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*Rafael Maniego*

# *You are My Wife and Comrade*

## **Comrade Maria Sison**

You are my wife and comrade.  
It is harsh that we are kept apart  
By a bloodthirsty enemy with many snares.  
We care for each other's welfare.

The wishes of the tyrant are so evil.  
He seeks the betrayal of our souls  
By torture and the threat of murder  
And the wasting away of our youthful vigour.

His cruel minions are gleeful  
That we suffer in stifling cubicles.  
They are driven by usurped power  
And like dogs carry out orders.

But even in our forced separation  
We remain one in our fierce devotion  
To the noble cause of the revolution.  
Firmly the struggle we must carry on.

Our chief tormentor on the throne  
Will someday be overthrown  
For the seed has been sown  
And the future is well-known.

*(Comrade Sison's wife and comrade in arms Julieta de Lima, was captured with him in 1977, but for years they were kept in separate cells. The poem which expresses the anguish from this experience concludes with a declaration of revolutionary courage. The poem was written in 1978. Eight years later, a popular uprising ousted the Marcos dictatorship)*

## *Editorial*

Much has changed since the Aragalaya failed, but none for the better. The Aragalaya of the Galle Face Green (GFG) has ceased to be, and the NGOs and foreign sponsors of its dominant elite have retreated to come to terms with a more repressive government than what the Aragalaya confronted. In fact the Aragalaya had been subverted in ways that facilitated unleashing of violence by the state amid weak protest.

The Rajapaksas who were 'sent home' soon returned to power behind the scenes and safety from the law under their proxy Ranil Wickremasinghe. Ranil, who seized the opportunity to fulfil his ambition to be President, now uses his power to oblige his US imperialist and Indian expansionist masters. Notably, the US and India had already secured control over the Gotabaya Rajapaksa government since his election as President in 2019.

The US and India have already extracted their pound of flesh through improperly secured energy contracts, and are set to expand influence, thanks to obliging media and Internet mercenaries that use the 'China threat' to conceal the imminent threat of US and Indian penetration.

Enthusiasm for IMF relief is not confined to the President. If at all, his opponents are heaping pressure on him to expedite the IMF loan, which many serious commentators have pointed out will only keep the country eternally indebted to unscrupulous money lenders. With no meaningful economic alternative to offer, parliamentary rival of the government lack political credibility, while Ranil is projected by his allies as the magician who disappeared miles long queues and the man to rescue the economy with help from the IMF. The once vociferous NGO and foreign backed Aragalaya critics of the government preserve deafening silence on the regime of repression against targeted critics, especially the Frontline Socialist Party (FLSP) and Inter University Student Federation (IUSF) activists. Some political parties seem pleased with the prospect of the

government and its security forces seeking to crush the IUSF, for no parliamentary political party savours the prospect of the emergence of a strong extra-parliamentary political force on the political landscape.

Amid the scenario of national surrender to US imperialism and Indian expansionism accompanied by the economic burdening of the people and surging police repression of public protest, let us remember that the economic problem of the country is not a mere outcome of corruption, theft and mismanagement under the Rajapaksas, but the accumulated effect of flawed economic policies pursued since the opening up of the economy in 1978, accompanied by the penetration of parasitic foreign capital, and uncontrolled borrowing, partly justified by an avoidable war fought by chauvinist governments.

Let us also be clear that the existing parliamentary political system, even without the dictatorial executive presidency, has no solution to the economic and political crises that have plagued the country for 45 years.

What is needed is fresh vision based on a self-reliant national economy free of imperialist plunder. Economic priorities need to be reworked to reject wasteful consumerism and notions of development based on it. Unity of nationalities and ethnic minority groups is essential for economic recovery and national security, and devolution of power to the people in ways that will alleviate fears of the past is of the essence.

The forthcoming local elections could be a means to send a broad message that the people have had enough of the parliamentary political parties and their politics by electing in sufficient number groups with an anti-imperialist outlook that challenges the existing corrupt political order dominated by chauvinism and narrow nationalism, and imperialist dominated consumerism.

The task before the left and progressive forces is to mobilize the people organizationally along the road of mass struggle.

# Comrade Jose Maria Sison

*Comrade SK Senthivel, General Secretary of New Democratic Marxist Leninist Party issued the following statement of appreciation of Comrade Sison on behalf of the Central Committee of the Party*



*(Image Courtesy: Philippine Revolution Web Central)*

The New Democratic Marxist Leninist Party (NDMLP), Sri Lanka expresses amid profound sorrow its highest respects for Comrade Jose Maria Sison who led and guided the Philippine revolution as founding chairman of Communist Party of the Philippines (CPP), founder of the New People's Army (NPA) and pioneer of the People's Democratic Government in the Philippines. The NDMLP considers Comrade Sison among the greatest Marxist Leninist thinkers of our time and an indefatigable revolutionary fighter.

His life since days as a youth leader and activist has been one of revolutionary struggle to uphold and promote Marxism-Leninism and national democracy. In the process he waged relentless ideological and cultural struggles against anti-communist forces to build the Communist Party of the Philippines from its humble beginnings into a formidable mass political force.

He was an outstanding Marxist Leninist ideologist upholding Mao Zedong Thought as Marxism Leninism in the era of neo-colonial revival of imperialism, and he persevered against revisionism within the CPP to reset the Party firmly on the foundations of Marxism-Leninism.

His leadership guided the CPP's growth into a strong revolutionary political force, even when it was forced underground by the martial law regime of the brutal dictator Ferdinand Marcos, and inspired the masses to shake the foundations of the martial law regime. Undeterred by his arrest and torture by the armed forces of the Marcos regime and a term of solitary confinement, he devised ways to keep contact with the CPP leadership and other revolutionary forces. The anti-fascist mass upsurge following the assassination of Marcos' nemesis Benigno Aquino in 1983, forced the US to desert Marcos. Comrade Sison who was released, despite US objections, following the overthrow of Marcos in 1986 was driven into exile in 1987 by the reactionary Corazon Aquino regime which he exposed as serving big bourgeois comprador and landlord interests.

The CPP lost political ground in his absence owing to sections of the CPP falling prey to delusions of democratic reforms under Corazon. Comrade Sison led the revitalization of the CPP by the Second Great Rectification Movement, launched in 1992, to strengthen the Party to ever greater heights by 1998.

Since 1992, Comrade Sison, along with the NDFP Negotiating Panel, ably represented the interests of the Filipino people and the revolutionary movement in peace negotiations with successive representatives of the Government of the Philippines. As Chief Political Consultant of the NDFP Negotiating Panel he wisely guided the NDFP in its negotiations with the Government over the past 25 years.

His paper “Stand for Socialism Against Modern Revisionism” was a beacon of theoretical clarity that lit the path of socialist revolution amid the gloom that befell the global left when capitalism was fully restored in the Soviet Union in 1990, which the global bourgeois mass media hailed as rejection of communism, end of socialism and triumph of capitalism. Comrade Sison’s sharp Maoist critique of modern revisionism in the paper offered a clear historical understanding of the process of capitalist restoration in the USSR since 1956. The paper served as key to understand the continuing viability of socialism and inspire the Filipino proletariat to persevere in the two-stage revolution and the international proletariat to thrust forward the socialist cause.

Comrade Sison’s base in Utrecht became a political centre for international communist and anti-imperialist resistance movements. His prominent role in the centennial celebration of Mao Zedong in 1993 inspired a spirited campaign that reaffirmed Marxism Leninism and asserted Mao Zedong Thought as Marxism Leninism of the era of modern imperialism.

In the early 2000s, he played a key role in the formation of the International Conference of Marxist-Leninist Parties and Organizations (ICMLPO), an important centre for ideological and practical exchange among proletarian parties that uphold socialism and reject modern revisionism. He offered valuable insights and practical assistance to numerous communist parties of Asia, Europe and the Americas.

In the past decade, he led the International League of People’s Struggles (ILPS) which served as a global coordinating centre for anti-imperialist movements. His paper “On imperialist globalization” in 1997 clarified that the proletariat remains the leading revolutionary force in the era of imperialism and socialist revolution.

Most remarkably, his scientific outlook, balanced judgment and keen awareness of the global situation enabled him to recognize the main enemy, take stands that distinguished between friendly and hostile contradictions and between short and long term threats, and recognize the need for a united front to isolate and defeat the main enemy of humanity.

Comrade Sison's role in the international anti-imperialist struggle made him a prime target of US imperialism which placed him, the CPP and NPA on its list of "foreign terrorists" and persuaded the Dutch authorities to harass him using bogus charges. But Comrade Sison dared to overcome the US-Dutch conspiracy to intimidate him.

Prominent among major contributions of Comrade Sison are:

- His invaluable insights into the domestic crisis and the situation of the revolutionary forces in the Philippines, and advise to the CPP and the revolutionary forces in the Philippines that advanced the revolution to a new and higher stage.
- His critical analysis of the international conditions resulting in a Marxist-Leninist critique of the capitalist crisis of overproduction underlying the international financial crisis and the prolonged depression that haunts global capitalism, and reaffirmation that we are still in the epoch of imperialism, the final stage of capitalism.
- His keeping aglow the flames of Marxism-Leninism-Mao Zedong Thought as a mentor of the international communist movement, and inducing the proletariat to take advantage of the crisis of capitalism to persevere in the path of socialism and communism to propel the international communist revolution into a new dawn of revival and reinvigoration.

The New Democratic Marxist Leninist Party on this occasion of great sorrow at the loss of the great Marxist Leninist leader expresses its full solidarity with the Communist Party of the Philippines and other oppressed masses of the Philippines in their continuing struggle for freedom and social justice.

The Party pays its profound respects to Comrade Sison and sends its deep condolences to the Communist Party of the Philippines, the New People's Army, the National Democratic Front of the Philippines, the proletariat and the oppressed Filipino people, his family, friends and relatives.

# The Crisis and the Struggle

*(Report submitted to the Party Secretariat and circulated for limited readership in early July 2022)*

## The Background

The source of the current crisis is the neoliberal economic policy that the UNP put into effect in 1978. Privatization of state enterprises and unlimited import of luxury goods and unrestricted inflow of private capital in the name of open economy distorted the economy and wrecked prospects for building a national economy. Persuading workers and homemakers to seek work in the Middle East and then the Export Processing Zones (EPZs) led to two million out of a population of 22 million working abroad and around 200 thousand in EPZs in 2020. That denied to the country a quarter of its work force, many skilled and semi-skilled, badly needed for industrial development.

External debt surged since 1978 because of the boost to consumerism under the open economic policy alongside strangulation of local industry. Much of the earnings from overseas workers and tourism went into import of non-essentials. Little was invested in modernising agriculture or industry.

Several political and economic experts who once overwhelmingly endorsed UNP's open economic policy now admit that the economy was opened up prematurely. They were myopically bitter about the frugal policy of the SLFP-led United Front government of conserving foreign exchange as they resented the resultant dearth of luxury goods. There were also food and fuel shortages caused by the seven fold rise in the price of petroleum and two years of global drought in the 1970s. While frugality was wise and necessary for a country which was a net importer of food and heavily reliant on export of plantation produce for foreign exchange, the government's flawed notion of self-sufficiency curtailed all

manner of import, including material essential to industry, and hurt economic growth.

Fresh public memory of shortages and long queues for bread and other goods alongside the UNP's pledge of unlimited supplies brought down the government in 1977. The parliamentary left which left the ruling coalition in 1975 and 1976, killing the United Front, and went it alone at the elections of 1977 to help the humiliation of the SLFP, and its own decimation.

The UNP took full advantage of its 5/6 majority to introduce a new constitution with a powerful executive presidency and to privatize the state sector of the economy. It also improperly prolonged its life by a full term with its steamroller majority intact, using a 'referendum' in 1982. While the country opened up to foreign businesses, there was little fresh investment in industry. Most were commercial ventures with an eye to short term profit. EPZs were dominated by foreign apparel businesses who took advantage of the Western import quota allocated to the country and good manual skills at low cost. The reckless economic development policy soon strangled local industry and where it did not privatization and free trade did.

The government took advantage of the shell-shocked state of the opposition to put down the trade union movement and working class protest. It also targeted the Tamil minority with discriminatory practices, police brutality and communal violence. The communal tension nurtured by the government led to Tamil militancy, and the government in the name of fighting separatism and terrorism, distracted public concern for the growing economic crisis. The net result was rise in ethnic tension, prolonged war, suppression of democracy, ruin of the economy and more privatization to fund the war. The political crisis made long term investors reluctant. India helped escalation of the war in the North-East by supporting Tamil militants and used the situation to intervene and impose conditions that served its defence interests and a weak solution to the national question in the form of the 13<sup>th</sup> Amendment, yet to be

implemented fully but undermined in various ways since passage through parliament in 1987.

Popular frustration with prolonging war, aggravation of economic problems under an assertive executive presidency led to a change of government in 1994. But that changed very little. The executive presidency remained, war escalated and economy stagnated. India kept a distance following the humiliation of the Indian Peace Keeping Forces in 1990. War resumed in 1991, and India's then rival the US sneaked in on pretext of backing a peace process in 2001, while India did its utmost to wreck peace talks. The talks failed, thanks to the intransigence and dishonesty of both LTTE and government, besides Indian intrigue. The US, annoyed by LTTE's lack of cooperation, used the pretext of its War on Terrorism to support the government against the LTTE, and India, now warming up to the US after the collapse of the USSR, joined in.

None of these helped the weakening economy. War further slowed down the economy, drained resources and escalated debt. Borrowing, confined to government to government lending and loans from ADB, IMF etc. until 2006, moved to capital markets under Mahinda Rajapaksa in 2006 when denied credit by IMF to meet loan commitments. Sri Lanka issued international sovereign bonds (ISBs) to secure dollar-denominated loans, a method encouraged by powerful global interests since interest rates fell in the Global North. ISBs allowed financial autonomy, but at high interest rates and short repayment periods. As there was no restriction on spending the money borrowed, successive governments made ISBs the chosen way to obtain foreign loans, particularly since the upgrade of Sri Lanka to middle income status in 2007, which restricted the volume of concessionary loans on offer. ISBs comprised approximately 47% of the total foreign loans in 2019, most of which is now owed to BlackRock, JPMorgan Chase and Prudential (US), Ashmore Group and HSBC (Britain), Allianz (Germany) and UBS (Switzerland).

The US and India supported the Rajapaksa government's war resumed in 2006. But the US held back on supply of arms in 2007 in order to assert control over Sri Lanka. China came to the rescue at a critical moment of

the war to subvert US plans and reinforce goodwill with Sri Lanka. This infuriated the US, already obsessed with a fear of rising Chinese influence in Asia. The US has sought to punish Sri Lanka for human rights violations since the end of the war. This has little to do with US interest in democracy or human rights.

Thus the UNHCR's human rights theatre staged annually in Geneva is a means to harass an inadequately friendly government, which is by no means free of guilt. But human rights issues got soft pedalled when the UNP ruled from 2015 to 2019. Yet Tamil political leaders tell the Tamils that the US will secure justice for them in Geneva and elsewhere. India beautifully walks the tight rope of raising the hopes of Tamils without letting down the Sri Lankan government in international fora.

## **The Current Crisis**

That the economy would be in trouble owing to the global economic impact of the COVID-19 'pandemic' was to be anticipated. The government took unduly harsh steps to control infection that seriously hurt the local economy. It failed to foresee the fall in tourism earnings. Bigger mistakes included tax cuts when the economy faced trouble. The ill-considered ban on import of synthetic fertilizer led to fertilizer shortage when farmers needed it most. Farmers protested in anger and the government responded by ordering organic fertilizer from a reputed Chinese manufacturer. The Agricultural Department declared as contaminated with a hazardous bacterium, and the supplier contested the claim with test reports by independent laboratories and took the matter to an international arbitrator. The government beat a retreat and compensated the supplier, without admitting fault. Interestingly, it reordered a fresh consignment from the same supplier. Meantime, an Indian source was identified to supply 'organic fertilizer', which really was pelletized ammonia fertilizer. Farmers could not apply properly the unfamiliar product and the paddy crop suffered. The President was answerable for a catalogue of mistakes based on guidance by a circle of ill-informed advisors (the Viyathmaga 'intellectuals'). His use of the

armed forces to carry out civilian tasks including infection control led to much heartburn among state employees.

US\$ 7 billion was needed in 2022 to service the huge foreign debt of the order of US\$ 50 billion, while foreign reserves down to \$1.6 billion in March 2022 fell to 0.5 billion in April. Depletion of foreign currency reserves and mismanagement of funds affected unloading of shipments of food, fuel and medicines. Amid the chaos, the government messed up the schedule of import of fuel, with the petroleum refinery remaining shut down. That in turn hurt electric power generation, road transport, and fuel supply for domestic use like petroleum gas (LPG) and kerosene. Mishandling of LPG import by securing a large stock of a highly volatile LPG mix led to fire accidents at homes and restaurants. Withdrawal of the unsafe LPG cylinders led to a shortage of LPG, while shortage of equipment and kerosene made switching to kerosene hard, and firewood was impractical for urban homes. Shortage of fuel severely disrupted production and supply chains of food items.

There has been an inexplicable change of heart of the US towards the Gotabaya Rajapaksa government, which has in return worked hard to please the US and India since mid-2021. India grabbed the opportunity to offer generous credit to purchase essential goods from India besides currency swap deals in return for strategic projects in Sri Lanka. However, downgrading of Sri Lanka by rating agencies such as Moody's compounded difficulty in further borrowing to meet debt repayment. Devaluation of the Sri Lankan rupee and flotation of the currency since early March has raised the cost of a US dollar from around 200 rupees to 350 rupees by late May. This move made in the hope of rescue by the IMF only exacerbated the plight of the people facing soaring prices amid persistent shortages of food, fuel and medicine.

Shortages and endless queues led to urban protest which struck root on the Galle Face Green (GFG), Colombo, close to the old Parliament, now Presidential Secretariat. Its initial slogan "Gota Go Home" demanding resignation of the President was expanded to include the Parliament. The number protesting swelled from a few in early March to thousands late

in the month. Having failed to disperse protesters with tear gas, the President declared a nationwide public emergency on 2<sup>nd</sup> April. In fairness, the police and armed forces were instructed to refrain from excessive violence. Continuing shortages and long queues aggravated public anger, and countrywide mass protests met with a few instances of excessive police violence. A 36-hour island-wide curfew failed to intimidate protesters, and protest sprang up in other urban centres. Trade unions threw their weight behind the protests in an all island hartal (shutdown) on 28<sup>th</sup> April and pledged a general strike from 6<sup>th</sup> May.

Emboldened by rising support, part of the protest moved to the Prime Minister's official residence, near the GFG. The Prime Minister perhaps lost his calm. Busloads of his supporters arrived at his residence on 9<sup>th</sup> May. Following a provocative address by him, they swooped on the protesters nearby and went on to attack the main site in the GFG. Protesters were injured, and shelters and other constructions at the site were destroyed, while the police stood and watched. The Prime Minister resigned soon after.

This was soon followed by well-coordinated arson attacks on properties of key personalities of the ruling SLPP, including the ancestral home of the Rajapaksas. Following this orgy of anti-government violence of dubious origin, with arson not hurting even a fly, the embattled President regained his composure. Amid the weeks long political chaos following the resignation of ministers and infighting within the government and the main opposition party, he chose Ranil Wickremesinghe, the sole (unelected) MP of the UNP as Prime Minister. The appointment, a buoy to save the seemingly sinking President, was promptly welcomed by both the US and India.

The President agreed to certain political terms including repeal of the obnoxious 20<sup>th</sup> Amendment and restoration of the 19<sup>th</sup> Amendment, to slacken the Rajapaksa family's hold on power. But the debt crisis is far from over and the ragtag army of new ministers with scant reputation for integrity knew no way out of the growing political crisis.

Fearing plans to stabilize the government under the President, a massive protest was announced for 9<sup>th</sup> July. Over a hundred thousand protesters gathered in GFG; some forced their way into the President's House, the Presidential Secretariat and the official residence of the Prime Minister. The President fled the country via Male to Singapore from where he resigned his post after naming his prime minister as interim president.

Protesters still angrily demand the resignation of the Prime Minister who is also Interim President, and the Parliament is to elect the President for the remaining term until end of 2024.

## **Debt Crisis and Geopolitical Rivalry**

Economic crises generally provide avenues for external powers to enhance economic exploitation and gain geopolitical influence. In the Sri Lankan context, this involves India, the US and China, and of course proxies of the US.

The country is in the grip of a foreign debt trap, which was never an issue until the US chose to attack Chinese development loans to Sri Lanka. About half of the total foreign debt of the country comprises market borrowings from US and European lenders by issuing international sovereign bonds (ISBs). Other big lenders are Asian Development Bank (13%), World Bank (9%), China and Japan (10% each).

Of late, the US and India have been pushing Sri Lanka to negotiate with the IMF to restructure and repay its massive debt. But IMF structural adjustment implies the usual prescription of privatization, cutbacks in social safety nets and alignment of economic policy with Western interests, to the detriment of standard of living of the local working people, while widening the wealth and earnings disparity. The country will be eternally stuck in debt as the IMF is hostile to protective economic policies in the Third World.

India extended a \$1 billion credit line to supply essential food and medicine. While the Sri Lankan government claimed that no conditions were attached, local analysts suggested a strong link with agreements offering Indian companies exclusive access to investments in the island.

The US with the open-ended Acquisition and Cross Services Agreement under the belt in August 2017, is still seeking to sign a Status of Forces Agreement, which would make Sri Lanka in effect a US military base. While US attempts to foist the US Millennium Challenge Corporation Compact have failed so far owing to local protests, attempts at control over land, transportation and communication infrastructure in Sri Lanka persist.

Sri Lanka's strategic location amid sea lanes of the Indian Ocean makes it vulnerable to the cold war now on between China and the Quadrilateral Alliance (Quad) comprising US, Japan, Australia and India over China's influence in Sri Lanka and China's right to navigation in the Indian Ocean. China's Belt and Road Initiative (B&R) includes the Hambantota Port and Colombo Port City in Sri Lanka.

The US is out to wreck B&R and attributes sinister motives to the inclusion of Sri Lanka in China's Belt and Road Initiative (B&R) which links over 140 countries and regions, with India, Japan and Taiwan as notable Asian absentees. The Quad's special interest in Sri Lanka is to undercut Chinese influence, especially B&R, atop US plans to encircle China and Indian paranoia about China that threaten peace in the region, regardless of assurance by China that it has no military interests in its harbour projects.

China is nevertheless a potential imperialist power and Chinese military presence is avoidable at any cost, while no aid programme should be undertaken at the expense of Sri Lanka's national interests or its environment.

In the context of Sri Lanka as a likely theatre of geopolitical rivalry, the debt crisis is more than an economic crisis. The fear that a "staged default" could push Sri Lanka into an IMF bailout is real, with the added prospect of the island's integration with the US-dominated geopolitical and economic agenda.

The reputation of Mahinda Rajapaksa governments for corruption and their warmth towards China are twinned by pro-West ideologues and media persons. Warmth towards China has more to do with Chinese

diplomacy based on non-interference and unwavering support to friendly countries. Meanwhile, India readily attributes each of its failures to secure a contract in Sri Lanka to Chinese influence. Attacks on China for “supporting” the Rajapaksas in the past somehow contrast with a blind eye to influence held by the US and India since Basil Rajapaksa, a US citizen, was brought in from the US to become Minister of Finance, only to create a financial mess with his ill-advised monetary and tax policies and step down when he could not face Parliament.

### **The Protest Movement**

Ruling party supporters claim that the GFG protest was a conspiracy where NGOs had a big hand. Not just NGOs, even dubious business and media organizations had for undeclared reasons financially aided the protest. Vulnerability to such infiltration is strong in a protest movement seeking to be ‘apolitical’. What was a spontaneous protest gathered a momentum of its own, with predominance of urban middle class youth. From the outset moves were afoot to depoliticize the protest. While avoidance of politics saved the protest from being hijacked by any parliamentary party, it also denied the protest opportunity to grow into a mass movement for democracy and social justice. Support and sympathy from trade unions and the general public from the rest of the country have yet to transform it into an all island movement.

A commendable feature of the protest is that it has not been parochial or refused to see the country as multi ethnic and multi religious. Nevertheless, the GFG protesters and adherents elsewhere have thus far not offered an alternative leadership with a vision or a viable political roadmap for mass mobilization. The country, amid the growing confusion and chaos, risks running into a volatile political impasse. To understand the complexity of the economic issues involved and to break out of the paralyzing debt cycle the movement needs to see beyond domestic issues and break through the incessant news cycles of corporate media to appreciate the oft overlooked but important global economic and geopolitical dimensions of our problem.

Narrow nationalist parties, while endorsing the demand for the President to resign, have no interest in building parallel movements among their respective electorates to dovetail into a national democratic movement for social justice. Hidebound with parochialism, they remain chained to their loyalty to foreign patrons.

### **An alternative sustainable approach**

Most protesters who demanded President Rajapaksa's resignation and later the entire parliament are still unaware of the global dimension of the Sri Lankan crisis. They still have an oversimplified picture of corruption and theft as causes of the problem. It helps local and foreign interests which still have a say in steering the course of the protests to keep it that way so that the campaign is not diverted by other political issues that could create problems in the aftermath the regime change that they desire.

The protesters have yet to join growing global calls for debt cancellation, restriction of the capital market and protective economic policies to save fragile economies and avert debt crises.

The GFG campaign secured partial victory with the resignation of the Prime Minister. The resignation of the President fulfilled the initial demand. Some supporters of the struggle consider that to be adequate, for they fail to see beyond the immediate issues of shortages, price hikes, corruption and rule of law. But, as expected by the genuine left, the US had manoeuvred to make its client prime minister and now Interim President. The election of a new president on 20<sup>th</sup> July will change very little except for short term stability. Visions of long term stability and economic recovery differ. They are conditioned by external interests, especially US imperialism and Indian expansionism seeking to contain China. China while not openly meddling in political matters will act to protect its economic interests and political influence. Thus US–China, rather than Sino–Indian, rivalry will be main threat to political stability of the country.

Redefining development is essential to free the country from the imperialist economic grip. Delivery of economic liberation demands the resolution of the national and democratic crises facing the country. It is not an easy task, but is essential for building a democratic anti-imperialist movement for national unity and social justice. Enabling that is the challenge facing the genuine left.

The genuine Left has to take a realistic and flexible attitude towards the GFG struggle.

It has to recognize its revolutionary potential and encourage its growth into an anti-imperialist mass liberation movement. It should guard against being hijacked to serve narrow and opportunist interests. Reactionary thought and deed can be defeated only through a democratic process.

Freeing the country from the Western Credit Trap is central to economic recovery and that has to be accompanied by directing economic activity away from consumerism, rationalizing the service sector and reindustrializing the country based on a national economic policy.

The struggle has to go beyond protest to activation of the masses in social and economic work towards devolution of political and economic power.

Resolution of the national question needs the recognition of it as one among four nationalities and steps to eliminate hostility not only between nationalities but also religions.

Liberation also means liberation from dominant reactionary ideology so that proactive attitude towards gender and caste equality to eliminate hierarchical attitudes is essential.

Thus the struggle to advance towards mobilization of the masses for national economic recovery and social justice has to be firm in its anti-imperialist, anti-hegemonic stand. In short the struggle in the process of growth should undergo an educational process to remould itself as a revolutionary vanguard.

# **Sri Lankan Crisis: what was wished, what arrived, and what should be**

*S. Sivasegaram*

## **Aragalaya: the Roots**

When mass protests dubbed 'the Aragalaya' started in Colombo in February, few suspected a foreign hand, for public disaffection with the government was strong because of its mishandling of the economy had led to shortages of food, fuel and many essential items including patent medicine. Prices were on the rise amid shortages marked by kilometres long queues for fuel for cooking and transport. The government was at a loss to address the problems, which would have been eased somewhat had there been planned procurement and distribution of essentials.

Much of the state's inability to meet emergencies was inherited. Road transport of goods was almost fully private by late last century. The state owned railway, once the main island-wide bulk transporter of liquid fuel was undermined decades ago in the interest of private road transporters. Streamlined collection and milling of paddy by the Paddy Marketing Board was wrecked to serve rice milling monopolies. Most services under state control were left to rot by mismanagement under political appointees. The economy itself rapidly changed from a mainly farming and plantation crop economy struggling to industrialize to one exposed to predatory foreign investment and unhindered inflow of foreign goods, paid for by the export of labour on a large scale. (Over 2 million of a population of 21.6 million work abroad, mostly in the Middle East.)

Anti-union legislation, whipped up communal feelings and the civil war together had blunted the will for political protest. The JVP's second insurrection (1988-89) was a disaster not just for the JVP, but also for all democratic opposition. The two JVP insurrections and the war were used to beef up the police and defence forces, which remain as strong as they were during the peak of the war. The war was fought on borrowed money. The country's economy was in a state of ruin and none but a few lone voices were bothered by indebtedness, as there were many lenders for consumption. Thus, unlike before 1978, there was no public protest about rising prices and declining standard of living for the many as long as there was no shortage of goods.

The JVP, nominally the strongest 'left' party, with its Sinhala chauvinism still intact, has become yet another opportunist parliamentary political party. In a hurry to share power, it compromised with Mahinda Rajapaksa to back his presidential bid in 2005 and become partner in the SLFP-led electoral alliance. It paid a heavy price by way of a three way split of the JVP and loss of credibility among earlier supporters. Mahinda took advantage of the military victory over the LTTE in May 2009 to sideline his rivals. Corruption and abuse of power caused his defeat in 2015. But the chaotic rule by the UNP-led alliance with the SLFP as junior partner that defeated him helped his brother, Gotabaya, an absolute novice in politics and a notorious Sinhala Buddhist chauvinist, to become president and Mahinda to be elected prime minister.

A global economic crisis was over the horizon when Gotabaya became president in 2019 November. Local economy began to feel its impact amid the global panic stirred by the said COVID-19 pandemic. Gross mishandling of COVID-19, marked by an initial casual attitude followed by overkill including lockdowns, exaggeration of infection and mortality data, and mandatory vaccination, led to loss of earnings from tourism and remittances from expatriates. serious loss of work for casual and self-employed workers compounded the crisis. This was followed by closure

of many urban small businesses, mostly forever. Thus it was well known in 2021 that an economic crisis and a financial crunch were impending, well ahead of the Central Bank declaring early this year that foreign reserves were at critically low levels. The financial crisis led to shortages of imported food, fuel and pharmaceuticals among other essentials.

An earlier comment in Marxist Leninist New Democracy has noted that economic trouble was to be expected owing to the global economic impact of the COVID-19 'pandemic'. Among other serious mistakes, unduly harsh steps by the government to control infection further hurt the economy. Many fail to see the current problem as the outcome of opening up the economy in 1978, the resultant ruin of the national economy, and the tendency to borrow to feed an uncontrolled consumerism. Even as a financial crunch approached, non-essential goods including luxury motor vehicles were imported and the rich received tax concessions, in keeping with the pattern since 1978.

## **The China Bogeyman**

Pro-Western and Indian media pundits denounce debts owned by China (just 10% of all foreign debt and mostly for development projects) ignoring big lenders like ADB, Japan and the World Bank and, notoriously, market borrowings from private investors in the West owning nearly half of the debt). An anti-China agenda in South Asia was initiated at the dawn of the century with the claim of a Chinese naval build-up in the Indian Ocean (the Necklace of Pearls). Unfounded charges aggressive intentions followed, and gathered momentum as Sino-Lankan ties improved in the face of US bullying of the government. Prior to the general election of 2015, the UNP, the main opposition party, declared that the Port City in Colombo was an ill-considered project which it will abandon when it came to power. It also denounced the Chinese built Hambantota Harbour as a white elephant and humiliated the Chinese built airport nearby by storing paddy in its warehouses. A

leading figure in the UNP boastfully cited an African anti-China newspaper 'The Namibian' to deride Chinese loans as 'debt traps'.

The UNP's empty boast eventually came to naught after the UNP-led alliance won the elections. The Port City project resumed after an avoidable 17-month long construction delay. What the government achieved was a loss of goodwill.

Much of print and Internet media are under the influence of the West, partly owing to long time reliance on global media empires for foreign news. Tamil media pander to anti-left Tamil nationalists, who in turn pander to the Indian establishment.

There is reason to believe that some state officials deliberately act to give China a bad name. Experts in coal thermal power noted that frequent breakdowns at the Chinese built coal power station on the west coast was unusual for a Chinese coal power plant, as China leads the world in coal power technology. The power plant has since operated smoothly, but sections of the media even report a routine maintenance closure as a breakdown. Such mischief impacted on consumers suffering daily power cuts due to petroleum-based fuel shortage. Nothing is spared by some to attack China, and the 'Chinese virus' tale was a boon to them amid ones like aggression against Taiwan (not much on Tibet or Xinjiang nowadays), Chinese 'organic fertilizer scandal' (the scandal really being a state laboratory falsifying results to claim that the fertilizer had lethal bacteria contaminants), and China's debt trap to seize Hambantota harbour (where 85% of the shares transfer of the harbour were transferred to a Chinese company to raise funds to service loans owed mainly to private lenders). The Chinese Naval research vessel episode of August is now spun by Indian media to claim that China provoked a dispute by arm twisting Sri Lanka to allow its vessel into Hambantota, whereas Indian arm twisting forced Sri Lanka to cancel a prior agreed visit by the Chinese vessel to provoke the crisis. Indian news media

reporting has been most disgraceful since Indian humiliation in the Galwan Valley border skirmish of June 2020.

In the past several years, India went out of its way to wreck Sino-Lanka relations by pressurizing the government to cancel legitimate commitments to China, the last bring the failed effort to keep out a Chinese naval research vessel. Every time India had its way, insensitive Indian media gloating embarrassed Sri Lanka.

The US has been most vicious and uses the print and electronic media and the Internet to slander China. US diplomats and regional officers breach diplomatic norms to warn the Sri Lankan government against Chinese assistance and security threat to Sri Lanka.

Amid charges of a Chinese loan trap, it was India that shamelessly used loans and grants to pressurize Sri Lanka. It took advantage of the recent financial predicament of Sri Lanka to secure projects for Indian companies, bypassing normal procedures of scrutiny— most shamefully a recent offer of two renewable energy projects to the Adani Group, a political ally of Premier Modi without calling for tenders. India has also secured a long lease of oil storage facilities close to the strategic natural harbour in Trincomalee. These are being challenged in court.

Rising US and Indian influence with the Sri Lankan government was visible months after the election of the former US national Gotabaya as President and particularly after the appointment of his brother Basil, a US national, as Minister of Finance in July 2021. Basil resigned in disgrace both as minister and MP in June 2022, but remains a powerful manipulator within the ruling party. But the false impression persists that the Rajapaksa clan is under Chinese influence.

## **The Crisis and the Components of the Protest**

Leaving out the oft repeated details, the crisis can be summed up as the outcome of a combination of global trends starting with the slowing

down of the Western economy since 2018, aggravated by the impact of the (even deliberate) mishandling of COVID-19 by lockdowns that reversed global economic growth (notable exceptions being the pharmaceutical and private health care businesses which). The collapse of tourism income and fall in foreign remittances hurt foreign currency earnings to rapidly drain foreign currency reserves. Erroneous government policies compounded the problem to cause shortages, which were the main basis for the 'Aragalaya' protest.

The pain of shortages and price hikes was worsened by poor distribution owing to poor planning and domination of transport, storage, processing and distribution by the private sector. An ill-advised devaluation of the rupee worsened the crisis with little benefit for foreign currency reserves. Shortages and ceaseless long queues gave birth to the Aragalaya. But the Aragalaya was not entirely spontaneous. There was organization and media support, with protesters persuaded that Rajapaksa family's corruption was the main cause of the crisis. The President was the focus of attack, as paraphrased by the slogan 'Gota go home', with demands built around the dictatorial ways of the President, corruption of the Rajapaksa family, economic mismanagement, cronyism and breach of law and justice. But little went beyond 'Gota go home' and its corollaries like 'Mahinda go home' and 'Bring back the loot'.

Aragalaya, however, had a strong spontaneous component comprising members of middle class, very literate in English. Absence of the poorer classes was not by design. The working classes, although supportive, kept a distance. Left and progressive circles noticed foreign hands and a hidden agenda, but considered it inappropriate to censure a campaign with growing popular support, and the only public protest that persistently stood up to a repressive government. Meanwhile, the government — on a week wicket amid shortages and rising prices and fearful of unforeseen consequences — held back on use of force to suppress the protest.

Moves by NGOs and other donors to visibly transform the protest into evenings of merriment manifested in providing protesters with holiday camping tents, gas cookers and cylinders of gas, bottled water, portable toilets and accessories, and packets of semi-luxury food. Some who were unimpressed nostalgically quoted Mao: “A revolution is not a dinner party” — a strong reminder of which was badly needed.

While middle class supporters at home and abroad made fancy comparisons with the Arab Spring and Colour Revolutions (mindless of their eventual outcome), NGOs acted to depoliticize the struggle and narrow its scope to a demand for the resignation of the President while keeping all political parties out, in the name of unity of the struggle. The role of economic liberalization and imperialist meddling received minimal attention unlike the corruption of the Rajapaksas. Little thought was given to the post-crisis economic future.

As Aragalaya gained support from left leaning trade unions and student bodies, NGOs began to lose grip. Fresh calls emerged demanding more than resignations. While Aragalaya was content with parliamentary government, political discourse within Aragalaya led to calls for radically changing the constitution and a truer form of democracy.

Attack on the protesters by the Prime Minister’s goons was followed by his resignation, and well-coordinated arson attacks on properties of key ruling party personalities and a few killings. This orgy of violence helped the embattled President to regain composure and offer two leaders from the opposition SJB the post of Prime Minister, which they turned down so that Ranil Wickremesinghe became Prime Minister. His appointment was promptly welcomed by both the US and India.

The massive protest of 9<sup>th</sup> July expedited the President’s resignation that was over the horizon. The occupation of the President’s House, Presidential Secretariat and Prime Minister’s official residence intimidated the President to flee the country, resign his post, and name

the Prime Minister as interim president as per constitutional provisions. The unforeseen election of Ranil as President by parliament was in fact a coup by the Rajapaksa family that marked Aragalaya's change of fortune.

The lack of a clear plan, poor organization and uncertain aims led to serious tactical errors. Protesters at every level were blissfully unaware of the nature of the state. Some interpreted the rather restrained (but least of all supportive) posture of the police and the army as signs of weakness.

Ranil used occupation of state residences and offices as a pretext to unleash avoidable violence on the protesters. It was only a sign of things to come. The Army's attack, that carefully avoided use of firearms, was designed as a warning to Aragalaya protesters. That intimidated a sizeable section of the comfortable middle class protesters and their supporters, who later found comfort in the gradual restoration of distribution of petroleum fuels and its benefits.

The US found itself in an awkward situation. Although the net outcome was to its pleasure with a very much pro-US politician as President, who is amenable to reactivating the bid to impose the Millennium Challenge Corporation project that has been rejected several times besides projects like the Status of Forces Agreement that fell by the wayside in the past several years. President Wickremesinghe is perhaps the keenest to oblige the IMF to secure a loan to tide over the debt problems by inflicting any harsh condition that the IMF may impose. He has already set in motion price increases of food, electricity and water supply based on the devaluation of the rupee early this year and the global rise in prices. Despite the heavy increase in price of food and fuel, urban public anger is yet to boiling over, as the middle class tends to compare the Wickremesinghe regime with what immediately preceded him.

## **Observations on the Aragalaya**

Aragalaya started as a middle-class protest movement, deluded into imagining that an apolitical urban protest could put the country on track to economic recovery.

Its identification of abuse of power, corruption and mismanagement by government leaders as things that hurt the economy is valid. But that is an incomplete picture, as the country owes its present plight to the open economic policy since 1978 that destroyed the national economy, wasteful consumerism, and heavy borrowing for non-productive purposes, including an avoidable war. Aragalaya's notable omission of imperialism as a source of the economic woes points to the say the US-funded NGOs had in it

It had faith in the parliamentary system, and blamed the failure of the economy on the corruption of a handful. Even at the stage when it suggested that all MPs should resign, it did not reject the parliamentary system. Realization that the parliamentary system as it exists cannot address the problems of the country, however, began to sprout within the Aragalaya, but needed time to mature into a policy alternative. But Aragalaya was derailed well before that could happen.

The Aragalaya was commendable for its secular and inclusive stand, call for rule of law free of state intervention, fair elections, freeing of political prisoners, defiance of threat by the arms of the state as well as by pro-government forces. But it was naïve to believe that transformation was attainable through a bourgeois parliament.

Discussion of the national question was eschewed by inadequate political debate. That became an excuse for Tamil nationalists to persuade Tamils to keep a distance. Only the Tamil left, especially the NDMLP, saw potential in the Aragalaya to address core issues.

Aragalaya ignored the class nature of the state (thanks to NGO activism), and mistook the tactical reserve shown by the armed forces and the police as fear of public wrath and hoped that they could be neutralized.

## **Political Attitudes**

Parliamentary political parties backing the Aragalaya saw in it a ladder for electoral uplift in what may follow the collapse of the government. Some were explicit that Aragalaya should stop at getting the President and at most the cabinet to resign. They saw in the crowds that gathered votes for themselves besides campaigners in the elections to come.

Former partners of the SLPP-led government who fell out recently had less hope in the Aragalaya, and were thus critical supporters.

There were hard right wingers, including Ranil, whose endorsement of Aragalaya was nominal and limited to a democratic right to protest.

The collapse of the Aragalaya in the face of violence unleashed by Ranil exposed the vacillating nature of the urban middle class, of whom many quickly distanced themselves from the Aragalaya on pretext of undemocratic and unlawful conduct that let down the side. The NGOs are embarrassed, and at best denounce Ranil but stop short of mobilization against the oppressive state.

The US and its allies too were embarrassed as they had to retreat from their endorsement of the protest through secret funding for the NGOs.

Some have yet to reconcile to the turn of events that to their surprise if not shock brought Ranil to 'power'.

## **The Future following the Great Reversal**

The Ranil Wickremesinghe presidency has to be understood as a presidency with its executive power trimmed to suit the Rajapaksas.

Ranil, posturing as a tough leader maintaining law and order, will not dare hurt the Rajapaksas or their cronies.

The President's measures to address fuel shortage by a fuel rationing scheme was well received, although users of hiring vehicles are forced to buy most of their fuel in the back market, including petrol stations. Prices of all food items have soared and the level of child malnutrition is like to escalate. Removal of subsidy for small scale consumers of electricity has delivered a blow to the poor and lower middle class households. Removal of subsidies seems to be in anticipation of the grant of an IMF relief.

Enthusiasts for IMF credit seldom reveal that IMF loans are designed to service loans by burdening the toiling masses, while the country remains indebted. It will take some months after the IMF deal to feel the pain.

Foreign policy will be tailored to suit US imperialist and Indian regional expansionist interests, but to avoid offending China, as the economy is likely to rely on the Colombo Port City to boost foreign investment.

Early economic recovery is unlikely, and even if shortages are eliminated, rising prices will deny access of goods, including essentials, to a large section of the population. While the state apparatus is being readied for a confrontation in the event of mass protests, legislation has been enacted to limit the scope of public protest and could be widened in scope in the face of growing mass agitation.

It is too soon to forecast a fascistic rule by an alliance of pro-Western imperialist forces and local reactionaries. But the danger drifts closer to realization, with no parliamentary political party showing the will, desire or capability to act against it.

## **The Response to be**

- In an immediate sense, the residual Aragalaya offers the most hopeful rallying point for the revival of resistance to state oppression.

While building a democratic anti-imperialist movement for national unity and social justice is the challenge facing the genuine left and progressive forces, defence of democratic and legal rights of all citizens will need to be the immediate and central battle cry against state repression.

Economic demands and call for social justice will inevitably enter the campaign as the Aragalaya evolves into a mass-based progressive anti-imperialist movement.

- There is a great need to learn from the experiences of the seven months of struggle.

Dangers of adventurism are manifold, and the very persons who hailed some of the ill-conceived actions as heroic were quick to denounce them as lawless after the protest collapsed.

Caution is important against infiltration by vested interests through agencies such as NGOs.

- Political education is urgently needed in:

Understanding imperialism and the importance of struggle against imperialism, its hegemonic allies and local partners.

Redefining development in ways that it will free the country from the imperialist economic grip

Appreciating that delivery of economic liberation demands the resolution of the national and democratic crises facing the country.

- The genuine Left needs to take a realistic and flexible attitude towards Aragalaya to avert its being hijacked by narrow, opportunist interests. Reactionary thought and deed can be overcome only through a democratic process.
- Freeing the country from the Western Credit Trap is central to economic recovery and that has to be accompanied by directing economic activity away from consumerism, rationalizing the service sector and reindustrializing the country based on a national economic policy.

- The struggle has to transcend protest to activation of the masses in social and economic work towards devolution of political and economic power.
- Resolution of the national question needs recognition as one concerning four nationalities with steps to eliminate hostility between nationalities as well as religions.
- Liberation is also liberation from dominant reactionary ideology, and a proactive approach is essential towards gender and caste equality to eliminate hierarchy.
- Most importantly, the struggle, to advance towards mobilization of the masses for national economic recovery and social justice, has to be firm in an anti-imperialist, anti-hegemonic stand. In short the struggle in the process of growth should undergo an educational process to remould itself as a revolutionary vanguard.

*(Written in August 2022 for limited circulation)*

# IMF Budget and Economic Devastation

*Ahilan Kadirgamar*

National budgets reveal the economic policies for the following year, and at historic moments the shift in the economic policy trajectory for a number of years. The recently announced Budget 2023 comes amidst the worst economic crisis in the country since Independence, and its commissions and omissions require careful analysis. In this context, as with the mini-budget for September to December of 2022 unveiled in August 2022, the budget for 2023 has the singular focus of addressing the demands of the IMF. The consequences of this budget are going to be further devastation of the economy.

In the past, I have discussed at length the causes of this great economic crisis underway; particularly the open economy reforms and the neoliberal shift in the late 1970s, the second wave of neoliberalism with the post-war changes in Sri Lanka and the global financial crisis after 2008, and the disruptions with the pandemic starting in 2020. Here, I draw on a talk I gave at the Centre for Society and Religion (CSR) on November 25, 2022 and discuss the perilous situation for the country with Budget 2023 and the so-called IMF solution.

The national economy is experiencing a hard landing. According to the World Bank, the GDP of the country is going to contract by 9.2% in 2022 and a further 4.2% in 2023. This is what is called an economic depression. Given Budget 2023, I argue we are going to see an even larger contraction next year. What does such economic contraction entail? People will lose

their income streams, unemployment rises at a drastic pace and livelihoods are severely disrupted. A food crisis linked to the economic depression increases malnourishment and starvation. Our children's education and wellbeing are affected, and we are going to lose a generation.

## **IMF Path**

The devastation underway by the so-called IMF solution began eight months ago in March this year. The recommendations of the IMF Staff Report made public in March 2022 became a reality in the months soon after, and I outline below those concrete measures underway. The overnight devaluation of the rupee from around Rs. 200 to Rs. 360 to a dollar, with corresponding 80% increase in the prices of imported goods was passed onto the consumers. This could not have come at worse time as global commodity prices also rose with the war in Ukraine. The result was rising inflation in the latter half of 2022 on the order of 60% and food inflation reaching even 90%.

The Central Bank raised interest rates by two and a half times from 6% to 15.5%, and continues to claim this will bring inflation down. However, the high levels of inflation are not caused by the heating of the economy, but due to the one time devaluation of the rupee and rising prices in global commodity markets. The consequence of interest rate hikes are bankruptcies of SMEs, leading to the tremendous increase in unemployment and disruption of livelihoods. A liquidity crisis – where banks raise interest rates and are unwilling or incapable of lending – is making credit unavailable or unaffordable to carry out economic activities by both small firms and even rural producers such as farmers. Market pricing energy has led to fuel prices increasing three to four fold. And there is a 50% reduction in the amount of fuel distributed in October 2022 compared to January 2022. Clearly, such a fall in the supply of fuel,

including the dampening of demand with higher prices, inevitably grinds the economy to a halt.

State expenditure is drastically reduced due to austerity policies leading to the further contraction of the economy. During an economic depression, the private sector stops investing due to falling expectations of future demand for their output and households avoid expenditure to prepare for a bleak future leading to the further collapse in demand for goods and services. This was the lesson from the Great Depression of the 1930s, that the state should stimulate the economy through investment when aggregate demand is collapsing. But that wisdom is lost with the neoliberal turn, and now the IMF and Sri Lankan policymakers are blindly following the austerity route.

The consequence for our people dependent on the informal sector making over 60% of our population is disruption of their livelihoods as demand for wage labour grinds to a halt. According to a September 2022 report by the Food and Agriculture Organization of the United Nations and the World Food Programme, incomes of 40% of the households – mainly those involved in day wage labour and agriculture – have declined by 50%, while food prices have almost doubled.

## **Budget 2023**

If this harrowing picture is the context for Budget 2023, what is in it? No stimulus for the economy, and no attempt to even address the food crisis. Agricultural production in 2022 is estimated to be 40% less, and we are likely to continue on that path next year, with no support for the agricultural sector.

Budget 2023 only seeks to address the two conditions of the IMF. First, a primary surplus by 2025, which means state revenues are to exceed state expenditure in a couple of years. Second, to make financial provisions to

address debt restructuring, by showing there will be adequate revenues and future loans to repay existing loans.

In Budget 2023, total government expenditure is to be Rest. 5,800 billion, of which interest payments are to be Rs 2,200 billion and allocation for state expenditure are to be Rs 3,600 billion. Revenues are projected at Rs. 3,400 billion, where revenues are expected to drastically increase from Rs. 1,500 billion in 2021 and Rs. 2,100 billion in 2022. Foreign and domestic financing after subtracting debt payments are estimated at Rs. 2,400 billion. The primary budget deficit next year is projected to be Rs. 211 billion or as a percentage of GDP just 0.7%. This is an impossible target unless there is devastating austerity, as the budget deficit was 5.7% in 2021 and estimated to be 4% in 2022.

This is the focus of Budget 2023, which is to address the IMF's demands. But this is a fairy tale! Revenues are unlikely to increase even if they try to squeeze out working peoples' incomes through VAT for the reason that the economy is in free fall. So in reality the Government will spend much less than they allocate. That has been the secret of the Treasury all along, where they make allocations in the budgets that are not dispersed when revenues targets are not met. Furthermore, foreign financing is unlikely, but there will also be no need to repay the external loans if debt restructuring is not underway.

In other words, lower revenues will be matched by lower expenditure, and if debt is restructured then debt payments will be matched by more loans. The simple logic of the budget is tremendous austerity and an economy spiralling down to rock bottom.

With or without the IMF Agreement currently being negotiated, the IMF solution underway is crushing the working people where real wages, already down by 40%, will be repressed further. Such a cruel solution devastates working people with starvation, even as it seeks to make Sri Lanka more competitive in the global markets with tremendous

reduction in the wage costs of export products. At the heart of the IMF solution is the class question. Are we going to allow the devastation of the working people and lose a generation, in order to ensure the longer term profit-making interests of the decrepit Sri Lankan elite and exploitative global capital?

## **IMF Agenda**

How do we understand the two major conditions of a primary surplus and debt restructuring, necessary for sealing the IMF agreement and disbursement of its funds. Peter Doyle, who had worked at the IMF for twenty years, has exposed the IMF's agenda in Sri Lanka and Zambia, in an article on September 15, 2022 (<https://www.niesr.ac.uk/blog/imfs-programs-zambia-and-sri-lanka-editions>). He critiques the IMF condition of primary surplus for Sri Lanka in 2026 of 2.3% of GDP. He claims Sri Lanka's well performing peers, including Thailand, Vietnam, India and China, have over the last two decades on the average had a primary deficit of 2% and even the IMF recommendations going forward for them is a primary deficit of 1.5%. So, why is the IMF demanding such large surplus for Sri Lanka with the attendant austerity measures, while its best performing peers have a consistent deficit? It is because the IMF is not concerned about the growth of the Sri Lankan economy, and only concerned about debt restructuring in the favour of creditors, particularly bond holders, so that the budget surplus ensures repayment of the loans.

Debt restructuring negotiations have had little movement, despite the repeated statements of advancement claimed by the policy establishment. Sri Lanka's debt restructuring is caught in a geopolitical game with global consequences. It was a disastrous move on the part of policy makers, egged on by neoliberal think tanks and advisors, when Sri Lanka prematurely defaulted on its external debt in April this year. It came at a moment when a mere US\$ 78 million had to be repaid that

month, and the next major Sovereign Bond payment of US\$ 1 billion was only due three and half months later in July. Valuable time squandered without restricting imports or seeking bilateral financing, and alienating Sri Lanka's largest bilateral donors such as China and Japan. Sri Lanka's neoliberal morons, who know nothing about global political economy and only suck up to Western agencies, drew a rosy picture of rapid debt restructuring after default and an IMF agreement soon after surrendering to it.

Debt restructuring is stalled because of the different interests of the major powers, in a global situation where Sri Lanka is one of the first of possibly over thirty developing countries that are facing debt problems including the possibility of default. The West led by the US will use its weight behind the IMF to put pressure on China to restructure its loans, while China sees this as a precedent for how it addresses the debt of other countries. The bond holders in the international capital markets will hold out until Sri Lanka reaches boiling point under gruelling IMF conditions and the Sri Lankan negotiators surrender with little in the form of a haircut, or a reduction of the capital owed to them. The IMF unless forced to shift by the larger geopolitical interests of the West will continue with its painful fiscal disciplining of Sri Lanka to shape its engagement with other countries in line to seek its medicine. The reality is that the neoliberals who make up Sri Lanka's policy establishment and advisors have surrendered Sri Lanka into a geopolitical black hole of international debt despair.

## **Solutions and Revolts**

Sri Lanka is implementing the IMF conditions even as it waits for the IMF Board approval for the disbursement of funds. The irony of this supposedly great IMF solution underway is that the IMF funds will amount to a meagre US\$ 2.9 billion over 4 years, or an average of US\$ 60 million a month. Compare this amount to Sri Lanka's own foreign

earnings of close to US\$ 1.5 to US\$ 1.8 billion per month. In other words, Sri Lanka's external balances are much more dependent on whether Sri Lanka decides to prioritise and restrict imports and what happens in the global markets. Ultimately, it is global commodity prices with the ongoing geopolitical uncertainties and the stability of exports markets with the global recession that will have considerable impact on Sri Lanka's balance of payments. The significant point here is that with or without the IMF agreement there needs to be course correction. The priority now is relief to the people and economic stimulus towards halting the downward spiralling contraction of the economy.

The Rajapaksa regime mismanaged and destroyed the economy during its two and half year tenure since coming to power in November 2019. The Budget for 2023 unveiled by the Wickremesinghe–Rajapaksa regime is the culmination of the disastrous policy direction underway since March this year leading to the further devastation of the economy. The IMF agreement even if it comes through after long delays, is likely to be first of many more IMF agreements, as the economy goes through cycles of austerity and devastation. Indeed, this is the reality of the many IMF solutions around the world.

There is much at stake today, where a generation may be lost. The great powers will continue with their games, even as Sri Lanka is taken on the path to hell with promises of international solutions. The working people must awake to this reality and take democratic charge of the economy. The great revolt that came at the outset of the economic depression this year may be the first of many revolts necessary to change the dangerous political economic course of our country.

# IMF Negotiation of Assistance

An International Monetary Fund team visited Colombo between 20<sup>th</sup> and 30<sup>th</sup> June 2022 to discuss support for Sri Lanka and the comprehensive economic reform program of the authorities. The statement issued at the end of the mission asserted that *the objectives of the new IMF-supported program would be to restore macroeconomic stability and debt sustainability, while protecting the poor and vulnerable, safeguarding financial stability, and stepping up structural reforms to address corruption vulnerabilities and unlock Sri Lanka's growth potential.*

It also said: "Sri Lanka is going through a severe economic crisis. The economy is expected to contract significantly in 2022, while inflation is high and rising. The critically low level of foreign reserves has hampered the import of essential goods. During the in-person visit, the team witnessed some of the hardships currently faced by the Sri Lankan people, especially the poor and vulnerable who are affected disproportionately by the crisis. We reaffirm our commitment to support Sri Lanka at this difficult time in line with the IMF's policies.

"The authorities' monetary, fiscal policy and other actions since early April were important first steps to address the crisis. The team had constructive and productive discussions with the Sri Lankan authorities on economic policies and reforms to be supported by an IMF Extended Fund Facility (EFF) arrangement. The staff team and the authorities made significant progress on defining a macroeconomic and structural policy package. The discussions will continue virtually with a view to reaching a staff-level agreement on the EFF arrangement in the near term. Because public debt is assessed as unsustainable, Executive Board approval

would require adequate financing assurances from Sri Lanka's creditors that debt sustainability will be restored.

"In this context, discussions focused on designing a comprehensive economic program to correct the macroeconomic imbalances, restore public debt sustainability, and realize Sri Lanka's growth potential. Discussions advanced substantially during the mission, including on the need to reduce the elevated fiscal deficit while ensuring adequate protection for the poor and vulnerable. Given the low level of revenues, far-reaching tax reforms are urgently needed to achieve these objectives. Other challenges that need addressing include containing rising levels of inflation, addressing the severe balance of payments pressures, reducing corruption vulnerabilities and embarking on growth-enhancing reforms. The authorities have made considerable progress in formulating their economic reform program and we are looking forward to continuing the dialogue with them."

(Source: <https://www.cbsl.gov.lk/en/news/imf-staff-concludes-visit-to-sri-lanka-20220630>)

The International Labor Delegation comprising 512 activists from across the globe was formed following a Sri Lankan *call for solidarity with the people's uprising in July 2022*.

On 21<sup>st</sup> September, the International Labor Delegation (the Delegation from here on) to the IMF Concerning the Current Situation in Sri Lanka met with the IMF representative and a delegation of unionists and activists from the US and France in Washington.

The Delegation in its report of the meeting noted that the head of the IMF mission in Sri Lanka, Masahiro Nozaki had visited Sri Lanka on many occasions since April 2022 and that it was the Gotabaya Rajapaksa government that initiated discussions with the IMF to "restructure" the country's \$51 billion debt. Mr Nozaki on 1<sup>st</sup> September confirmed *reaching of a benchmark agreement for an IMF-supported program*.

The report also noted that IMF's proposals calling for the privatization of public services, massive layoffs of civil servants, the sale of vast tracts of public land, and a reduction in social spending were the cause of the general strikes of 28<sup>th</sup> April and 6<sup>th</sup> May 2022, the latter being the largest since 1953.

The Trade Union Coordinating Center (TUCC) of Sri Lanka stated in its manifesto titled "The Proposals of the Working Class for the Victory of the People" that *"In September, a preliminary agreement was signed between the IMF and the Sri Lankan government. ... All compromises or contracts signed with foreign powers privatizing or leasing resources must be abolished. All attempts to reduce public spending or to reduce the number of civil servants and lay them off must be stopped."*

In this context, the delegation questioned why the *'preliminary agreement'* has not been made public in its entirety, and sought explanation for keeping secret a document that affects the lives of millions of men and women. Interestingly, Mr Nozaki who responded that *this preliminary agreement still needs to be submitted to the IMF board*", also made an excuse that it is the Sri Lankan authorities who reserved the right to communicate the plan to the public. He confirmed that the complete text is not public and that the 1<sup>st</sup> September press release of the IMF is accessible, and added that *the agreement with the IMF staff includes fiscal consolidation measures, and that the team is in discussions with the Sri Lankan authorities on how to communicate the agreement*. The delegation noted however that, according to information available, the speaker of the Sri Lankan parliament has claimed that secrecy about the terms of the agreement was at the request of the IMF.

Attention was drawn to concerns of Sri Lanka's labour organizations, in particular the TUCC, *about the demand for widespread privatization of public services of State-owned enterprises, and Nozaki was asked which enterprises the IMF demands to be privatized. Reasons were also sought for IMF's call for labour law 'reform' and modifications to the agrarian reform law.*

*Among other issues raised was the inclusion of the oil and electricity sectors in the agreement and the call for banks to be privatized. Clarification was sought of IMF mission's part in the tripling of the price of electricity since 8<sup>th</sup> August.*

*The explanation offered by Nozaki for recommending a need for a top-to-bottom reorganization in the energy sector is interesting. He claimed that a series of energy subsidies had increased the debt, and is thus part of the problems faced by Sri Lanka, thereby justifying the alignment of pricing of energy products, fuel, electricity, etc. with the production prices of fuel and electricity. He conceded that it would result in reduction in subsidies, which would have an effect on consumers.*

*The delegation noted that the IMF mission's pushing the state — in the name of debt restructuring — to cease fulfilling its commitment to the funds providing workers' pension, and that the people of Sri Lanka must not bear the burden of repayment of a debt that they did not contract and from which they did not benefit. The people are not the ones responsible for the irresponsible decisions of their leaders."*

*Mr Nozaki explained that there is no privatization and that there are economic problems and management problems, and the IMF's method is to carry out reforms of public enterprises according to Article 4 of the agreement. The government will adopt diagnoses of corruption and measures to combat corruption." In this regard, he said that "the measures envisaged will meet the anti-corruption conventions of the US." He continued: "We want to contain the budgetary risks. We must recall that it's the public enterprises which have been a major source of budgetary problems. This ultimately hurts taxpayers, starting with the poorest." He added, "Our plan is for four years."*

*The delegation noted that this was a repeat of the rhetoric that has been used to dismantle public utilities around the world. Public utilities "pose budgetary problems" for international institutions since they are not intended to make a profit. That the austerity measures promoted by the IMF to address the financial crises could in reality exacerbate poverty*

and oppression ran contrary to the stated commitment by Nozaki to help the poorest of the poor, however commendable. As for the abolition of State subsidies to the energy sector, it can only result in a steep rise in the price of electricity, gas and oil, which will further burden the population. How can one not understand that "aligning the price of energy with the price of production" means in reality, following the abolition of State subsidies, an alignment with the financial markets and international speculators? In the context of the war that is spreading throughout the world, does this not translate immediately into an energy disaster for the population? Is the non-publication of the preliminary agreement intended to cover up the scope of the programmed devastation?"

A delegate shared his experience: "*The shareholders' quest for profit always takes precedence over the needs of working people and the poor. Workers in Sri Lanka should be able to feed their families, and that's true all over the world.*"

The delegation asked another question about the formation of an implementation monitoring committee in Colombo with representatives of the IMF and the Sri Lankan authorities. "*From our point of view,*" the delegation noted, "*this is a way to undermine the national sovereignty of the country. Who makes up this committee? What are its prerogatives?*" There was no response from Mr Nozaki on this question.

A delegate reminded that we are not talking about abstractions but about the plight of the people who are suffering more and more every day, and that the country is in a catastrophic situation and cannot wait four years. He followed with the question: "*Under these conditions, why condition a loan on the restructuring of the debt? Why not simply cancel the debt that is strangling the country?*" Mr Nozaki explained that the current negotiations are aimed "at making the debt more sustainable" and added, "*The IMF is at a macro level to address the problems at the source. It cannot intervene on the debt itself. The program includes macroeconomic adjustment measures that are painful, certainly, for the poorest and most fragile. That is why we need to expand the safety nets with the essential objective of cushioning the shock for the*

*most fragile. As far as Sri Lanka's rising debt is concerned, this is the result of macroeconomic mismanagement. This is also due to external shocks as well: let's not forget the pandemic, the war in Ukraine."*

The delegation asked the question. If the IMF can intervene on debt restructuring, it could very well declare that there is zero debt. How is it possible to protect the "most fragile" if tens of billions of dollars are diverted to repay a debt that is not the people's debt? It is clear that the IMF itself recognizes that "painful measures will be implemented." And the IMF cannot disclaim responsibility for the plans implemented — plans which over decades have led to the current disaster. Mr Nozaki concluded, "*We have set up bilateral dialogues, multilateral dialogues, with civil society organizations, with the opposition parties. We have sought to have a dialogue with a wide range of partners, within Sri Lanka and outside the country.*"

The delegation summed up its position that this is not its place to speak for the people of Sri Lanka and their organizations, and that it *will report back the IMF responses to the trade union organizations in Sri Lanka for them to make whatever decisions they deem necessary. We will continue to make the voice of international workers' solidarity heard."*

[The information above is sourced from the Organizer as given in:

<https://mail.yahoo.com/d/search/name=The%2520Organizer&emailAddresses=al anbenjamin%2540theorganizernewspaper.org&emailAddresses=theorganizer%2540theorganizernewspaper.org&listFilter=FROM&contactIds=8c9d.6a0b>]

## *Comments*

# The Games They Play

*Nal Thaya*

Damascus had rejected the (American) plan for a Qatar-Turkey gas pipeline, to the benefit of Iran-Iraq-Syria for which a memorandum of understanding was signed

What followed was a vicious, concerted “Assad must go” campaign: proxy war as the road to regime change. The toxic dial went exponentially up with the instrumentalization of ISIS— yet another chapter of the war of terror. Russia blocked ISIS, thus preventing regime change in Damascus. The Empire of Chaos—favoured pipeline bit the dust

Now the Empire finally exacted payback, blowing up existing pipelines — Nord Stream (NS) and Nord Steam 2 (NS2) — carrying or about to carry Russian gas to a key imperial economic competitor the EU.

We all know by now that Line B of NS2 has not been bombed, or even punctured, and it’s ready to go. Repairing the other three — punctured — lines would not be a problem: a matter of two months, according to naval engineers. Steel on the Nord Streams is thicker than on modern ships. Gazprom has offered to repair them — as long as Europeans behave like grown-ups and accept strict security conditions.

We all know that’s not going to happen. None of the above is discussed across NATOsan media. That means that Plan A by the usual suspects remains in place: creating a contrived natural gas shortage, leading to the de-industrialization of Europe, all part of the Great Reset, rebranded “The Great Narrative”.

Meanwhile, the EU Muppet Show is discussing the ninth sanction package against Russia. Sweden refuses to share with Russia the results

of the dodgy intra-NATO “investigation” of itself on who blew up the Nord Streams.

At Russian Energy Week, President Putin summarized the stark facts.

Europe blames Russia for the reliability of its energy supplies even though it was receiving the entire volume it bought under fixed contracts.

The “orchestrators of the Nord Stream terrorist attacks are those who profit from them”.

Repairing Nord Stream strings “would only make sense in the event of continued operation and security” ...

Buying gas on the spot market will cause a €300 billion loss for Europe.

The rise in energy prices is not due to the Special Military Operation (SMO), but to the West’s own policies.

Yet the Dead Can Dance show must go on. As the EU forbids itself to buy Russian energy, the Brussels Eurocracy skyrockets their debt to the financial casino. The imperial masters laugh all the way to the bank with this form of collectivism – as they continue to profit from using financial markets to pillage and plunder whole nations.

Which bring us to the clincher: the Straussian/neo-con psychos controlling Washington’s foreign policy eventually might — and the operative word is “might” — stop weaponizing Kiev and start negotiations with Moscow only after their main industrial competitors in Europe go bankrupt.

But even that would not be enough – because one of NATO’s key “invisible” mandates is to capitalize, whatever means necessary, on food resources across the Pontic-Caspian steppe: we’re talking about 1 million km<sup>2</sup> of food production from Bulgaria all the way to Russia.

The SMO has swiftly transitioned into a “soft” CTO (Counter-Terrorist Operation) even without an official announcement. The no-nonsense

approach of the new overall commander with full carte blanche from the Kremlin, General Surovikin, a.k.a. “Armageddon”, speaks for itself.

There are absolutely no indicators whatsoever pointing to a Russian defeat anywhere along the over 1,000 km-long frontline. The spun-to-death withdrawal from Kharkov may have been a masterstroke: the first stage of a judo move that, cloaked in legality, fully developed after the terrorist bombing of Krymskiy Most— the Crimea Bridge.

Let’s look at the retreat from Kharkov as a trap — as in Moscow graphically demonstrating “weakness”. That led the Kiev forces — actually their NATO handlers — to gloat about Russia “fleeing”, abandon all caution, and go for broke, even embarking on a terror spiral, from the assassination of Darya Dugina to the attempted destruction of Krymskiy Most.

In terms of Global South public opinion, it’s already established that General Armageddon’s Daily Morning Missile Show is a legal response to a terrorist state. Putin may have sacrificed, for a while, a piece on the chessboard— Kharkov: after all, the SMO mandate is not to hold terrain, but to demilitarize Ukraine.

Moscow even won post-Kharkov: all the Ukrainian military equipment accumulated in the area was thrown into offensives, just for the Russian Army to merrily engage in non-stop target practice.

And then there’s the real clincher: Kharkov set in motion a series of moves that allowed Putin to eventually go for checkmate, via the missile-heavy “soft” CTO, reducing the collective West to a bunch of headless chickens.

In parallel, the usual suspects continue to relentlessly spin their new nuclear “narrative”. Foreign Minister Lavrov has been forced to repeat ad nauseam that according to Russian nuclear doctrine, a strike may only happen in response to an attack “which endangers the entire existence of the Russian Federation.”

The aim of the D.C. psycho killers – in their wild wet dreams – is to provoke Moscow into using tactical nuclear weapons in the battlefield. That was another vector in rushing the timing of the Crimea Bridge terror attack: after all British Intel plans had been swirling for months. That all came to nought.

The hysterical Straussian/neocon propaganda machine is frantically, preemptively, blaming Putin: he's "cornered", he's "losing", he's "getting desperate" so he'll launch a nuclear strike.

It's no wonder the Doomsday Clock set up by the Bulletin of the Atomic Scientists in 1947 is now placed at only 100 seconds from midnight. Right on "Doom's doorstep".

This is where a bunch of American psychos is leading us.

As the Empire of Chaos, Lies and Plunder is petrified by the startling Double Fail of a massive economic/military attack, Moscow is systematically preparing for the next military offensive. As it stands, it's clear that the Anglo-American axis will not negotiate. It has not even tried for the past 8 years, and it's not about to change course, even incited by an angelic chorus ranging from Elon Musk to Pope Francis.

Instead of going Full Timur, accumulating a pyramid of Ukrainian skulls, Putin has summoned eons of Taoist patience to avoid military solutions. Terror on the Crimea Bridge may have been a game-changer. But the velvet gloves are not totally off: General Armageddon's daily aerial routine may still be seen as a, relatively polite, warning. Even in his latest landmark speech, which contained a savage indictment of the West, Putin made clear he's always open for negotiations.

Yet by now, Putin and the Security Council know why the Americans simply can't negotiate. Ukraine may be just a pawn in their game, but it's still one of Eurasia's key geopolitical nodes: whoever controls it, enjoys extra strategic depth.

The Russians are very much aware that the usual suspects are obsessed with blowing up the complex process of Eurasia integration – starting with China’s BRI. No wonder important instances of power in Beijing are “uneasy” with the war. Because that’s very bad for business between China and Europe via several trans-Eurasian corridors.

Putin and the Russian Security Council also know that NATO abandoned Afghanistan – an absolutely miserable failure – to place all their chips on Ukraine. So losing both Kabul and Kiev will be the ultimate mortal blow: that means abandoning the 21st Eurasian Century to the Russia-China-Iran strategic partnership.

Sabotage – from the Nord Streams to Krymskiy Most – gives away the desperation game. NATO’s arsenals are virtually empty. What’s left is a war of terror: the Syrianization, actually ISIS-zation of the battlefield. Managed by brain-dead NATO, acted on the terrain by a cannon fodder horde sprinkled with mercenaries from at least 34 nations.

So Moscow may be forced to go all the way – as the Totally Unplugged Dmitry Medvedev revealed: now this is about eliminating a terrorist regime, totally dismantle its politico-security apparatus and then facilitate the emergence of a different entity. And if NATO still blocks it, direct clash will be inevitable.

NATO’s thin red line is they can’t afford to lose both Kabul and Kiev. Yet it took two acts of terror – on Pipelineistan and on Crimea – to imprint a much starker, burning red line: Russia will not allow the Empire to control Ukraine, whatever it takes. That’s intrinsically linked to the future of the Greater Eurasia Partnership. Welcome to life at Doom’s doorstep.

# 2023 Budget: An Assault on People's Economic and Civic Rights

*Swasthika Arulingam*

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On 8 December, the Ranil-Rajapaksa regime will approve a budget that can be unequivocally called the most devastating piece of economic legislation following the 1977 liberalisation. It is aimed at opening up avenues for private profiteering by crushing more and more economic and civil liberties of the people. In other words Budget 2023 is a deflationary budget which will lead to the contraction of national income, increase unemployment, increase poverty and inequality.

It is even more disturbing to note that such a regressive piece of legislation will be approved by a parliament with no public mandate. The general public is in a state of destitution.

A commercial elite encompassing the import-export sector under the direct patronage of the political establishment instigated the ongoing economic collapse as we repeatedly pointed out in our earlier statements. The budget speech of the unelected President however, declared working people as the instigators, branding them “lazy” and “unproductive”. This is the only means of vindicating a budget that disproportionately centres the fiscal burden and the cost of the economic collapse on masses.

It proposes to relax labour laws chipping away rights of the workers who keep the entire nation and its economy afloat while fattening the spoils of a corrupt business elite. The budget aims to achieve this tremendous farcical feat by exploiting the crisis to justify new labour laws and privatising profitable state institutions at inevitably dirt cheap prices. The business elite already multiplied profits by capitalising on shortages in a collapsing economy, and by suppressing export sector wages when the currency lost 80% of its value against convertible currencies.

### **A Budget Victimising Working People and the Poor**

As we emphasised in our earlier statements, Sri Lanka and most underdeveloped economies in general are facing a foreign exchange liquidity trap that developed over the past few decades. Its final outbreak resulted in interest rate and exchange rate mechanisms being unable to influence capital flows, sufficiently enough to strike a balance in investments and savings, without increasing unemployment, without creating hyper-inflation and finally without depressing real wages below subsistence. As a result, a large section of the population is currently thrown below subsistence, reflected by 43% of children under five in Sri Lanka suffering from malnutrition (Ministry of Health, December 2022).

In this context, the budget slashed the allocation to the Agriculture Ministry by a staggering 17% to Rs. 115 billion and the allocation to the Fisheries Ministry remains stagnant at Rs. 6.5 billion compared to Rs. 6.4 billion the previous year. Such paltry allocation comes at a time when food production and distribution should have been the foremost focus of the Government.

This indicates that the regime has no intention of addressing widespread starvation and malnutrition, and is allowing the private sector to reap tremendous margins by exploiting the acute shortages in the sector. (We will further elaborate this point later in the discussion). Meanwhile, the budget proposes to allocate Rs. 538 billion for defence and Rs. 305 billion to build more roads, highways and bridges, continuing the waste of public resources while depriving funds to the ministries capable of arresting hunger and malnutrition.

The budget will also significantly aggravate the cost-of-living problem through its proposed composition of taxes. The indirect tax component reflected by goods and services taxes is projected to rise as much as 80% next year as opposed to the 60% increase in direct taxes, reducing the direct-to-indirect tax ratio of the economy to around 29% from 30.3% in 2022. This means to say that the problem of hyper-inflation will be further aggravated once the proposals come into effect. A falling direct-to-indirect tax ratio indicates that a greater share of the fiscal burden is being paid by ordinary consumers, causing internal price levels of essentials to rise further.

### **A Budget Rewarding the Real Instigators of Economic Collapse**

Failure in the interest rate and exchange rate mechanism in restoring balance in investments and savings is reflected by tremendous capital outflows throughout the last three decades or so, especially through BOI firms enjoying tax-free imports of raw materials and machinery. This enables the illicit transfer of capital through mis-invoicing and transfer pricing. It is safe to claim that outflow of capital over the past three decades is far greater than the total foreign debt of the public and private sector combined. The situation has intensified since the last quarter of 2021 where exporters have also refused to repatriate a substantial proportion of their residual export incomes, fuelling the foreign exchange crisis.

However, in spite of the issue being widely reported throughout the past two years, the budget has no proposal to address the foreign exchange crisis by enforcing strict capital controls, repatriating capital illegally transferred and raising export sector wages in line with depreciation. Budget also contains no provision for conducting forensic audits on foreign debt to identify odious debt. On the contrary, it is proposing to sell state owned enterprises while it's repeatedly shown the business elite itself is largely responsible for the collapse. It is absurd to assume that a crisis will be resolved by handing over public assets to those who instigated it.

Further, initial pre-budget plans to revoke all BOI tax holidays and subject all export firms to a 30% corporate tax have been erased from the

2023 Budget. BOI firms will retain all the tax benefits they enjoy so far whilst other, far smaller exporters will be subjected to a 30% corporate tax. This will lead to a colossal loss of tax revenue as BOI firms account for 70% of export revenue of Sri Lanka. These outrageous tax holidays offered to BOI firms contributed to the sharp drop in tax revenue as a percentage of the GDP since the early 1990s when BOI firms started expanding, as shown by Professor Mick Moore. The expansion of BOI firms also enabled the outflow of capital through mis-invoicing and transfer pricing further escalating the decline in tax revenue as a share of the GDP.

### **A Budget which Addresses the Crisis**

The crisis amounts to a market failure which necessitates strict State intervention. The budget can be an instrument which eases cost of living through strengthening the currency and subsidising essentials through rationing and price controls. It must boost employment through a program of industrialisation. The existing business elite however, seems to have no interest in pursuing such proposals. In fact, they are stifling the progress of production forces by stashing away resources overseas and parking surpluses in socially counter-productive assets like luxury condominiums, villas, real estate, luxury vehicles, etc., further wasting foreign exchange in the financial system.

The State therefore should launch an industrial plan aiming the production of necessities for both domestic and possibly world markets. Counter-productive assets of the elite must be converted into tradable savings to finance the process apart from repatriating capital outflows. The collusion of the political establishment and the backward business elite in this connection, is borne out by only Rs. 2.4 billion being allocated to industrial development while roads, highways and bridges absorbing over 25% of public investments.

The budget can also address hyper-inflation depressing real wages below subsistence. Despite exchange rate losing 80% of its value this year, price of essentials shot up three to four times, significantly exceeding the rate of depreciation. This stems from the high level of income inequality –

those who have higher purchasing power, both firms and individuals, stash the limited essential resources available at almost any given price.

On the other hand, importers of essential inputs like fertiliser and other agrochemicals have exploited the situation to amass a fortune by setting supply prices two to three times higher than cost prices, ripping off not only poor farmers but also the entire population. Such exploitation seems to be the general modus operandi of all business elite involved in supplying essentials. It has in turn pushed a large proportion of the population to remain on the brink of starvation and a general state of destitution.

A system of rationing and price controls of both essential inputs and final goods must be enforced to ensure justice in income distribution and ensure average incomes are not collapsing below subsistence. The steep reduction in funds allocated to the Ministry of Agriculture, however, indicates that the government is clearing further space for the business elite to reap super profits at the expense of a starving population.

### **A Budget which Must be Resisted**

All these factors ensure that the 2023 Budget therefore will go down in history as the most destructive and regressive piece of legislation to come before Parliament since the liberalisation of the economy in 1977. By voting it in, the Ranil-Rajapaksa regime and its Parliamentary flank will be condemning Sri Lanka's working and poor masses to unimaginable poverty and misery whilst handsomely rewarding the corrupt business elite responsible for the present economic crisis. It is up to all Sri Lankans opposed to this to condemn and resist this budget and the cruel, callous Government proposing it.

Austerity measures, low wages, taxing the poor and the working people, cutting down state expenditure in times of crisis, rewarding the rich with tax holidays and relaxed capital control, has never pulled any state out of economic crisis. That is what history has taught us. We will go down in history as a failed nation placing thousands of people in acute misery and starvation if we do not resist this anti-people budget for the year 2023.

# **Resisting Imperialism: Know the Enemy**

Some define imperialism in ways that let them name states that they despise as imperialist. That done, it is easy to lump all 'imperialisms' in one basket and denounce them at will, regardless of context.

Marxist Leninist New Democracy has published several articles which held that the Soviet Union ceased to be socialist well before its collapse in 1991 and that China adopted state guided capitalism since 'Capitalist Roaders' led by Deng Xiaoping seized power. While post-Soviet Russia is openly anti socialist, China pays lip service to socialism. Recently the Chinese state imposed constraints on the economic power of its major capitalist ventures and paid attention to poverty alleviation in China. Thus China is at best be a state-controlled welfarist capitalist state.

The New Democratic Marxist Leninist Party has been cautious about calling Russia or China imperialist, while accepting that the two capitalist states can turn imperialist at some stage of their capitalist growth. This was discussed in some detail in articles in the MLND in the past several years. This essay is about the stand to be taken by progressives and socialists on current major global conflicts, and concerns the following key issues posed by the present global context:

- Which capitalist power or alliance is the greatest immediate threat to humanity?
- Which power or alliance is the biggest oppressor of the toiling masses and nations of the Third World?
- Which power or alliance poses the biggest threat to world peace?
- What will be the role of lesser capitalist powers in the context of the said threats?
- What demand most attention from the world's anti-imperialist forces?

The issues should be clear cut to committed anti-imperialists. But a dogmatic approaches to imperialism can distort reality and result in a tendency to lump together all 'imperialisms', regardless of context.

## **Russian 'Imperialism'**

The view that Russia is imperialist derives from Soviet hegemony, especially under Brezhnev. That led to use of the term "Social Imperialism' to describe Soviet conduct. Whether the Soviet hegemonic attitude towards its socialist allies would by itself make the Soviet Union an imperialist power is worth consideration. Based on the Soviet invasion of Czechoslovakia in 1968 and Soviet military threat against dissenting socialist countries, many Marxist Leninist parties including the Communist Party of China called the Soviet Union a 'social imperialism'.

Despite the flawed and hegemonic Soviet conduct, it seems of doubtful merit to place the Soviet Union on par with US imperialism, heading the global imperialist alliance of advanced capitalist countries.

China saw in the Soviet Union a hegemonic threat to its security, and pointed to Soviet ambiguity in several anti-colonial and anti-imperialist struggles, caused by considerations of loyalty to the Soviet Union. The Soviet Union urged fraternal communist parties in India, Sri Lanka and other countries to shamelessly back reactionary oppressive regimes. To spite China it sided with the Indonesian reactionary dictator Suharto on the question of East Timor. It was also accused of unfair exchange in its trade with the Third World. Charges also exist that the Soviet Union used the Council for Mutual Economic Assistance (Comecon) to control heavy industry and to monopolise mineral resources of member states.

Yet Soviet capitalism, unlike that of the US and allies, lacked key features of imperialism like capital export and cartel-controlled sales and prices of important raw materials and primary products.

Let us for instance look at the critique of I Wor Kuen in a detailed essay titled "Soviet Social Imperialism and the International Situation Today" [<https://www.marxists.org/history/erol/ncm-3/iwk-ussr.htm>]: "The external

source of revisionism in the Soviet Union was the surrender to imperialist pressure, while the internal source of revisionism was the existence of bourgeois influence. These are the political and ideological sources of the new bourgeois elements. Externally the US imperialists threatened nuclear blackmail of the Soviet Union, invoking the fear of atomic destruction. At the same time, the U.S. imperialists promoted reformist illusions that capitalism could be peacefully transformed. Capitulation to these pressures leads to a general abandonment of revolutionary ideals and principles.”

The arguments are sound, but sober reasoning fades when Kuen seeks to place the Soviet Union on par with US imperialism disregarding its key characteristics such as finance capital and capital export. The prospect of the Soviet Union becoming an imperialist economic power is not borne out by its hegemony in Eastern Europe or a few Third World countries.

Under Khrushchev, the Soviet Union played the dual role of colluding with the US to weaken revolution and competing with the US for global power. Subsequent changes in leadership did not activate Soviet interest in revolution. The aim was to divide the globe between the two in the hope that the Soviet Union would someday overtake the US as a global hegemon, even at the expense of liberation struggles.

It is true that the Soviet Union dominated over the European Socialist Bloc. But that needs to be viewed in the context of the threat posed by the range of US-led military alliances spanning Europe, Asia and Oceania—NATO especially. The Warsaw Pact was a response to NATO that came about under Stalin. No such prospect is discernible in today’s capitalist Russia, with an economy severely lagging the West in manufacture and modern technology, except in military technology.

Many Marxist Leninists have noticed fundamental differences between the imperialism of the West and the ‘Social Imperialism’ of the Soviet Union, especially on the economic front. Admittedly, bitterness about Soviet betrayal of socialism and revolutionary struggles led some to subjectively equate the Soviet Union to US imperialism. That besides, the

first ten years since the end of the Cold War, saw Russia reduce to a weakling in global politics, despite its military muscle.

Today, Russia is back as a global power with economic revival under a nationalist anti-left kleptocracy. But US–Russia rivalry is totally unlike the US–Soviet rivalry in the Brezhnev era (1964–82), when the Soviet Union, backed by socialist partners, especially Cuba and later Vietnam, and other friendly states competed for influence in the Third World. Russia today relies heavily on export of natural resources for economic revival. Still one may insist that Russia is an imperialist power and find imperialist motives in its every act, be it in Syria or the Ukraine.

### **Chinese ‘Imperialism’**

Chinese transition to capitalism was less dramatic as the state retained control over key sectors of the economy. Dismantling of many state and collective enterprises under Deng Xiaoping meant yielding to capitalism. But China had also adopted corrective measures, several years after the capitalist road let down weaker sections of the society, and intervened to arrest private sector bids to dominate the economy. Many evils of capitalism including corruption in high places have only been partly rectified. Some on the left hesitate to call China capitalist in view of the state’s role in guiding the economy. But recent reforms tending towards welfarism cannot make China a socialist country.

Calling China imperialist is much debated. The position of the NDMLP is that China will become an imperialist power if socialism is not restored. The NDMLP notes important differences between the imperialist states of the Global North and the Chinese state, and rejects attribution of imperialist motives to its every move in its dealings with other countries. Sadly, subjective thinking makes some repeat imperialist media to support their claim that China is imperialist. The ‘Debt Trap’ narrative is among tales that some ‘leftists’ repeat with scant regard for facts. Some denounce Chinese ‘belligerence against Taiwan’ as a sign of imperialist

attitude, while some parrot Western media narratives on ‘denial of democratic rights’ in Hong Kong and Xinjiang.

Among Chinese initiatives that defy a US-dominated unipolar global order are BRICS (an alliance of five major fast growing economies, soon to include a few more) and SCO (Shanghai Cooperation Organisation) a Eurasian political, economic and security body (the largest regional body in geographic scope, population and volume of global GDP). China’s One Belt One Road project (OBOR), a global infrastructure development strategy adopted by China in 2013 to invest in more than 150 countries and international bodies, seeks to establish a trade link supported by infrastructural development to boost production and trade in Asia, Europe and Africa. The US and allies see it as a threat to their domination of global trade. The US and partners worry about Chinese credit to countries to develop transport and shipping infrastructure, and abuse Chinese credit as “Debt Trap”. They also planned rival arrangements to undermine OBOR. But none has taken off. The US meanwhile revived long dormant military alliances like Quad (US, Japan, Australia and India, born in 2007, died in 2008 and resurrected in 2017) and initiated fresh ones like Aukus (Australia, UK and US) to contain China militarily.

It is pathetic for a ‘leftist’ to parrot US imperialist caricaturing of BRICS, SCO and OBOR as evidence that China is imperialist. Little attention is paid to the diversity of interests of the partners in each project that would resist Chinese hegemony. The prospect of China’s rise as an imperialist power using these projects amid China’s growing influence in the Third World is strong, but that is something for the future.

### **Other ‘Imperialisms’**

Several lists of imperialist powers exist, but lacking in consensus, as the criteria used are decided by subjective desire to serve specific purposes. The lists include, besides Russia and China, one or several countries like India, Türkiye (formerly Turkey) and Saudi Arabia among others, subject

to purpose, and some are very long. These outcomes of bad definition resemble snares meant for one creature invariably trapping others too.

Many avoid ranking imperialisms based on the scale or immediacy of the threat. That is not unusual, and we have seen Trotskyists place the Soviet Union on par with Nazi Germany. Ranking based on the gravity of the threat posed by an 'imperialism' could imply recognition of a main enemy, and thus defeat the purpose of wilful attack on selected targets.

Let us return to the questions raised earlier in the essay, namely,

- *Which capitalist power or alliance is the greatest immediate threat to humanity?*
- *Which power or alliance is the biggest oppressor of the toiling masses and nations of the Third World?*
- *Which power or alliance poses the biggest threat to world peace?*
- *What will be the role of lesser capitalist powers in the context of the said threats?*
- *What demand most attention from the world's anti-imperialist forces?*

The NDMLP considers the US-led imperialist alliance as the culprit in the first three issues. The role of other capitalist powers is not always constant and may swing from support to neutrality in conflicts involving the US, or occasional opposition subject to context. Thus the broadest possible anti US imperialist unity demands most attention today.

We affirm that US imperialism poses the biggest threat to freedom, peace and progress for the entire humanity. We endorse the NDMLP's stand that Russia and China are capitalist and potentially imperialist, and uphold its rejection of labelling as imperialist Türkiye, India, and Saudi Arabia among others that are expansionist and seek regional hegemony. To do otherwise will be to trivialize the concept of imperialism and divert attention from the main enemy.

To appreciate the impact of Chinese and Russian actions on the US imperialist global order let us, for argument's sake, concede that both China and Russia are already imperialist powers.

A key issue that concerns us is the desperate bid of US imperialism since the end of the Cold War for full control of the world with support from its allies and clients, most of them with an imperialist past in the 20<sup>th</sup> Century. The US was confident that it had everything wrapped up to be the sole global super power. But things did not work out that way. Russia's economic fortunes changed for the better under Putin, thanks mainly to the surge in petroleum price and better governance. The West sought to undermine the integrity of Russia by promoting secession in Chechnya with support from Saudi Arabia and other US allies in the Middle East. The firm stand of Putin paid off. Putin's political success was based on his strong nationalism and refusal to cave in to pressure from the US. Unlike China, the Russian state had no socialist pretences.

US imperialism was from the outset dishonest in its stated intentions towards Russia in the post-Soviet era. It breached its pledge to Russia that countries of the former Soviet Union will not be inducted into the NATO so as to allay Russian fears that an enlarged NATO will threaten its own security. But in 2004 the US-NATO alliance admitted Estonia, Latvia and Lithuania, to the NATO, besides several former Warsaw Pact countries, in its largest wave of expansion. Induction of Belarus and Ukraine would have completed the land encirclement of European Russia. Attempts at regime change proved unsuccessful in Belarus, while a fascist coup achieved it in Ukraine in 2014. The potential induction of Ukraine into NATO was a threat to the security of Russia— imperialist or not. The threat became closer to reality in the wake of the regime change attempt in Syria. Post-Soviet Russia was ready to strike back in Ukraine.

The late Comrade Sison, who calls both China and Russia imperialist, explains: "Upon US and NATO instigation, about 14,000 Russian Ukrainians have been killed by the fascists of the Kyiv regime from 2014 to 2022....Russian civilians have been massacred....The Russian population in Ukraine...dropped from 22% in 2014 to 17% at present. Since last year, the US and NATO have prodded Ukraine to become a NATO member. Ukraine's military was placed under NATO command and control. The military bases on the Russian border have been

increased and so have US and British military exercises and training of Ukrainian military. And Ukraine had a blitzkrieg plan against the Donbas. ([https://www.academia.edu/73499641/the\\_conflict\\_in\\_ukraine](https://www.academia.edu/73499641/the_conflict_in_ukraine))

Pathetically, many who brand Russia as imperialist proceed to declare the Ukraine conflict as a 'war of imperialisms' and shut their eyes to the proxy war waged by US, NATO and EU against Russia. What peace loving anti-imperialists wish is an early end to conflict and Russia and Ukraine resolving the residual, free US imperialist meddling.

Russia under Putin, like China, had let down the people of Afghanistan, Iraq and Libya against aggression by the US and allies, when the US took advantage of the wave of sympathy that swept the world after the 9/11 tragedy, to destroy Iraq and Afghanistan, knowing well that neither had a hand in the bombing of the WTC, New York. The Arab Spring starting in 2010 achieved little but to change the US puppet in charge in Egypt, Tunisia and Yemen. The name 'Arab Spring' was abused to topple the government in Libya with just chaos ruling in place of Gaddafi. Russia woke up to the reality as the US manipulated its Middle Eastern clients to achieve regime change in Syria.

Question may arise as to why, until the crises in Syria and Ukraine, Russia let the US wage wars at will. The answer will relate more to strategy than to any political principle. Russian measures in Syria and Ukraine are out of self-interest and need of survival than expansionism.

The regime change strategy of the US failed in Syria. Efforts to extend NATO territory to the border of Russia has done more to hurt its European allies, but not the US. Anti-Russian sanctions hurt the European economies with minimal impact on Russia, which has gained newer markets and trade partners to compensate.

Some still think that Kurdish liberation forces were wise to align with the US in Iraq and Syria to secure autonomy. US betrayal of its Kurdish allies should open their eyes to the realities of imperialist delivery of liberation.

China's defiance put paid to Trade War waged by the US to economically weaken China by invoking human rights violation after stirring trouble

in Xinjiang and Hong Kong. The diplomatic boycott of Beijing Olympics, ban on Xinjiang cotton and other goods, and the pathetic solidarity visit of Nancy Pelosi to Taiwan have all failed to achieve. Stirring trouble in South China Sea has not fared well, but Taiwanese independence is being revived as an act of provocation. Blaming the 'COVID-19 epidemic' on China failed to catch on. Meanwhile the OBOR project marches on despite US and EU attempts at subversion.

Such is the global reality of US imperialist expansion and Sino-Russian rebuttal to it. Would any serious Marxist Leninist accuse China or Russia of aggressively creating the theatres of global conflict?

Lenin stated the five main features of imperialism as: 1. monopolies are dominant in the economy and society, 2. bank capital has merged with industrial capital to form the finance oligarchy, 3. export of surplus capital has acquired pronounced importance over that of commodities, 4. the world economy is divided among the blocs of capitalist trusts, cartels and syndicates and 5. the division of the globe among the biggest monopoly capitalist powers has been completed.

Can one honestly say that these features define the path taken by Russia or China to become 'imperialisms'? Are the models of development that China offers to the Third World imperialist? If so, what practical alternative would they offer, free of continued domination by the West. Can anyone claim that Russia and China are waging expansionist wars and operating cartels to corner new markets and indulging in unfair trade practices?

The kind of imperialism that Russia or China may become will not be a stereotype of Western imperialism. It will be an outgrowth of State Capitalism, with other factors influencing its nature.

It will be gainful to understand how such imperialism will manifest itself and prepare the oppressed people and nations of the world to overcome it when it seeks to exploit and oppress them. Models based on prejudice serve no real purpose.

## *Summary of recent statements of the NDMLP*

*26 September 2022*

### **Call for an End to Oppression by Ranil–Rajapaksa**

The New Democratic Marxist Leninist Party, in a statement issued by its General Secretary Comrade SK Senthivel on its behalf on 26<sup>th</sup> September, said that the fascist face of the oppressive Ranil–Rajapaksa rule, which cruelly puts down peaceful protests of the people through oppressive regulations announced by Gazette notification, is now thoroughly exposed to the people. Their democratic masks have fallen and their disguise wiped out. Since the Galle Face Green protests over 3000 have thus far been arrested and detained. Of them, Wasantha Mudalige, convenor of the Inter-University Student Federation (IUSF) and two student activists have been detained under the Prevention of Terrorism Act (PTA).

Behaving in such fascistic ways is not the first time for the Ranil–Rajapaksa alliance and the Party strongly opposes and denounces the fascistic oppression conducted routinely and the legislation enabling it. The Prevention of Terrorism Act has been a despicable piece of legislation that has been used against the Tamil people since 1979. Ranil Wickremesinghe, then a member of the cabinet, was party to its enactment introduced by his uncle JR Jayewardene. Thousands of Tamil youth were subject to imprisonment and torture under it. Many Tamil political prisoners are still in detention for periods as long as 10 to 15 years. This act of legislation from time to time subjected Muslims and Hill Country Tamils to cruelty. The Party too was affected by it with party comrades suffering in prison for between 3 and 6 years. That cruel law has now been once again turned against the Sinhalese people and the youth.

Notably, the Party had opposed the PTA from the outset and conducted mass campaigns demanding its repeal. The Ranil–Rajapaksa ruling elite in the name of rule of law is implementing a cruel fascistic regime using the PTA and a host of Gazette notifications. Such has been the practice of 75 years of unpatriotic, anti-people, anti-nationalities parliamentary rule including 44 years of dictatorial presidential rule. The constitution that enabled the dictatorial presidential rule has propelled the country in the direction of doom. The ruling Sinhala Buddhist elite ruined the country in the name of patriotism and ethnic and religious loyalty. They used divisions based on race, religion and language to secure the votes needed to keep them in power, and called it freedom, democracy, franchise and rule of law. The vast majority of the people gained nothing from it and, today, working people have been pushed to a state of struggle for one proper meal per day. People are learning through experience who the root cause of these conditions is. It is now understood that the political leaders and political dynasties that determine the fate of the country are the ones who amassed wealth abroad by foul means, and have collected huge commissions for doling out the country's resources to foreign imperialist powers. They have a tight grip on state power, and the entire people face the disastrous outcomes of their dismal neoliberal economic policy in the form of political, economic, social and cultural crises.

The current constitution and the anti-people regimes that are at the root of such plight of the people must be overthrown. The Party urges a programme uniting the whole people and mass uprisings to achieve it.

*23 August 2022*

## **Promptly Release IUSF Activists**

The New Democratic Marxist Leninist Party, in a statement issued by its General Secretary Comrade SK Senthivel on its behalf on 23<sup>rd</sup> August, denounced the arrest and detention of the activists of the Inter-University Student Federation, and demanded immediate release of the detainees.

Matching the adage “A fool lifts the rock only to drop it on his feet”, President Ranil Wickremesinghe who became President by a shortcut has raised the Prevention of Terrorism Act to attack the people.

Ranil has granted permission to detain Wasantha Mudalige, IUSF Convenor and Hashantha Jeewantha Gunathilake and Galweva Sridhamma Thero IUSF activists for over 90 days under the PTA and conduct inquiries. This move is in the direction of subjecting the court and the people to even more cruel oppression.

The Party vehemently condemns this act of oppression and demands immediate release of the three detainees. The PTA which thus far had displayed its ferocity to the Tamils did not spare the Muslims and Hill Country Tamils either, and now it is let loose among the Sinhalese. to hunt the youth in particular. In passing this fascistic law, Ranil has even ignored the pressure of his Western masters so as to fulfil the wishes of the Rajapaksa clan to whom he owes his position. Measures are afoot to oppress the Sinhala youth and masses that carried forward the Aragalaya in the same way the PTA was used since 1979 to oppress Tamil people.

The ruling classes that wrecked the country, its economy and the people are protected, while Ranil has signed approval to hunt down the pro-people forces that stood up for people’s basic right to livelihood, against injustice and oppression, and to defend democracy.

The Party very strongly condemns this unpatriotic, anti-people course of action. It had done so just now, but it has ever since this law was enacted in 1979 continuously agitated to oppose the PTA and demand its withdrawal. Thus the Party joins hand with all people and parties and organizations that demand the repeal of the PTA. Likewise it urges the release of all persons who have been detained under the PTA.

*18<sup>th</sup> July 2022*

## **The Danger Facing the Country**

The New Democratic Marxist Leninist Party, in a statement issued on its behalf by General Secretary Comrade SK Senthivel, observed thus:

Ranil Wickremasinghe, having joined hands with Gotabaya Rajapaksa who was driven out of the country by a mass uprising, used his usual cunning to become Prime Minister and within four days Acting President of the country. His next target is to be elected interim President by parliament to secure executive presidential powers for himself. It is clear that firmly behind the conspiratorial moves of the ruling classes are the hands of the US, the West and India.

Under the conditions, the election of Ranil as interim President will cost the people far more than the political and economic crises that the country saw in the past 44 years. thus sending Ranil home is the demand of the hundreds of thousands of the protesters. Hence the Party joins in the call from the Galle Face Green battlefield.

The political and economic crisis that reached fresh heights in the past few months was not something that was created by the Rajapaksa family rule alone. The country is experiencing the consequences of the wrong political and economic programmes during the 74 years of bourgeois parliamentary rule since the said time of independence and the 44 years of executive presidency in the form of grave crises and sorrowful events. Those who are answerable are the politically dominant Sinhala Buddhist ruling class elite. But they will not, and Ranil will resort to games of New Constitution, parliamentary jugglery, consolidation of power and 'rule of law' designed to hunt out forces opposed to the ruling classes. His American masters will stand by him. US and Indian interests will be served accordingly, while the resources of the country will be fleeced by local comprador capitalists and foreign investors. Ranil should be sent home to prevent that eventuality. The Party points out that, failing that, the country and the people risk facing major disaster before long.

*7<sup>th</sup> July 2022*

## **In Support of the Mass Uprising of 9<sup>th</sup> July**

Comrade SK Senthivel, General Secretary of the New Democratic Marxist Leninist Party issued a statement on behalf of the Central Committee of

the Party fully supporting the mass uprising of 9<sup>th</sup> July aimed to send home Gotabaya Rajapaksa who is running a family dictatorship and Prime Minister Ranil Wickremasinghe who is protecting him.

Party and its mass organizations link hands with the working people to participate mass uprisings in Colombo and all other districts. The entire population, the youth in particular, are out in the streets to drive away the dictatorial President Gotabaya Rajapaksa, his spokesperson Ranil Wickremasinghe who protects him, and the government headed by them. The “Gota Go Home” campaign that started at the Galle Face Green later strengthened to become “Gota–Ranil Go Home”. 9<sup>th</sup> of this month is the 90<sup>th</sup> day since the start of the struggle. Hence, the party is hopeful that the struggle can advance in a useful direction, by the protesters enlarging the scope of the Galle Face Green Declaration and making the struggle mass-based on that day.

The Party urges that the Galle Face Green protest should make historical lessons of past struggles that affirm that the people and the people alone are the driving force of history, and advance in the correct direction.

*6<sup>th</sup> July 2022*

## **Endorsement of the Galle Face Declaration**

The New Democratic Marxist Leninist Party welcomes and declares support for the six-part declaration published by the Galle Face Green militants yesterday 5<sup>th</sup> July 2022. It besides appeals to the support of the entire working people to add strength to the upsurge in order to carry forward the declaration. The Party has also pointed out and emphasised in a statement issued by the Party Politburo that the six features of the declaration should be expanded and carried forward.

The statement issued by Comrade SK Senthivel, General Secretary on behalf of the Party Politburo added that the Party fully endorses the call to the people to mobilise in Colombo on 9<sup>th</sup> June and carry out resistance

activities in other districts to reinforce the Galle Face Green campaign “Gota–Ranil government go home!” and stated that the Party is making preparations in support of the call.

*3<sup>rd</sup> July 2022*

## **Marking 43 Years since the Founding of the Party**

Comrades, friends, supporters and dear people,  
Revolutionary fraternal salutations to all of you.

Today the New Democratic Marxist Leninist Party sets foot in the 44<sup>th</sup> year since its founding.

In the past 43 years the Party consolidated itself and conducted itself as a revolutionary party based on Marxism Leninism Mao Zedong thought. It represented the vast majority comprising the working masses made up of all working people subjected to prolonged class oppression within the Sri Lankan social set-up, all nationalities suffering national oppression, all people facing social oppression by caste, and women oppressed by exploitation of labour and bound by conservative cultural enslavement.

The Party addressed the political, economic, social and cultural problems faced by the people by conducting a variety of mass struggles keeping with its Marxist Leninist stand and appropriate to the context. The Party has developed its policies by viewing any issue from the point of view of class struggle based on a Marxist world outlook and the interests of the working people. “Where there is oppression there will be struggle; and where there is struggle there will be sacrifice”. The party has functioned by absorbing such Marxist Leninist revolutionary tradition.

The dictatorial constitution was introduced by JR Jayewardene and over the past 43 years the ruinous economic programme comprising liberalization and privatization was imposed under it within the framework of globalization. Neoliberalism is carried forward as its extension. As their consequence, people experience unprecedented grave political, economic and social crises today. Meanwhile there were the

dictatorial presidential rule and under it the abuse of power, corruption, fraud, theft of government resources and their sale to foreign powers.

The national question was transformed into a cruel 30-year war in order to conceal these activities and to retain state power in the hands of the ruling classes. It is remarkable that the Party vehemently opposed the war and, jointly with other left forces, conducted broad-based mass movements among the people, especially in the South, for the resolution of the national question based on the principle of self determination. The party took the initiative to offer leadership and direction to a wide range of struggles through the Mass Movement for human Rights and the Mass Movement for Social Justice in the North, the Upper Kothmale Movement, the Movement for Right to Lands and the Hill Country Mass Movement for Social Justice in the Hill country, and the campaign conducted in Colombo to free land in Valikamam North from the clutches of the armed forces. As a result, the ruling forces in power sought to persecute the Party in many ways. Five comrades from the Hill Country and one from Vavuniya were arrested and detained without trial for periods of two to six years. At the same time, the Party was subjected to repression by the LTTE and other armed movements that fought in the North and East for Tamil Eelam. Comrades were killed and tortured in their camps. Amid this, the Party neither expressed support to any ruling group nor justify the war. Likewise it neither endorsed any armed group nor submitted to their armed intimidation.

Comrades, friends, supporters and dear people,

The New Democratic Marxist Leninist Party was founded with 14 members on 3rd July 1978 as a working class party, initially named the Communist Party of Sri Lanka (Left). Comrade KA Subramaniam was elected founder General Secretary and remained in that position for 11 years to lead and guide the Party. Following his demise in 1989, Comrade SK Senthivel was elected General Secretary. In the 46 years

since founding, the Party has held seven All Sri Lanka Congresses and annual plenary sessions. The initial name of Communist Party of Sri Lanka (Left) was changed to New Democratic Party in the Second Congress held in 1991. Since then, the Party functions with the name New Democratic Marxist Leninist Party, adopted in the 5th All Sri Lanka Congress of 2010. Notably, the New Democratic Marxist Leninist Party is the only Marxist Leninist political party in the country. Thus, let all of us act to enable the Party to grow further as a party unified by ideology and practice and strengthen its close bonds with the working people to grow into a revolutionary party that inspires confidence among the people.

## **Draft Proposal for the Current Crises**

*[Draft proposals of the Party during the Galle Face Green Protests as a basis for discussion among friendly forces regarding a new constitution.]*

The economic and political crises facing the country are intensifying by the day, and so are the struggles to confront them. If an urgent solution is not found for the crises, the period that follows will be very harsh. There is no doubt that the current economic crisis will intensify and the prices and shortages of food, medicine and other essential goods will hurt the livelihood of the ordinary people. Although the idea of a change in the system of government that echoes in popular protests now is the only way to be free of the current misery, there is urgent need for proposals for solutions in the immediate short term to propel the country through constitutional means towards that goal.

Thus the New Democratic Marxist Leninist Party puts forward the following suggestions as solutions to the current crises.

1. President Gotabaya, the cause of the current mess and whose resignation is the main demand of the mass struggles should step down immediately.

2. A person who understands the feelings of the people and the current reality and act on behalf of the people should be made pro tem President.
3. An interim government should be formed with participation by all parties represented in parliament.
4. Membership of the interim cabinet should be very small and exclude former ministers.
5. The interim government should introduce an amendment that voids the powers of the President.
6. Amendments should be introduced that will nullify the PTA and Emergency Laws.
7. Inquiry should be conducted on those who were responsible for attacks on people's struggles and an independent commission appointed to take action on those who have robbed the country and hoarded its wealth and to make their wealth state property.
8. Secretaries to the ministries of the interim government should be subject experts and under no condition be defence related officers.
9. No agreement that is detrimental to the national economy or sovereignty of the country should be signed in the course of measure to resolve the current economic crisis.
10. To recover from the economic crisis, short and long term programmes should be developed that will rebuild national industry and other economic sectors to enable a pro-people economy.
11. The first task of the interim government should be put forward a draft new constitution and subject it to a referendum.
12. The new constitution should include the following features:
  - i. Declaration of Sri Lanka as a secular state
  - ii. The Parliament being the highest political authority
  - iii. Introduction of devolution of power (based on the right to self determination) to resolve the national question

- iv. Affirmation of the certainty that amendments to the constitution are adopted only through a referendum
- v. Constitutional affirmation of the right of the people to recall people's representatives
- vi. An electoral system that fully affirms corruption free people's democracy
- vii. Affirmation of the country's sovereignty and protection of resources in all external financial transactions and financial activities
- viii. Constitutional affirmation of a national policy that accommodates the aspirations of the nationalities in matters of education, health, land, housing, protection of the environment, finance and justice
- ix. Rejection of the right of persons confirmed guilty of crimes to contest elections
- x. Denial of special privileges to people's representatives
- xi. Development of an educational policy based on the concepts of national policy, protection of the environment, unity among nationalities and coexistence, and development of skills.
- xii. Establishment of a National Democratic Council to regulate parliament and government to reflect the aspirations and thoughts of the people and to direct the social, economic and political actions of the state
- xiii. Making the affirmation of the creation of the new constitution the foremost task of the National Democratic Council

***Recommended membership of the National Democratic Council:***

Representatives of the nationalities;

Trade union representatives;

Representatives of fisher societies;

Representatives of cultivators associations;

Subject experts in education, health, economics, environment, science and technology;

Representatives of university student organizations;

Representatives of political parties.

The National Democratic Council shall be a permanent constitutionally approved body.

The election of its representatives shall be consistent with the general rules endorsed by the Constitution.

The National Democratic Council shall comprise a Principal National Council and Regional Sub-councils.

Besides them, there shall be additional field related councils. Field related councils for the sectors including agriculture, health, economic development, tourism, education, small industries, finance and accounting should include employees in the respective fields, field experts, the minister responsible for the field and the secretary.

Membership of Regional Sub-councils shall also be in accordance with the above guidelines.

The National Democratic Council shall be responsible for the setting up of field related councils through its role in drafting the new constitution and putting forward the views of the public.

## What Makes a Hero

*Maria Sison*

It is not the manner of death  
That makes someone a hero.  
It is the meaning drawn  
From the struggles against the foe.

There is the hero who dies in the battlefield.  
There is the hero who dies of hunger and disease.  
There is the hero who dies of some accident.  
There is the hero who dies of old age.

Whatever the manner of death,  
There is a common denominator.  
A hero serves the people  
To his very last breath.

*10 December 1977*

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