

Sri Lanka's JVP president reassures IMF he will implement savage austerity measures

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Sri Lanka's new president, Anura Kumara Disanayake, has assured a high-powered International Monetary Fund (IMF) delegation that his Janatha Vimukthi Peramuna (People's Liberation Front/National Peoples' Front, JVP/NPP) government will implement savage austerity and privatization measures.

Last Thursday and Friday, Disanayake met with an IMF delegation led by its director of the Asia Pacific department, Krishna Srinivasan, and Senior Mission Chief Peter Breuer.

At the conclusion of the discussions, the IMF issued a statement declaring them "productive." "We are encouraged," continued the IMF, "by the authorities' commitment to continue the reform efforts."

By "reform efforts" the IMF means implementing the economic "restructuring" program on which the US \$2.9 billion emergency bailout that it extended to Sri Lanka in 2022 is predicated. That program is aimed at dramatically increasing the profitability of Sri Lankan capitalism and making the toiling masses pay for the debts incurred by the native ruling class.

It has already resulted in a punishing electricity tariff and regressive sales and income tax increases and calls for the fire-sale of public enterprises and the elimination of more than half-a-million public sector jobs.

The JVP is a pro-imperialist, communalist party that for decades has sought to integrate itself into the political establishment, including by supporting and participating in right-wing governments. It played an important role in the political derailing of the working class-led, mass popular upsurge that chased President Gotabaya Rajapakse from power in 2022. However, it is falsely promoted by the Sri Lankan and international media as "leftist," with Disanayake, who was elected president last month, often described as a "socialist," even a "Marxist."

Disanayake won the presidency by appealing to popular hostility to the traditional capitalist parties and the handful of corrupt bourgeois families that have long dominated them. At the same time, he pledged to implement the IMF austerity program, while lyingly claiming that a JVP/NPP government

would "renegotiate" it to make it more palatable for the masses, especially the very poor.

The IMF and global finance capital have already made it abundantly clear that any modifications would be purely of a cosmetic character, with the IMF issuing warnings both before and after the election about the precarious state of Sri Lankan capitalism and the need to massively increase budgetary surpluses in 2025 and thereafter.

Speaking from Washington last Thursday, the IMF's chief spokesperson, Julie Kozack, said "important vulnerabilities and uncertainties do remain, and this means that sustaining the reform movement is critical."

In its October 4 statement on its talks with Disanayake and other Sri Lankan officials, the IMF said they had "agreed on the importance of continuing to safeguard and build on the hard-won gains that have helped put Sri Lanka on a path to economic recovery."

These "hard-won gains" are nothing but the increased immiseration of the population through subsidy and job cuts and price and value-added (sales) tax increases.

According to the presidential press office, the Presidential Media Division or PMD, "The IMF appreciated President Disanayake's willingness to commit to the programme's goals and agreed to discuss the alternative approaches proposed by the Sri Lankan government."

The PMD did not elaborate on these "alternative approaches," but they are a reference to the JVP/NPP's bogus promises of a "renegotiated" IMF programme.

The two sides agreed that discussion of these "alternative approaches" would be taken up as part of the IMF's third review of the bailout package. That review is to determine if the Sri Lankan government has met the conditions for the release of an approximately \$350 million fourth tranche of the bailout loan.

The third review had been expected to begin immediately. But the IMF—underscoring it and US imperialism's readiness to work with Disanayake and the JVP/NPP government—has agreed to push it back, possibly until the end of the month or even after Sri Lanka's November 14

parliamentary election.

Using the authoritarian powers of Sri Lanka's executive presidency, Dissanayake dissolved the parliament more than six months prior to the end of its term within hours of his assuming office September 23.

By holding early elections, the JVP/NPP are hoping to strengthen their hand before having to starkly reveal their anti-working class colours and intensify IMF austerity in the face of mass popular opposition. In the outgoing parliament elected in 2020, the JVP/NPP held only 3 of the 225 seats, having won just 3.8% of the vote.

That Dissanayake is girding his government to meet popular anger is further demonstrated by the JVP/NPP's courting of the military-security apparatus, repeated declarations that its "economic development" program is predicated on "law and order," and dropping of any references to their previous promises to abolish the executive presidency.

The PMD's statement thanked the IMF for not immediately proceeding with its third review, stating, "While there have been delays due to upcoming General Elections, President Dissanayake assured the IMF of the government's dedication to continuing the programme without disruption and facilitating the third review process."

In the run-up to the presidential election, IMF Mission Chief Breuer spelled out that a condition for the impending third review authorizing the release of the fourth tranche is a viable plan to increase the budgetary surplus in 2025 by almost four times from 2023, from 0.6% of GDP to 2.3%, or more than \$1.5 billion.

To ensure this target was met, Breyer said it would need to be "underpinned by appropriate revenue measures and continued spending restraint."

The IMF's statement of confidence in the JVP/NPP government's "commitment to continue the reform efforts" is thus an expression of confidence in it imposing additional tax increases, accelerating privatization and public sector job cuts, and further slashing public healthcare and education.

During last week's consultations, the IMF also greenlighted a debt restructuring scheme that it had negotiated with the previous president, Ranil Wickremesinghe, a rapacious representative of Sri Lankan big business and notorious pro-US stooge. Under this scheme, Sri Lanka, which defaulted on its debt in the spring of 2022, will renegotiate repayment of some \$12 billion in international debt, opening the door for it to obtain new loans from the loan sharks of global capital.

With the agreement of the IMF and the Official Creditors Committee, Citibank, the third-largest US-based bank, has been appointed to manage Sri Lanka's new International Sovereign Bond exchange.

Also on Friday, Dissanayake, JVP/NPP Prime Minister Harini Amarasuyria and Foreign Affairs Minister Vijitha Herath held talks with India's External Affairs Minister S. Jaishankar—the first senior foreign official to visit the island since Dissanayake's September 21 election.

According to the Sri Lankan media, Dissanayake reiterated to Jaishankar the JVP/NPP's now oft-repeated public pledge to never do anything contrary to "India's national security interests."

This is a commitment not just to New Delhi, but a demonstration of the JVP/NPP government's readiness to further integrate Sri Lanka, which bestrides key Indian Ocean shipping lanes, into American imperialism's incendiary military-strategic offensive against China.

India is far and away Washington's most important ally in South and Southeast Asia. Their anti-China alliance is the crux of the Indo-US "global strategic partnership," which over the past 15 years has become the cornerstone of New Delhi's foreign policy and global geopolitical strategy.

Jaishankar's visit to Colombo came on the heels of extensive discussions with US Secretary of State Antony Blinken and other US officials in Washington about strengthening the Indo-US alliance, including through the anti-China QUAD with Japan and Australia. Jaishankar and Blinken also discussed India's attitude toward, and role in, the other two fronts in American imperialism's global war—the US-NATO instigated war against Russia and the Israeli spearheaded drive to repartition the Middle East.

It also needs to be noted that in response to US President Joe Biden's congratulatory message, the JVP/NPP leader Dissanayake declared his fealty to Washington's predatory agenda. He said Sri Lanka's new government is committed to working with the US for "a peaceful, secure and prosperous Indo-Pacific region"—employing the saccharine formula Washington uses when speaking of its ambition to maintain through all means, including war, dominance of the world's most populous and fastest growing region.



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