

At big-business forum, Sri Lankan president pledges to enforce IMF austerity

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Addressing the Sri Lanka Economic Summit, an annual event organised by the Ceylon Chamber of Commerce (CCC), President Anura Kumara Dissanayake outlined his government's plans for a sweeping privatisation and downsizing of the public sector and its commitment to attract greater foreign investment.

The January 28 event was titled "Shaping Sri Lanka's Future: Transformational Growth Rooted in Sound Economic Policies." Around 700 top business executives participated.

CCC chairman Duminda Hulangamuwa is a senior economic advisor to the president. Former chairman Hans Wijesooriya is Dissanayake's advisor on the digitalisation of Sri Lanka. A significant section of the country's largest companies have rallied to the new right-wing regime expecting a boost to profits.

Addressing the summit, Dissanayake hailed big business: "You are the engine of growth for the economy... The economy's future lies in your hands. You have the power, the knowledge, and the attitudes to make a difference."

Dissanayake boasted that he had dispelled doubts about his government "among business groups, investors, and certain members of the international community." He had been able to "build confidence in the government's plans... This achievement over the past two months is a significant milestone for us."

Prior to his election last September, Dissanayake pledged to big business and international finance capital that his Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) was fully committed to the austerity program demanded by the International Monetary Fund (IMF).

Since forming government in mid-November, the JVP/NPP has entered into debt restructuring agreements with international creditors promising to repay defaulted loans this year, as advocated by the IMF.

Dissanayake told the summit the government would continue with the Economic Transformation Act (ETA) with some amendments to ease implementation. The ETA, approved by the government of previous President Ranil Wickremesinghe, is a blueprint prepared in line with the IMF program with set targets for key measures.

Dissanayake explained that the present constraints on foreign investment will be removed in the coming days and months. Initially, the government will reduce the period for approvals to around half a year. "Our goal is to streamline this process to less than two weeks," the president declared, criticizing the inability of previous governments to attract foreign direct investment.

Dissanayake said that the government is already working on the restructuring of state-owned enterprises (SOE) including privatisation, "even though it is challenging." While he did not explain, everyone at the event understood why it is "challenging."

Successive governments have repeatedly confronted widespread opposition from the working class to privatization and the destruction of jobs and conditions. Over the past two years, Wickremesinghe faced a series of protests and strikes despite the efforts of the trade unions to contain and derail the opposition.

The present government intends to go far further in carrying out the fire sale of government organisations which the president complained had become an excessive burden on state finances. "The government is now studying a holding company that can be established for a group of state-owned enterprises and for shares to be issued on the stock market," he said.

The government is considering not only state-owned corporations and boards but other state entities, Dissanayake stated. It is currently identifying the state entities "which are to be closed, which are to be bundled and which are to be restructured."

Presidential advisor Hulangamuwa asserted that Sri

Lanka needs a government similar to countries in Southeast Asia, referring to the autocratic, pro-market regimes in Singapore, Malaysia and Vietnam in particular.

“[W]ith political stability, completion of debt restructuring and sovereign credit rating upgrade we have to plan for transformational growth similar to what we have seen in countries like Southeast Asia,” he said.

Hulangamuwa is on record as saying in December that the public sector workforce of over 1.3 million should be reduced to 750,000 as the state treasury cannot afford the wage bill. There are around 500,000 workers employed in 527 SOEs, including 85 commercial entities.

All these remarks point to the massive downsizing of government spending that is being planned, to pay off the loan sharks and boost profits. The IMF-imposed targets include increasing the primary budget surplus fourfold from 0.6 percent of GDP in 2023 to 2.3 percent in 2025 and halving the budget deficit from 9.8 percent of GDP in 2023.

For the Dissanayake government, fulfilling IMF demands is vital for obtaining the next tranche of a bailout loan of \$US3 billion.

Having cancelled the scheduled 25 percent wage hike for state sector workers announced by the previous government, Dissanayake is planning a meagre wage increase in the 2025 budget. The media has reported it would be around 7,500 rupees (\$25) monthly, a negligible increase compared to the decline of real wages for all workers by 49 percent between 2022 and 2024.

Dissanayake has become a darling of big business and international finance capital. The country’s stock market, the Colombo Stock Exchange (CSE), has seen exponential growth with the ASPI index surpassing an unprecedented 17,000 on January 23.

Working people are being forced to bear the burden with more austerity measures being prepared. Over a quarter of the population is already living in abject poverty and more than 60 percent have had to adopt coping strategies just to put some food on the table.

The discredited opposition parties, including the Samagi Jana Balawegaya (SJB) and Sri Lanka Podujana Peramuna (SLPP), are making minor criticisms of the government, noting its broken election promises. In reality, all these parties support the IMF austerity agenda and are simply trying to hoodwink voters into believing they would do something different.

The trade unions are maintaining a complete silence as the JVP/NPP government is openly discussing with big business and international investors how to destroy

around a million jobs, slash wages, pensions and conditions to boost profits. Many of the trade union bureaucrats are now members and ministers in the JVP/NPP government. Regardless of their political affiliation, all of the country’s trade union bureaucrats support the IMF program.

As the government and big business collude in preparing a social counterrevolution, the working class must rally the rural poor and youth and prepare its own strategy to defend democratic and social rights.

Defeating the government’s austerity measures can be done only by mobilising the independent industrial and political strength of the working class. It requires building unity with workers around the globe who are coming into struggle against a similar assault on their rights.

In opposition to privatisation, workers must demand the nationalization of the major banks and corporations under workers’ control.

Working people should not pay for the huge foreign debts taken out by successive governments to finance the reactionary 26-year-long communal war and ensure the interests of big business. These loans must be repudiated and the funds used to develop essential social programs including health and education.

Workers must break from the capitalist parties and establish their own organisations—Action Committees—independent of the trade union bureaucracies, in factories, plantations and other workplaces. These action committees need to be coordinated with action committees in rural areas. Internationally, they need to join with the International Workers Alliance of Rank-and-File Committees, which is being organised by the International Committee of the Fourth International.

The Socialist Equality Party (SEP) calls for a Democratic and Socialist Congress of Workers and Rural Masses composed of the democratically-elected representatives of action committees. Such a Congress would organise the struggle to defeat austerity and fight for a workers’ and farmers’ government to implement socialist policies.



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