

# The Crisis in Sri Lanka: A Brief Study

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## Preamble

Sri Lanka, which was known as a moderately prosperous country two years before, is now bankrupt. And the political crisis that followed is getting worse one after the other. Now, people are on the streets, and the country is at a standstill. Bourgeois media and the parliamentary political forces and individuals have cited the mismanagement of the finances by President Gotabaya Rajapaksa, Prime Minister Mahinda Rajapaksa and their family rule as the only reason behind the emergence of such a terrible economic and political crisis in Sri Lanka. It is difficult to predict the future of Sri Lanka, the country caught in a multi-faceted disaster. This short article will focus on the underlying reasons behind the current economic and political crisis in Sri Lanka, the role of the President, Prime Minister and the Rajapaksa family in creating this catastrophe, its scientific solution and the lesson to take from this entire phenomenon.

## Brief Introduction to Sri Lanka

The country formerly known as Ceylon, which liberated from the direct colony of British imperialism on February 4, 1948, is now named Sri Lanka. It is an island country situated in the south of India. Only after 24 years of her "independence" from British rule Ceylon was renamed the Republic of Sri Lanka on May 22, 1972. Since the "independence" of 1948, this country has been in a semi-feudal and semi-colonial condition. It is a multinational and multilingual country. The Sinhalese dominate the Sri Lankan state power. There are many lingual and national communities in Sri Lanka. One of them is Tamil nationality, which is in significant number in Sri Lanka. After the Sinhalese rulers brutally suppressed, in 2009, the national liberation movement waged by Liberation Tigers of Tamil Eelam for their right to self-determination seems to have weakened now. However, this national contradiction persists in Sri Lanka even today. Thus, Sri Lanka is caught up not only in the current economic and political crisis but also in national contradictions.

## The Intrinsic Cause of Economic Crisis

Bourgeois media and parliamentary political forces in the world believe that the reason behind Sri Lanka's current crisis is the mismanagement of President Gotabaya Rajapaksa and his family rule. This is a wrong logic that attempts to purify the global economic and reactionary political system by blaming individual rulers. The outgoing President Gotabaya Rajapaksa, Prime Minister Mahinda Rajapaksa and their misguided politico-economic management played a catalytic role behind the explosion of this crisis. In addition, the Covid-19 epidemic and the ongoing Russia-Ukraine war are also responsible for this crisis. Despite this, they are not the decisive reasons. The root cause of the catastrophe is the neoliberal economic policy adopted by the Sri Lankan government. The reactionary state power that serves imperialism and the domestic reaction of Sri Lanka has been implementing this policy through a parliamentary system of governance. So the neoliberal policy, parliamentary system and the state power that regulates them are responsible for this disaster. Any conclusion drawn without assimilating this objective reality will not help solve the current crisis in Sri Lanka; on the contrary, the country's situation will worsen further.

Sri Lanka has been taking on a neoliberal economic policy since 1978. Under this policy, the financial problems in Sri Lanka became even more severe after the government implemented programmes such as globalization, privatization and liberalization. The open market economy Sri Lanka has adopted opened the door for foreign goods, facilitated the imperialists to capture the national industries under the pretext of privatization and helped to monopolize the labour market and raw materials in Sri Lanka. In this process, Sri Lanka gradually fell under the grip of the imperialists, and consequently, the foundation of the national economy collapsed. The grave unemployment problem in the country forced more than two million young people to go abroad for their employment. The luxurious goods manufactured by multinational companies flooded the Sri Lankan market. The existing national industries also collapsed for their production failed to compete with the imported commodities. Investors hesitated to invest in the agricultural sector because they could gain more money by selling foreign goods. Sri Lankan markets got filled with luxurious commodities produced by multinational

companies abroad. The foreign exchange earnings from the export of national products considerably decreased. World Bank and IMF started pouring loans in Sri Lanka to develop and expand markets for multinational companies; under the pretext of developing infrastructure. In this process, corruption escalated, and the economic gap between rich and poor in Sri Lankan society widened further. It is a general trend not only for Sri Lanka but also for the entire oppressed countries that have adopted the neoliberal economic policy.

### **Catalysts of Economic Crisis**

When Sri Lanka was gradually becoming dependent, with the collapse of the national economy, the President Gotabaya Rajapaksa took some insane and populist decisions in 2019. They were: one, he fully stopped the import of chemical fertilizers without necessary alternatives being encouraged by his ambition of making Sri Lanka the first country in the world that uses organic fertilizers. It resulted in the decline of the agricultural yield and thereby caused a sudden increase in the import of food grains. Two, he largely cut off the income tax in the name of giving relief to people. As of this, the national economic reserve considerably declined. Three, he printed an excessive volume of bank notes in the name of strengthening the national fund. It led to the depreciation of the Sri Lankan currency in the world market, and consequently, the market price of consumer goods skyrocketed. Four, he borrowed massive amount of foreign debt to purchase consumer goods apart from food grains and petroleum products. It increased the amount of annual instalments to pay back the lenders. The situation so deteriorated that additional loans had to be borrowed even to pay the yearly instalments of the earlier loans. These decisions taken on the part of the President substantially destroyed the economic ground of Sri Lanka.

In addition to aforesaid wrong economic policies on the part of the President, the tourism industry, which contributes about 12 per cent to Sri Lanka's gross domestic product, came to a standstill thanks to the Covid-19 pandemic. On the other, the labours who were working abroad returned home. It significantly reduced the remittances that decreased the national reserve. In such a dire situation, when the fire of economic crash had ignited in Sri Lanka, the Russia-Ukraine war poured petrol over it. The convergence of all these factors acted as a catalytic agent in escalating the economic crisis in Sri Lanka.

### **Latest State of the Economic Crisis**

The total debt of Sri Lanka, inhabited by 22 million people, has reached 52 billion dollars. This loan is more than 8 lakh 51 thousand rupees per head as of the denomination of that country. The debt that Sri Lanka needs to pay within 2023 is around 6 billion dollars. Sri Lanka's foreign exchange reserve in 2018 was about 8 billion dollars. By April of this year, the amount decreased to 1.8 billion dollars; and it is even less than that now. Inflation has increased by 80 per cent and food prices by 60 per cent. Cooking gas is not available in the market. Even if one gets it, its price has reached 16 dollars (about SL Rs 5800) per cylinder. Given the lack of money to buy paper, school authorities have postponed exams; stoves have stopped burning twice a day in about three-fourths of families in Sri Lanka, and transportation has gone to a standstill. Given the shortage of medicines, even surgeries are not done routinely in hospitals. Being unable to pay back the loan, the Hambantota Port, built with Chinese investment, was forced to be leased out to China for 99 years about five years ago. These few data show the picture of Sri Lanka's ongoing economic crisis.

### **Protests Instigated by the Crisis**

Once peoples' lives turned to a standstill due to the severely deteriorating economic crisis, the workers and peasants, including the students, started protesting based on the single slogan "Gota Go Home" last May. In the beginning, the Sri Lankan government tried to suppress the movement with force. Ten protestors, including an MP, were killed, and more than 200 others injured during the protests. However, the government repression added fuel to the fire of people's anger. As the movement spread wider, Prime Minister Mahinda Rajapaksa resigned from his post on May 9, 2022, and President Rajapaksa appointed Ranil Wickremesinghe as Prime Minister. It also failed to mitigate the people's wrath. Except for a small group of supporters of the Rajapaksa family, others took part or supported the protests in different ways. The climax of the public uprising could be seen during the occupation

of the President's official residence by a sea of the masses on July 9. What is worth noting is that the Sri Lankan army did not fire even a single round of tear gas that day to stop people from advancing to occupy the Presidential building. With the tacit support of the Sri Lankan army, the masses occupied the Presidential residence and blazed the then Prime Minister Wickremesinghe's private house on that very day.

From the activities of the rebels in the Presidential building for about five days, one could conceive that people's rebellion is not just that polite and noble. A few so-called gentlemen even called it a climax of anarchy. But this statement is wrong, based on prejudice. The anger and sense of retaliation on the part of the rebels could be perceived while swimming in a pool inside the Presidential building, sleeping in the President's bed, eating the things in his kitchen etc. Handing over tens of millions of rupees taken out of the President's locker to the Sri Lankan police showed rebels' accountability and adoration towards people's property. The rebels vacated the Presidential building only after President Gotabaya Rajapaksa, who fled the residence on July 9, resigned from his post on July 13. He is now wandering in different countries seeking political asylum.

### **Bailout Package and External Maneuvering**

Ranil Wickremesinghe held several meetings with the International Monetary Fund to work for a bailout package after assuming the charge of the Prime Minister. But so far, no agreement has been reached with the IMF. The conditions set forth by IMF to allot loans were so stringent that the Sri Lankan government, which is in dire need of money, did not dare to abide by them. Like before, this time too, one could easily see IMF giving more pain in the name of relief and imposing harsh conditions in the name of austerity to ensure the return of its money from the borrower as a usurer does in the feudal society. Negotiations between the government and the IMF are still on. In the meantime, Sri Lanka is still breathing on its deathbed with the help of 4 billion dollars given by the Indian government in the form of loan, swap and aid. By showing sympathy in a difficult situation, the imperialist countries are now looking for stakes to strengthen political hegemony in Sri Lanka to capture the consumer market and the resources. The eyes of the imperialists are now focusing on Sri Lanka.

### **Deepening Political Crisis**

The political crisis caused in Sri Lanka by the economic collapse is becoming grave with the passing days. Amid the state of emergency, the parliament has elected Ranil Vikramasinghe as the President of Sri Lanka today. However, the masses have marched to streets by holding the effigy of the newly elected President. He is known as a man close to the Rajapaksa family. Sri Lankan people do not seem happy to go ahead under his leadership. In this situation, other option that the parliamentarians look for is elections to the new parliament. But the parliamentary elections that need crores of Sri Lankan Rupees will be a white elephant for Sri Lanka, which cannot feed even two meals a day to her starving people. Furthermore, even if another leadership comes through the parliamentary elections, dealing with the ongoing economic crisis and resolving the multi-dimensional contradictions the country has been confronting for a long is the same as chewing iron flakes. Hence, whether or not the elections take place, Sri Lanka's political and economic crisis is likely to deepen further in the days ahead.

### **What is the Alternative?**

As said before, the inherent cause of the current crisis in Sri Lanka is the neoliberal policy embraced by the Government. The mismanagement that deteriorated the situation is secondary cause, not the principal one. Therefore, any alternative one seeks from within the imperialist neoliberalism and the parliamentary system cannot be a long-term solution to the ongoing crisis of Sri Lanka. It is only the scientific socialism guided by Marxism-Leninism-Maoism that can solve this problem. And it is new democratic revolution that is targeted against imperialism and feudalism and that is led by the party of the proletariat paves the way for scientific socialism. Therefore, the only correct political alternative that can pave the way to solve the longstanding problems in Sri Lanka, including the present crisis, is new democratic revolution.

### **Lesson for the Revolutionaries**

There are many things that the revolutionary communists should learn from the latest rebellion in Sri Lanka. It takes time and hard work to study it in depth. It is mainly the responsibility of Sri Lankan revolutionary comrades to comprehensively review this rebellion and draw correct conclusions. But, it does not mean that the outside revolutionaries cannot study and learn from this. They can and must do it. The preliminary lesson to learn from this rebellion is as follows.

Firstly, the black cloud of economic and political crisis is stretching in sky the world over. It implies that the objective situation is becoming favourable for revolution. But revolution is not a thing that happens in someone's wish. It is possible only in the union of objective and subjective conditions. The irony is that revolution did not succeed in the recent past due to the lack of subjective force, even when the objective conditions were mature. One of the lessons this rebellion teaches is that the revolutionaries must consciously engage in developing necessary subjective strength to catch the favourably developed objective conditions to make revolution.

Secondly, Sri Lanka is an oppressed country in semi-feudal and semi-colonial conditions. In the international communist movement, there is a strong belief that the path of protracted people's war is suitable for this type of country. But, the latest rebellion in Sri Lanka shows that revolution seems possible with the path of armed people's insurrection even in the countries oppressed by imperialism. Revolutionaries rarely come across a situation, where the whole country, except a diehard clique, is united against the ruling clique, and the army remains a mute spectator. It marked a very favourable situation to make a forward lead. Had there been a genuine revolutionary communist party and a minimum militant force with it, the possibility of developing revolution to a new height had emerged this time in Sri Lanka.

The world is facing a severe economic recession. It is equally true for both imperialist and oppressed countries. There is nonstop news broadcast that the countries like Pakistan, Nepal, Argentina, Tunisia, Ghana and dozens of other countries are lining up behind Sri Lanka. What it implies is that the objective condition is favourably developing for revolution in these countries as well. Taking lessons from the latest experience of peoples' rebellion in Sri Lanka the revolutionary communist parties should consciously engage in amassing necessary subjective strength to catch the upcoming favourable condition to make revolution.

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