions to foreign investors, devalued the rupee, began dismantling the state sector, and slashed social subsidies.

The report notes that from 1955 to 1970, around 15 percent of government spending—3 to 5 percent of GDP—went to education, alongside other social investments, enabling broadly expanding literacy.

Comparing 59 countries from the mid-1940s to the early 1970s, HRW pointed out that Sri Lanka's school enrolment doubled from 41 percent in 1946 to 86 percent in 1971, surpassing the South Asian average of 57 percent and the global average for low-income countries of 37 percent.

While not mentioned in the report, the advances in education, while still limited, were the result of working-class struggles

supported by the rural masses against British colonial rule and the Sri Lankan bourgeoisie.

Some historians credit the expansion of education to so-called "liberal" politicians such as C.W.W. Kannangara, the colonial-era education minister in the 1940s, hailing him as the "father of free education." In doing so, they completely ignore the role of the mass struggles.

Led by the Bolshevik-Leninist Party of India (BLPI)—the section of the Fourth International for the Indian subcontinent—these movements fought for free state education. Dr. N.M. Perera wrote the *Case for Free Education* in 1944 while imprisoned with other BLPI leaders.

This was part of the Trotskyist party's struggle for the democratic and social rights of workers and the poor, opposing British imperialist rule in Sri Lanka (then Ceylon) and India, while facing brutal repression.

The report highlights the reduction in public education funding since 1977 as a result of pro-market policies continues today under the Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government.

According to the HRW report, education spending was 10 to 11.4 percent of total state expenditure—or 3.1 to 3.6 percent of GDP—in the period 1975–1977. By 1979, it had dropped to around 7 percent, or 2.7 percent of GDP.

While government continued to make inroads into social spending, including on education, that process has dramatically intensified following Sri Lanka's 2022 default on foreign loans which precipitated a deep social and economic collapse.

The HRW report explained: "More than a million Sri Lankans lost their jobs during the crisis, and a million households lost power following electricity price increases. More than four million people were pushed below the national poverty line. The poorest bore the brunt, cutting consumption more sharply than the wealthy."

Government expenditure on education was cut to "a paltry 5 percent of total spending" in 2022 or 1.5 percent of GDP, the third lowest in the world, behind only Laos and Haiti.

"This is far short of international benchmarks calling for at least 15 to 20 percent of public expenditure and/or 4 to 6 percent of GDP," the report writes.

It cited the current situation in schools. Principals and

education officials said parents are now compelled to pay “development fees, exam fees, and even assessments for water and electricity because the government does not allocate enough funds to cover basic needs such as cleaning and supplies.”

When parents cannot pay, schools lack these necessities. Schools serving wealthier families manage better. This has created deep inequalities between schools, driven by parents’ income levels.

The shortage of basic resources—including teachers—is also a result of the rapid expansion of private tuition. Teachers with low salaries have been compelled to supplement their income through private tutoring, creating opportunities for a highly profitable tuition industry.

Many families now bear heavy education costs, while “learning outcomes are faltering.” The report notes that Sri Lanka’s education levels are “falling behind peer countries,” and that the gap between rich and poor students is widening.

During last year’s election campaigns, the JVP/NPP promised to raise education spending and exempt essentials such as food, health care, and schoolbooks from high value-added tax (VAT). These bogus promises were made to exploit voter anger against the discredited parties of the elite. The government has now discarded these promises along with numerous others.

The report notes that while the government introduced minor relief—free mid-day meals and a one-time payment of 6,000 rupees (\$US20) to poor families—these do not meet the promised target.

The government projects 10 percent annual increases in education spending over the next two years, but the HRW report says this will still fall short of the 6 percent of GDP goal.

Speaking to Sirasa TV, Prime Minister and Education Minister Harini Amarasuriya said in September that although UNESCO recommends allocating 6 percent of GDP to education and 3 percent to health, this could not be done “abruptly” without “proper administrative changes.” Such an increase “could lead to inefficiency,” she claimed.

Amarasuriya recently told parliament that public schools face a shortage of 36,000 teachers but failed to explain how the government plans to resolve it. Instead, her ministry is pursuing “education reforms” aimed at cutting expenditure.

As part of austerity measures, the ministry plans to close more than 1,500 schools with fewer than 50 students or fewer than 10 per class. Other reports show that about 20,000 students are forced to leave school annually, and another 80,000 do not attend due to economic hardship.

The government has fully embraced the IMF’s austerity program, which includes deep cuts to public education, health, and social subsidies, and the “restructuring” of state-owned enterprises—closing, downsizing, or privatizing them—destroying hundreds of thousands of jobs.

The IMF required Sri Lanka to raise its revenue collection

ratio to 15 percent of GDP, placing a heavier burden on workers through indirect taxes. VAT was increased between 2021 and 2024 from 8 to 20 percent. Exemptions for essential goods and school supplies were removed.

Citing a 2024 World Bank review, the HRW report noted that VAT increases were “particularly regressive” and contributed to a 3.9-percentage-point rise in poverty.

However, after explaining the huge crisis in the education sector and deteriorating social conditions, HRW simply listed a series of recommendations to the government to reduce indirect taxes, increase taxes on the wealthy and boost education spending, and for the IMF to factor those measures into its policies. Such appeals will fall on deaf ears.

Sri Lanka’s fake-left Frontline Socialist Party (FSP) and its affiliate, the Inter-University Student Federation (IUSF), are calling protest actions and campaigns sowing the illusion that they can pressurise the government and win concessions.

Recently, the IUSF cut its long-standing demand for allocating 6 percent of GDP for education to 3 percent. The student group did not explain why it halved the demand, but it indicates acceptance of the government’s claim that higher allocation is impossible. Young people, including students, must reject this trap.

Free public education and health cannot be defended within the capitalist system. Facing deepening crisis and the eruption of insoluble contradictions of global capitalism, every government globally imposes its burdens on the working class and the poor.

The Sri Lankan government and all the opposition parties support the IMF’s harsh austerity program.

Workers, the rural poor, and the oppressed can defend their living and social conditions and democratic rights only through a struggle against the JVP/NPP government and the capitalist system it upholds on the basis of an international socialist program.

Based on this perspective, the Socialist Equality Party (SEP) and the International Youth and Students for Social Equality (IYSSE) fight for socialist policies: the nationalisation of banks, big companies, and plantations under the democratic control of workers, and the repudiation of all foreign debts. The SEP and IYSSE fight for a workers’ and peasants’ government to implement these socialist policies.



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