

*Theoretical Organ of the New Democratic Marxist Leninist Party*

**Marxist Leninist**

# **New Democracy**

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**80**

*Soviet soldier waving Soviet flag after victory in Berlin, May 1945*

**NDMLP May Day Procession 2025**



# TWO BIRDS: A DIALOGUE

(to the tune of Nien Nu Chiao)

**Mao Zedong**

(Autumn 1965)

The roc wings fanwise,  
Soaring ninety thousand li  
And rousing a raging cyclone.  
The blue sky on his back, he looks down  
To survey Man's world with its towns and cities.  
Gunfire licks the heavens,  
Shells pit the earth.  
A sparrow in his bush is scared stiff...  
"This is one hell of a mess!  
O, I want to flit and fly away."  
"Where, may I ask?"  
The sparrow replies,  
"To a jewelled palace in elfland's hills.  
Don't you know a triple pact was signed  
Under the bright autumn moon two years ago?  
There'll be plenty to eat, Potatoes piping hot,  
Beef-filled goulash."  
"Stop your windy nonsense!  
Look, the world is being turned upside down."

The vast majority of people who voted the NPP to power are increasingly restive about its failure to fulfil its election pledges.

Some compare it with the United Front elected to power in May 1970. But important differences exist. The national bourgeois SLFP with anti-imperialist leanings led the alliance with the LSSP and CPSL, the main parliamentary left parties. The LSSP deluded itself that socialism was possible by manipulating the neocolonial economy. The SLFP had a wide spectrum of right and left tendencies. Despite political vulnerabilities, the UF was essentially anti-imperialist to its end.

Its claims to be socialist were rejected by Marxist Leninists who knew the folly of seeking socialism through parliament. But less than a year after the UF was elected, even before rightist forces could conceive a blow, the JVP launched an abortive uprising in April 1971.

The government tried to build a national economy of some kind, but was frustrated by a four-fold rise in crude oil prices in 1973–74, a 3-year long global food crisis in 1972–75, and a severe drought in 1974 that cut local food production by half. Attempts at self-sufficiency were also impeded by planning errors and by actions of reactionary forces at home and abroad. Mishandling of the national question, shortages of consumer items, and spells of food shortage accompanied by the split of the UF in 1975 helped the election of the most reactionary UNP government known by a huge majority. Its harsh implications for the economy and country's sovereignty have proven hard to reverse.

The challenge facing a government that seeks to revive the economy and restore national sovereignty is reversal of the trend put in place by the UNP government during its 17 years of misrule.

The JVP was aware of the issues, but its understanding was not Marxist. It took to parliamentary opportunist politics in 1994 after two failed uprisings, one driven by the faith that the youth were the driving force of

of revolution, and the other based on chauvinist rejection of the Indian imposed 13<sup>th</sup> Amendment, for which it paid a heavy price in lost lives. Its opportunism led to a three-way split: a chauvinist faction went behind Mahinda Rajapaksa and a left leaning faction became the Frontline Socialist Party. The JVP's support base shrank between 2002 and 2019.

The JVP was a beneficiary of the Aragalaya, which it deserted in the face of the brutal Ranil–Rajapaksa onslaught. The NPP alliance was created for electoral gain. The JVP dominated, while its partners had little say in key issues like the national question. Election pledges were designed to attract voters who were tired of abuse of power, corruption, rising prices and shortages amid a crisis ridden economy, but with no plans to deliver.

It declared discontent with the IMF deal that would burden the toiling masses. but lacked an alternative plan if the IMF could not be persuaded. The IMF which knew well that the government was too timid to defy it went on to unilaterally dictate economic policy.

No political party had made as much a clamour as the JVP about Indian expansionism, a theme which continued through the presidential election campaign. Five months after the parliamentary election, President Anura Kumara went out of its way to curry favour with the Indian Premier and signed a number of agreements with India whose content is yet to be revealed to the people or parliament. The government also underplays its formerly prominent anti-imperialist stance as evident from its meek comments on Israeli aggression in Gaza and provocation in Iran. It seems that the JVP's empiricist world view tempts it to play one power against another, regardless of implications for its own credibility.

If the NPP continues in its present style, it will not be long for it to be rejected by the people. What is more worrying is that a rightist fascistic alliance could replace it. The genuine left must ready itself to combat that prospect through mass political work and mass mobilisation.

# Fading Hopes

*Imayavaramban*

While Anura Kumara Disanayake's election as President in September 2024 and the crushing victory of the JVP-led National People's Power in the November parliamentary elections mark a welcome change, let us not have any illusion about the ability of the President and the government to resolve the country's economic problems or to heal the wounds of the 30-year civil war, let alone resolving the national question.

The government has made many pledges that are hard to fulfil. What matter most to us are the government's will and skill to act on them. In this context we need to look at instances where the government has acted in violation of its pledges with no justification for changing course.

## **The IMF Deal**

The IMF deal was controversial all along as it demanded severe austerity measures, higher taxes and cuts in subsidies, all in ways that would hurt the common people. Disanayake and the NPP, during election campaigns, pledged to re-negotiate controversial aspects of the IMF agreement adversely affecting the people. However, shortly after the parliamentary elections, Disanayake, when addressing the new parliament, got defensive of the IMF deal, insisting that, regardless of the merits of the deal, given the fragile state of the economy and considering that the process itself took around two years to put together, it will be impractical to start negotiations afresh.

The IMF deal was controversial all along as it implied severe austerity measures like tax rises and cuts in energy subsidies that hit the common people hard. During election campaigns Disanayake and the NPP pledged re-negotiation of parts of the deal. But in his address to the new parliament, he performed a U-turn and said: "The economy is in such a state that it cannot take the slightest shock... There's no room to make mistakes". He added, "This

is not the time to discuss if the terms [of the IMF loan] are good or bad, if the agreement is favourable to us or not... The process had taken about two years, and we cannot start all over again."

Dissanayake knew that the IMF took advantage of the desperation of the earlier government to impose preconditions for provision of relief, which his predecessor acceded to, aware that his successor will be badly placed to challenge them, especially cuts to subsidies and social welfare, higher indirect taxes, structural reforms to curtail state expenditure, and privatisation of state ventures. The IMF was insincere in its consultations and had not changed its stand so that renegotiation of IMF conditions was out of the question unless the government threatened to pull out of the deal. Dissanayake hardly tried to renegotiate anything.

## **Supply and Prices of Essentials**

Following the presidential election, the government reduced in several steps the prices of petroleum-based fuels by about 10%. This welcome move was, however, not up to expectations based on promises by the NPP. The impressive reduction of electricity prices by 20% following the Public Utilities Commission of Sri Lanka (PUCSL) recommendation, based on a projected revenue surplus for the first half of the year 2025, was against the wishes of the Ceylon Electricity Board (CEB) seeking to leave the tariff unchanged. The next tariff revision proposal of the CEB in April 2025 will wipe out half the earlier reduction.

Prices of essential foods like rice and coconuts hit unprecedented levels months before the presidential election and are still as high or higher. Prices of other food items too do not show significant change. To add to these burdens, a shortage of common salt has emerged accompanied by a steep rise in price. The government's problem seems to be not just failure to manage costs, supplies, and distribution, but also lack of medium-long term plans and failure to act in anticipation of shortages. The high price of rice is much due the domination of milling and marketing by a few big millers. The government has yet to establish a strategy for the purchase,

milling and distribution based on the experience of the Paddy Marketing Board established in the 1970s which ensured fair price for the farmer and the consumer. The will of the government to act is now in doubt.

Pharmaceuticals are mostly imported and steps to buy essential drugs at fair price or produce them locally have been sabotaged by an alliance of suppliers, middlemen and corrupt medical practitioners. Even recently, importers challenged a proposal to buy essential pharmaceuticals on a government-to-government basis, and resorted to blackmail threatening a shortage of many drugs. The government's reaction is yet to be seen.

Import of essentials draws on foreign currency earnings. With debt repayments currently suspended, foreign currency reserves seem secure. But without speedy economic recovery imports will be challenged when repayment resumes, unless steps are taken to reduce the cost of imports.

## **Tax Policy**

Even after election, Dissanayake promised a fairer tax system that will tax according one's ability to pay. Of late, he insists that as the current tax system is central to the country's recovery effort, it should not be undermined. Among unfulfilled election pledges are reduction of Value Added Tax (VAT) on essential medicines, food, and school supplies.

Interestingly, he declared that his government will not make economic decisions based on political principles. Separation of means-based economic decisions from politics is rather strange to come from a 'Marxist' politician. The underlying reason seems that a means-based tax policy is not to the liking of the IMF which would reject it as a disincentive for development and thus obstruct loan instalments.

## **The National Question**

The NPP's perception of the national question is at best shallow. As the leading force of the NPP, the JVP has yet to reject its chauvinist past and offer a policy of national reconciliation based on equality of nationalities,

let alone their right to self-determination. A party and an alliance that it heads which refuse to accept peoples with distinct ethnic, linguistic and cultural identities as distinct nationalities cannot be expected to address the national question as anything more than a collection of grievances.

Notably, the JVP not long ago simulated the chauvinistic Jathika Hela Urumaya, a rightist force, in its rejection of devolution of power to the minorities. In 2005, the JVP and the JHU together moved Supreme Court to de-merge the Northern and Eastern Provinces. Thus, the national minorities seem justified in their doubts about the JVP. Yet the NPP secured a substantial share of the vote in the North and East, exceeding that of any left party or alliance since 1970. That vote, however, is less of a sign of trust in the JVP than a rejection of the political bankruptcy of Tamil nationalist parties.

The NPP since election has made conciliatory signals in sensitive matters like the right to commemorate Tamil war victims. But it has been tardy in bigger issues like the release of Tamil political prisoners, information on persons who went missing during the conflict, returning land seized by the armed forces on pretext of national security, and repealing the draconian Prevention of Terrorism Act (PTA), despite specific promises on some issues during election campaigns. Release of political prisoners and information on missing persons are matters that require minimal delay as likelihood of political objections is minimal.

Since the end of the war in May 2009, successive governments had encouraged the Departments of Forestry and Archaeology to grab land from Tamils and Muslims in the North and East with seeming intention to impose a Sinhala Buddhist ethnic identity on the lands. Building Buddhist temples in regions without a significant Buddhist population continues, despite even members of the Buddhist clergy denouncing such provocation. Swathes of land seized by the armed forces in the North and East remain unreleased. Despite the President declaring that "land belonging to the people should rightfully remain with them and Prime



Minister Harini Amarasuriya stating that the aim of the government is to promptly return land ownership to those who rightfully own them, steps to return lands are extremely slow.

## **Crime and Punishment**

Although the government is slipping up in key issues, it is actively catching up with corrupt politicians. So far, the sentencing of the corrupt has not been controversial and has proven beneficial to the government, as those punished by the law are not defended even by their political parties. The pledge to bring corrupt members of the Rajapaksa family has, however, not gathered the expected momentum, although bringing to book the culprits who brought the country to its current economic plight was a priority during both election campaigns.

Initiation of legal action against several former ministers for bribery and corruption, including the conviction of one to a long sentence, besides ongoing inquiries on many by the CID more are seen as evidence of the government's commitment to act on corruption. But how efficient the legal system will be in convicting culprits is uncertain. More importantly, whether the much bigger offenders still at large will be brought to justice remains another question.

Withdrawal of perks for former presidents like huge pensions, although not an immediate issue, is among measures facing constitutional hurdles. But more action is expected of the government against corruption. There is faith that government party politicians have not indulged in financial corruption, but questions have arisen about appointment of persons with conflicting interests to key positions.

Pursuit of the Report of the Commission of Inquiry into torture chambers at the Batalanda Housing Scheme is an election pledge motivated by the victims being either members or alleged supporters of the JVP. The report names some likely offenders while annexes with the full list of names are withheld until 2030 as decided by President Chandrika Kumaratunga,

who commissioned the report in 1995, received it in 1998, published it in 2000 with no further action. Acting on the report itself is a double-edged sword for the JVP as it could open up of a can of worms, since the JVP too indulged in criminal violence and targeted killing of rivals so that the net outcome could turn tables on the JVP.

A proper inquiry into the Easter Bombings of 2019 was pledged amid calls for an independent inquiry from the Roman Catholic community in view of the callous neglect by the government to act on intelligence received from India on an imminent attack. Inquiries thus far have been cynically politicised to portray Muslims as a source of insecurity. The decision by the government to fully reinvestigate the matter offers hope for justice, and early steps like reinstating officials who were suspended after claiming some breakthrough in their investigations are promising. But public expectations are low after years of political manipulation.

Justice for Easter bombing victims if realised could activate calls for same for victims of mass killings and torture during the civil war by all parties to the conflict and encourage the 'International Community' to meddle. The government would do well to initiate action on crimes against humanity during past conflicts and act to compensate all victims and families without delay, in defiance of vested interests. That needs educating the public— the most effective way to avert foreign meddling on pretext of human rights.

## **Indian Influence**

Indian and US influence in Sri Lanka rose after a UNP-led alliance was elected in 2015, and grew stronger under Gotabhaya Rajapaksa. The JVP exposed irregularities in contracts awarded to US and Indian businesses.

Given JVP's consistent rejection of US foreign policy and of shady deals that served Indian interests, much was expected of the JVP–NPP. In fact, in August 2023, an MoU with India signed by President Wickremesinghe was censured by Dissanayake as harmful to the country's independence

in political or economic matters. But eighteen months on, during the Indian Premier's visit in April 2025, he presided over the signing of seven MoUs on defence, energy, digitalization, healthcare, power grid connectivity, and development assistance, which if left unchallenged, will drag Sri Lanka into India's foreign policy orbit.

One of the MoUs is a trilateral agreement of India, Sri Lanka, and the United Arab Emirates to develop Trincomalee as an energy hub based on a British-built oil tank farm. It will boost India's pursuit of its long-desired control of Trincomalee Harbour.

The Sampur Solar Power Plant joint venture of India's NTPC Limited and the Ceylon Electricity Board (CEB), one of three projects launched by Modi during his visit, offers India foothold in a geopolitically sensitive region in the East atop its existing foothold in the North.

Another somersault in waiting concerns the Economic and Technology Cooperation Agreement (ETCA) initiated in 2016 to expand the Free Trade Agreement (FTA) that came into force in 2000. The JVP denounced it from the outset. Sri Lankan interest in ECTA faded in the face of the dubious benefits of the FTA for Sri Lanka. It was revived in 2023 under Gotabhaya after a five-year lapse. The Minister of Foreign Affairs who held talks with his Indian counterpart in Delhi in early January 2025 was wishy-washy about it, while the Indian High Commissioner in Colombo asserted that the joint statement of the Delhi meeting was unambiguous about both sides' commitment to pursuing talks.

Dissanayake during his Delhi visit in early January 2025 pledged that Sri Lanka would not permit the use of its territory against Indian security interests. The anti-China connotation of the pledge pleased the paranoid Indian state that sees a conspiracy in every Chinese move in Sri Lanka including Chinese naval visits and projects of ancient historical value under earlier governments. How India will react and how Sri Lanka will respond to a future Chinese request for a naval visit will tell us what Sri Lanka sees as threats to Indian security. Notably, during Dissanayake's

visit to China in mid-January 2025, China did not even touch on Sri Lanka's foreign relations.

However, long-standing bilateral Indo-Lankan issues remain unsolved, and Sri Lanka failed to secure Indian commitment to stop poaching by Indian fishermen in Sri Lankan waters, while Modi avoided comment on the 13<sup>th</sup> Amendment of 1987 or on demands by Tamilnadu politicians for the return of Katchatheevu island vested in Sri Lanka by treaty in 1974.

## **The Brewing Crisis**

The government, elected on a platform of transparency, sovereignty, and resistance to foreign domination, faces a credibility crisis. Only months after assuming power, it signals a dramatic swing towards India, even reversing positions that it took before its election. Its foreign policy, be it pragmatism or political betrayal, raises awkward questions.

The government has yet to repeal the notorious PTA and reverse the land grab in the North and East. It seems that its hesitance is for fear of antagonising leaders of the armed forces on whom it counts for survival. While the size of the armed forces is an economic burden on a country that restored peace 16 years ago, the government retains the defence budget as the largest single expense item of the national budget.

The outcome of the elections to local authorities in May 2025 hints at changing public perception of Dissanayake and his government. The government vote has slipped, but not badly as no rival has recovered its political clout. But the government's threat to curtail funds to local authorities where alliances of minority parties secure control does not auger well for democratic governance as it signals greed for power.

If the standard of living does not visibly improve in the next two or three years, the outlook will be bleak for the government, as the votes it won owed less to political conviction than to frustration with the economic performance of past governments besides corruption and abuse of power.

Decline in public support would tempt politicians to become corrupt and abuse power, and further accelerate decline in popularity.

The danger before the country is that the failure of the NPP government risks the arrival of a rightist or even fundamentalist dictatorship, unless the genuine left and democratic forces get their act together.

## **Political Inconsistency**

The contrast between NPP's election pledges and conduct in government is rooted in the opportunist ideology of the JVP, which still has to shed its chauvinism and accept that the country comprises several nationalities each with its national aspirations. The JVP had for long abused the national question for political advantage and hindered its peaceful resolution.

The most fundamental flaw of the JVP is its understanding of the stage of the revolution. It started with rejecting the working class as the main revolutionary force and promised to achieve socialism even without overcoming imperialist domination.

Its lack of faith in a united front of oppressed classes and nationalities has led to opportunist alliances on many an occasion. Its understanding of global imperialism and regional hegemony are so shallow that it sees in Sino-Indian differences a rivalry between two powers for it to exploit by playing one against the other, ignoring reality that India with its regional hegemonic ambitions is a willing partner of the US in its anti-China campaign in anticipation of US backing for its hegemonic project.

Members of the NPP government have better formal education than those of preceding governments, but that does not mean that ministers and party officials individually or collectively possess clear vision and expertise in key issues. The government's reliance on political appointees and 'experts' with vested interests risks bad policy decisions in strategic issues.

# Message of the Local Elections

*Imayavaramban*

The performance of the NPP at the local elections in May 2025 with 43.3% of the total vote to 'capture' of 265 of 341 local authorities compared with 61.6% of the vote and 159 of 225 parliamentary seats seven months earlier may seem a serious setback for the NPP. Incidentally, the capture of a local body means being the political group with most seats but not an absolute majority. Horse-trading was inevitable if the NPP led without an absolute majority, as seen in the election of NPP members as Mayor and Deputy Mayor of the Colombo Municipal Council. Political deals if not unspecified inducements to secure votes in support would have been inevitable given the NPP's keenness to control as many local bodies as possible, certainly as a matter of prestige.

Even prior to the elections the NPP threatened denial of funds to local bodies where the largest group did not have control. Control became an obsession for the NPP after the slip in the polls, regardless of its political significance. Across the island, the opposition parties, haunted by their humiliation in the parliamentary elections, failed to form credible alliances enabling the NPP to take advantage of inter-party rivalries and the vulnerability of minor groups and independents.

## **Electoral Arithmetic in the South**

The drop in NPP's vote share accompanied gains for both SJB and SLPP. The SJB won 21.7% of the national vote but only 14 local bodies (against 17.7% of the vote and 40 parliamentary seats) to be behind the Federal Party with 36 local authorities for just 3% of the national vote. The SLPP overcame its humiliation in parliamentary polls (3.14% of the vote and just 3 seats) to win 9.2% of the votes, overtaking the UNP with 4.7% and the PA with 3.7%, but like them without a majority in any local body.

Parties with origins in the UNP and SLFP are nowhere near a comeback, as none of them seem an alternative to the NPP, whose economic policy is as dictated by the IMF which all parliamentary parties accept. Besides, their own differences were not ideological and revealed petty rivalry and personal enmity. Their current politics mainly concerns faulting the government for administrative lapses.

The bankruptcy of the opposition suits the government busy pursuing a selective hunt of corrupt politicians and accomplices, although likelihood of bring to book the most corrupt is doubtful. Punishment meted out by courts to former ministers has gone well with the public, many of whom assume that the clean-up will rescue the economy. The financially clean image of government politicians helps public trust, despite appointment of persons with conflict of interests to key posts.

Questions arise as to how the NPP vote shrank as it did. Disappointment about failure to bring down prices is true, but public anger on that count is so far minimal. The performance in local elections has thus also to be seen based on how the public perceives local elections in contrast to the way it sees parliamentary elections.

The proportion of the vote received by a party in a district decides the number of parliamentary seats in the district. 196 MPs of a total of 225 are elected this way. The remaining 29 MPs are nominated based on the proportion of the vote received by each party nationally. In contrast, 60% of the members of a local authority are elected on electoral ward basis with 40% based on the proportion of the total vote received by the party.

Ward elections highlight the importance of individual candidates, even though it is the party and not an individual that is elected. As local bodies mainly concern community services and development work, an individual may attract votes transcending party loyalty. This has helped the election of members from smaller parties and independent groups, of which some secured a majority of seats.

The personal factor has electoral implications for political parties. Strong grassroots networks benefit parties, and candidates who display interest in the community attract votes. As parliamentary elections are on a district basis, parties lay down the pecking order of candidates, with canvassing guided by the preferences of the party hierarchy. As a result, candidates of the same party have clashed among themselves.

The JVP, in fairness, has shown better electoral discipline than its rivals. But the JVP as a party and the NPP as an alliance lack a good support base in most electorates as evident in elections since 1994. The NPP's success in the presidential and parliamentary polls was based on expectations amid bitter disappointment with the major players who have had their turn to hold state political power.

The NPP's standing support base is weaker than that of its rivals. The overnight swing of over 50% of the population who gave 61.6% of the vote to the NPP in parliamentary elections was not by political conviction or grassroots support. They voted ignoring party loyalty in their hope for change, but without a clear idea of what to expect besides economic stability and a less corrupt state. Given the level of political motivation of the public, there was little to induce enthusiastic voting to gift the NPP with an overwhelming majority in local elections.

Given the inadequate political understanding of most party activists and a poorly informed electorate who elected the NPP to power, local factors and disappointments could erode the rapidly gained vote base when the government does not live up to expectations, especially for a party with a weak popular base. But the NPP still enjoys public faith despite lack of performance as people see it as a clean political alliance.

## **Tamil Nationalism in Local Elections**

Tamil nationalism was always a mighty force in electorates with a Tamil majority in the North and East. But the outcome of the last parliamentary



elections, mainly in the North, shocked Tamil nationalists, as the NPP overtook them to win the largest number of seats in the Jaffna District. As a result, the local election campaign of Tamil nationalists was driven by fear of the NPP building on its performance at the general elections.

‘Defend Tamil nationalism’ was their battle cry. But, despite Tamil unity being the recurring theme of all Tamil parties, they could not forge an electoral alliance, owing mainly to the hegemonic attitude of the FP in every Tamil alliance since the TULF was formed in 1976. The attitude of the FP worsened since the founding of the Tamil National Alliance in October 2001 after the TULF imploded by force of circumstances. Failure to register the TNA with the Elections Commission in time forced the use of the FP’s election symbol in 2001. Then on, the FP dodged registration so that it could dominate the TNA. The conduct of the FP leadership and personal rivalries and ambitions within the alliance encouraged divisions within the TNA after the defeat of the LTTE. Differing attitudes towards the LTTE and the separatist cause triggered the formation of rival groups and parties. Re-activation of the FP at local levels from 2010 after three decades of dormancy hurt the unity of the TNA, whose inevitable collapse occurred close to the presidential election.

Political ambition rarely matched ideological coherence in any Tamil nationalist outfit. Lack of public faith made the number of seats held by the TNA fall from its peak of 22 in 2004 to 10 in 2020. Deadly splits that occurred in the run up to the presidential election endured through the general election. With the TNA dead, the FP crashed to 8 seats, most of them in the Eastern Province where its pro-government rivals failed to impress. In the Jaffna District, the FP’s traditional stronghold, the NPP won 3 seats humiliating the FP and the Tamil Congress (which secured just a seat each) and was ahead of the FP in all districts but Batticaloa.

Against this background, the Tamil nationalist parties joined hands to deny the NPP the leading position it had in the North and East in the parliamentary elections. The NPP hurt itself by not building on its success,

and the FP secured 2.96% of the national vote to lead in 36 local bodies in the Jaffna District (nowhere with absolute majority) compared with 2.31% of the vote and just a seat in the parliamentary election.

The hegemonic attitude of the FP re-emerged to destroy the prospect of a new Tamil nationalist alliance. Whatever such pettiness holds for Tamil national political parties in the Provincial Council elections, whenever they are held, cannot be good.

### **The Plight of Other Nationalist Parties**

The overwhelming success of the NPP in the parliamentary elections threw the Hill Country Tamil and Muslim nationalist parties into further disarray as the leaders of parties and factions were denied opportunity to bargain for posts and positions. The share of the votes garnered by each group implied the absence of a strong leadership for either nationality.

The NPP could have become a moderately strong force among the Hill Country Tamils by addressing pressing issues. Firm action on a fair wage for plantation workers could have been initiated in a few weeks after coming to power. But that did not happen as the government was tied in knots by the IMF.

The NPP did not abide by its pledge that it will not make deals with corrupt political forces. It instead made a deal with the CWC, perhaps the most despicable opportunist party, to capture local authorities in the Hill Country. This has hurt the credibility of the NPP and raised suspicions about methods it had used to capture local bodies elsewhere.

The NPP's decline in votes in the local elections does not mean a serious political setback. But in eagerness to capture local bodies it has made deals lacking transparency. That challenges its integrity and raises fear that every shady deal points to and can be a precedent for more to come.

## **Playing Along with the IMF**

The dangers that face Third World countries in seeking “support” from the International Monetary Fund (IMF) to overcome short term economic crises can be more severe than the economic crises they claim to address.

The predatory nature of the IMF as not merely a money lender but also an agent of political control by imperialism has been exposed thoroughly by many serious researches including some who have inside knowledge of how the IMF operates (notably “Confessions of an Economic Hit Man” by John Perkins, first published in 2004).

The world has seen many protests against the World Bank and the IMF in the form of political demonstrations and general strikes protesting state policies of economic liberalization to fulfil IMF preconditions for loans, which invariably include reduction of state subsidies and increase of prices of essentials like food, water, fuel and electricity in the course of ‘structural adjustment’. Protesters thus demand restoration of subsidies, lowering of prices of essentials and wage increases to offset the increase in prices, and assurance of job security. The imposed foreign debt besides adding heavy burdens through conditions of credit also infringes on the autonomy of the state by dictating financial policy and forcing the denial of the democratic right to protest against unjustly imposed burdens.

While poorer countries are not the only borrowers from the IMF, they are the victims of IMF conditions, in much the same way that it is the poor borrowers from any bank who struggle to repay their loan with interest. Richer borrowers resort to IMF loans to tide over short-term issues or to help with a project whose value is far more than the loan.

Let us now look at the record of Sri Lanka’s borrowing from the IMF.

## **Sri Lanka and the IMF**

Sri Lanka joined the IMF in August 1950. Borrowing started in June 1965 following the UNP's return to power after a spell of austere economic policies under the SLFP. By 2024 Sri Lanka had 16 IMF loans amounting to 3,586 million 'Special Drawing Rights' or SDR (the unit of account of the IMF and other international organizations, and a supplementary international reserve asset introduced in 1969, defined as equivalent to an amount of gold equivalent to a US dollar and, after fixed exchange rates failed in 1973, redefined as equivalent to the value of a basket of leading world currencies). The SDR is no currency but exchangeable for currency as needed. The last of 16 loans, agreed in June 2016 was for 1,070,780 SDRs of which 715,230,000 was withdrawn and is outstanding.

The scale of borrowing from the IMF has surged since 1977. Borrowings stood close to 25 million SDRs between 1965 and 1977, totalling 118 million. It was 93 million SDRs in the seventh loan agreed at the end of 1977. Borrowing between 1978 and 2018 was around 3,500 million SDRs with a nearly nine-fold increase in annual average. The loan of 2,286 million SDRs agreed in 2023 is an all-time record, and has to be seen against the economic background of the preceding decades.

## **Drifting into Deep Debt**

Worsening adverse terms of trade had for long hurt the country's external balance of payments. Need to diversify the economy based on agriculture and plantations was recognized in the late 1950s. In the 1960s, Sri Lanka's external balance of payments came under pressure amid adverse terms of trade, while tax revenue declined as percentage of GDP. Measures in the 1970s to bridge the external deficit by import control, import substitution and nationalisation of foreign owned ventures including tea plantations proved inadequate. The imperialist grip on international trade, including the hold of agency houses on tea trade, was strong. Diversification of export markets helped. Breaking free was hard.

The United Front government elected in 1970 had an ambitious economic agenda aimed to shift the economy toward a state-led capitalist model through initiatives like the nationalization of major industries, emphasis on import substitution, and land reforms to redistribute land ownership and enhance agricultural productivity. But these measures taken amid growing economic woes failed to achieve significant industrialization.

Trade restrictions which guided private sector production to align with perceived national interests hurt industries that needed imported raw materials and components. Efforts to locally produce some essential goods helped to reduce import and ease balance of payment. But the blows dealt by the quadrupling of oil prices in 1974 and the severe drought of 1975 causing all round crop failure hit the economy hard.

The global food crisis of the 1970s caused by severe drought, low food production, and high energy prices led to major food shortages, rising prices and even famine in some countries. It hurt the availability and cost of grain in Sri Lanka, causing months long shortages of rice and wheat flour in the mid-70s. As bread had become a main meal since the arrival of cheap American wheat flour under PL480, global shortage of wheat led to long bread queues in 1975 and 1976, and contributed to the defeat of the government in 1977 and the election of a government determined to reverse the gains for social security won by decades of struggle.

From November 1977 the exchange rate for the rupee became based on a basket of international currencies. The unified exchange rate, initially at 16 rupees to the US dollar, replaced the two-tier fixed exchange rate initiated in 1968. The rupee floated under the unified scheme and settled at 15.56 rupees per dollar at the end of 1977 against 8.83 at the end of 1976. Sri Lanka's total foreign debt rose from 6.8 billion rupees in 1976 to 13.3 billion in 1977 as a direct result of the revised exchange rate. The inflation of the exchange rate by nearly 80% was harsh on the cost of living and balance of payments. Devaluation had gone on in stops and starts, and the exchange rate hovers at around 300 rupees per dollar now.

The overwhelming five-sixth parliamentary majority that the UNP won in 1977 served to wreck the country both economically and politically. The constitution of 1978 with an executive presidency which undermined parliamentary democracy also frustrated every step to democratise the constitution. Intimidation was used to subdue resistance to the open economic policy that wrecked the national economy to make the country reliant on export of labour (Middle East mainly) and tourism.

Consumerism thrived as the debt burden rose. Distortion of the national question into a war further hurt the economy. The war also used as pretext by successive governments to privatise thriving state ventures that were then asset stripped and abandoned while short-sighted policies helped foreign investors to make vast profit from short term ventures.

IMF borrowings rose since 1977 as foreign indebtedness grew under the changed circumstances since the UNP came to power. External debt, at 0.4 billion dollars in 1970 neared a billion in 1977, and reliance on foreign borrowing increased rapidly afterwards. In this century, the IMF and Western lenders encouraged borrowing from private lenders. The change in pattern of borrowing plunged the country deeper into debt, with the debt-to-GDP ratio rising from 17% in 1950 to 82% in 2010, but dropping to 75% in 2022. Foreign debt topped 10 billion dollars early this century, rose exponentially from 11 million to 50 billion dollars from 2005 to 2017, and reached 58.7 billion in 2022. [<https://www.macrotrends.net/global-metrics/countries/LKA/sri-lanka/external-debt-stock>].

Notably, the World Bank (WB) designated Sri Lanka as a middle-income country in 1997, prior to which debt from organisations like WB, Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) was concessionary, with loan conditions like low-interest rates (1% or less) and long repayment periods (25–40 years) that helped to maintain foreign exchange reserves with some ease. After curtailment of concessionary loans from multilateral development agencies since 1997, Sri Lanka took loans from Export–Import Banks like the China EXIM Bank,

and international capital markets. The higher cost of commercial borrowings had harsh implications for foreign debt servicing.

The roots of the current sovereign debt crisis go back to the early 2000s. The annual foreign debt service payment averaging just under 2,300 million dollars between 2010 and 2018 passed 4,600 million in 2019 and is projected to average at 4,432 million between 2021 and 2025.

Debt management got hard by 2020 with 51% of the foreign loans non-concessionary. Foreign debt accrued this century was much from private lenders through the issuance of International Sovereign Bonds (ISBs) since 2007, with governments using ISBs to access international markets. Borrowings also included Foreign Currency Term Financing Facilities. [[https://www.erd.gov.lk/index.php?option=com\\_content&view=category&id=27&lang=en&Itemid=101&limitstart=20](https://www.erd.gov.lk/index.php?option=com_content&view=category&id=27&lang=en&Itemid=101&limitstart=20)]

Between 2000 and 2020 the share of commercial loans in the foreign debt portfolio rose from negligible sums to over 40% of the total foreign debt with a matching increase in the interest payment on loans rising from 0.7% of the country's GDP to 1.8%. The country's debt servicing needs were placed at just over 4.0 billion dollars in 2021.

Financial crisis hit the country in 2022 against a background of global economic slowdown driven by rash responses of leading economies to the COVID-19 'pandemic'. Between 2020 and 2022, the country lost earnings from foreign currency sources like tourism and remittances by overseas workers. There was wilful distortion of the causes and sources of the massive debt to accuse the Chinese 'debt trap' for the plight of the country. The share of Chinese-owned loans was plucked out of context to be presented as 42%, which in fact was its share of bilateral loans. Multilateral loans from agencies like the World Bank (WB) and the Asian Development Bank (ADB) were excluded in the arithmetic for no valid reason. Category-wise analysis of external debt by the Ministry of Finance confirmed that commercial debt at 40% dominated external debt, followed by multilateral

debt at 32% and bilateral debt at 28%. ISBs comprised about 85% of the commercial debt and Term Loan Facilities making the rest. [<https://www.ft.lk/columns/Who-holds-Sri-Lanka-s-external-debt-and-how-China-is-assisting-Sri-Lanka/4-765176>]

## **Background to Stepping on the Trap**

In earlier IMF bailouts, Sri Lanka had some flexibility in economic policy as it was not in a desperate plight as it was in 2022.

The IMF loan of 2001 was a Standby Arrangement (SBA), sought despite a 6% GDP growth in 2000, in the face of a fiscal deficit of around 10% of GDP caused by rise in government spending and borrowing by public enterprises leading to depletion of foreign reserves, decline in exchange rate and rise in short-term interest rates. IMF intervened on condition of rebuilding reserves by adopting a flexible exchange rate system.

In 2003, following the initiation of a peace process, the government proposed a comprehensive economic reform and poverty reduction strategy to accelerate growth and alleviate poverty through private sector-led development. IMF supported the reforms with an Extended Fund Facility (EFF) of 144 million ISBs and an Extended Credit Facility (ECF) of 269 million ISBs. But only 14% of the offer was drawn on.

In 2009, IMF offered an SBA of 1653 million ISBs in the wake of the 2008 global financial crisis which hurt Sri Lanka owing to its dependence on short-term external financing. The IMF loan which buffered the external shock to stabilize the financial system without resort to devaluation also allowed a development strategy to spur economic growth by investing in large-scale infrastructure development.

The government elected in 2015 was ready to reset economic policies under conditions of structural reforms to enhance growth, reduce public debt and strengthen financial stability, and the IMF offered in 2016 an EFF of 1071 million ISBs (of which only 715 million was drawn).



## Entrapment

The IMF summarised the context of Sri Lanka's request for an extended credit arrangement in 2023 as follows.

"Sri Lanka fell into an unprecedented crisis as a result of a series of shocks and policy missteps. Debt rose to unsustainable levels resulting from large fiscal imbalances, and access to international capital markets was lost soon after large tax cuts and the onset of the COVID-19. Reserves were depleted, leading to a sharp exchange rate depreciation, and debt service was suspended in the spring of 2022. Sizable monetary financing to meet fiscal obligations contributed to a surge in inflation. Sri Lanka's economy is in deep recession and financial stability is at risk given the tight financial sovereign nexus. People are suffering from food and energy shortages, exacerbating deep-rooted public dissatisfaction and creating a vulnerable political and social environment." [<https://www.imf.org/en/Publications/CR/Issues/2023/03/20/Sri-Lanka-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-Facility-Press-531191>]

The IMF offered an EFF of 2 286 million ISBs, amid an unprecedented financial crisis aggravated by substantial fiscal imbalances, lack of access to international capital markets, and the impact of COVID-19. The IMF programme allegedly aimed to restore macroeconomic stability and debt sustainability, sustain the stability of the financial sector and alleviate the burden on vulnerable populations. It also focussed on reforms in governance to reduce vulnerability to corruption and enhance growth potential. [Source: Kamburuwela in <https://thediplomat.com/2024/07/sri-lankas-many-imf-programs-whats-changed-and-what-hasnt/>]

The background was unlike the IMF version, and had a long history. The country faced expanded financialization since 2009, when interest rates in the US and Europe fell after the 2008 global financial crisis. Capitalist greed for yield made emerging markets like Sri Lanka attractive. Sri Lanka has

since pursued international capital markets. Its development strategy and pattern of borrowing endured the change of government in 2015. With firm Indian backing for the IMF adjustment programme of 2016 expiring in June 2020, foreign exchange reserves recovered between 2016 and 2019. But the global panic over the COVID-19 'pandemic' hurt recovery. Sri Lanka's over reaction by clamping down on public mobility worsened matters for its small and medium scale sectors.

The media blamed clumsy handling of finances and unwise policies like a hasty ban on import of synthetic fertilizer as causes of urban shortages of food, fuel and medicines (with kilometres long queues for fuel for cooking and transport) amid falling foreign currency reserves. They missed the fact that Sri Lanka fell into the balance of payments crisis of 2022 by surging oil prices and rising US interest rates. The government had to choose between continuing with servicing international debt and paying for essential imports, for which it had not acted soon enough. The current account balance fell into deficit and to prop up the rupee the government defaulted on 51 billion dollars of external debt dues in May 2022, a first time in its history. It drew on dwindling international reserves to maintain imports.

Mass protests (the Aragalaya) began in March 2022 in Colombo as shortages of essential goods got acute. Power cuts reached a peak in July. Mass anger at the government's handling of the protests forced Prime Minister Mahinda Rajapaksa to resign. Soon after, President Gotabhaya Rajapaksa fled the country. The Rajapaksa family manipulated to make the politically isolated Ranil Wickremesinghe Acting President and later President so as to protect the family's interests.

Wickremesinghe, as Acting President, took off from President Gotabaya Rajapaksa's request in April 2022 for a three-billion-dollar loan from the IMF, in the name of reversing the economic crisis. The Governor, Central Bank backed the request. Besides a line of credit for 500 million dollars sought from India, the country also negotiated a further credit line of 1.5

billion dollars. In July 2022, at the tail end of his acting presidency, he announced that negotiations were nearing conclusion with the IMF for a loan of 2,286 million SDRs (around 2.9 billion dollars), an all-time record for borrowing by the country.

Knowing the government's desperation, the IMF in September 2022 insisted on conformity with its Debt Sustainability Analysis and assurances from bilateral and private lenders so that solid plans were in place to achieve a primary surplus ahead of infusion of IMF funds. IMF conditionalities included market pricing of energy regardless of means of the consumer, cuts to subsidies, rise in indirect taxes, and cuts to social welfare that will wreck the lives and livelihoods of the toiling masses, besides proposals for structural reforms to curtail state expenditure and privatisation of state ventures. Subsequent IMF consultations with civil society were insincere and did significantly change the stand of the IMF.

Wickremesinghe, who was unlikely to be elected to power after the end of his term, willingly acceded to all IMF conditions, making it hard for the next government to challenge them. Wickremesinghe thus knowingly walked the country into the trap set by the IMF, subjecting it to the consequences of the IMF policy package, even before any part of the loan was received.

### **The Mirage of Recovery**

As resumption of deliveries at the port diminished the queues, the media willingly ignored the soaring of prices resulting from letting the rupee rapidly depreciate by 44.8% against the US dollar in 2022, inducing the huge 'inflation' caused by the massive import volume of essential goods. The media unquestioningly gave credit to Wickremesinghe for the elimination of queues, projected him as the saviour of the country and hailed his brutal suppression of the protests to which he owed his presidency. This helped the Rajapaksa family to secure a parliamentary majority to elect him President. Wickremesinghe in March 2023 agreed to

a 48-month emergency loan. Like all big IMF deals, it came with strict conditions. He promptly obliged the IMF by agreeing to waive electricity subsidies and double the value-added tax rate.

Devaka Gunawardena, Niyanthini Kadirgamar and Ahilan Kadirgamar [<https://www.phenomenalworld.org/analysis/the-imf-trap/>] have pointed to the effect of the tripling of fuel prices on the demand for fuel which was reduced to half of what it was one year earlier and brought economic activity to a grinding halt. They also pointed out that a 94% inflation in food prices subjected a quarter of the population to harsh food insecurity. Doubling of lending rates by the Central Bank hurt economic activity further by wrecking small businesses and disrupting rural livelihood. They also noted that the news media that drew attention to obviously visible aspects of the crisis ignored the fundamental flaws in the global economy like the lack of a credible mechanism to address debt crises and to avert financial breakdown in peripheral countries alongside its adverse implications for long-term economic development.

Gunawardena et al. also note that the IMF policy package indulged in geopolitical rhetoric, with the US claiming that Sri Lanka was the victim of a Chinese debt trap, while the crisis resulted from four and a half decades of speculative capital inflow, growing trade gap and investment in projects with poor overall returns. [<https://www.ft.lk/columns/Who-holds-Sri-Lanka-s-external-debt-and-how-China-is-assisting-Sri-Lanka/4-765176>]. Portraying the crisis on a canvas of geopolitical competition has obscured the underlying global economic crisis.

The currency recovered in 2023 by a modest 12%, much due to a current account surplus, revival of remittances and partial resumption of tourism. But recovery is bound to be slow for an economy in deep crisis.

Speedy recovery, besides weak prospects, also risks long-term economic instability. The IMF bailout is unlikely to help such recovery. Obstacles exist on two fronts: one is the IMF requirement for Sri Lanka to make debt

restructuring deals with its lenders to defer payments on loans by means such as short-term reduction in interest rate and a hopeful 'haircut' on the capital owed, and the other the stringent conditions imposed by the IMF.

A study by UK-based Debt Justice, Sri Lankan campaigners Yukthi and the Institute for Political Economy (IPE) showed that the restructuring deal offers much bigger repayments to ISB bondholders than to bilateral creditors like China. [<https://ipe-sl.org/sri-lankas-bondholders-to-get-repaid-20-46-more-than-china/>]. Also see "The Financial Interests of External Bondholders Are Being Protected Ahead of Other Stakeholders" [<https://ipe-sl.org/bondholder-proposals-decline-and-defer/>]. Their study notes that, based on the IMF's Net Present Value concept, bondholders who will nominally receive 80 cents per dollar lent, could receive as much as 98 cents if economic growth is more than expected by the IMF.

In July 2024, the reputed Indian economist CP Chandrasekhar who was highly critical of the above agreement drew attention to the risks of incorporation of a novel instrument— a macro-linked bond issued in place of existing bonds, for which the pay out was linked to the GDP performance of the debtor country. He argued that the terms of the bonds could end up delivering significant gains for foreign creditors with little for Sri Lanka. (<https://www.networkideas.org/news-analysis/2024/07/sri-lankas-debt-restructuring-a-win-for-private-bondholders/#>)

Wickremesinghe agreed to a draft deal with international bondholders to restructure the 12.5-billion-dollar external debt they owned by issuing new bonds that would track the country's economic recovery. Bigger pay-outs were offered in case of a higher GDP as sweetener for the creditors, risking Sri Lanka's falling back into debt trouble by 2030. Signing of the deal just two days before the presidential election was perhaps his final mischief as President to down his successor to a deal with dubious benefit for the economy, as he knew that he would not be elected. All of this was for a debt stock reduction by less than 1.5 billion dollars of the total current debt of 12.6 billion owed to the bondholders, as explained by Ahilan

Kadirgamar in his essay “Crooked Bond Deals and the IMF Trap” (Daily Mirror, 7<sup>th</sup> October 2024 and MLND 79).

DG Pathirana, writing in the Daily FT in October 2024, argued that under the agreement Sri Lanka has effectively waived its legal right for a higher debt cancellation, and warned that the extended maturity period masked a likely increase in the total interest paid, as the weighted coupon rate of interest can rise to 6.8% in 2028 and to 9.75% in 2032. He also pointed out that, knowing how the rupee has depreciated against the dollar, analyses based on Net Present Value are likely to underestimate the real cost of debt restructuring, and hoped that the new government would not rush into the agreement, adding that it demanded a bold economic policy aimed to alter the status quo amid strong opposition by influential interest groups. [<https://www.ft.lk/columns/Sri-Lanka-s-ISB-restructure-Debt-trap-backed-by-IMF-and-Ceylon-Chamber-of-Commerce/4-768633>].

Pathirana who warned in January 2025 that the revised bondholder agreement risked balance of payments instability even in the short term, also pointed out that the 2025 ISB repayments and the nearly 1.5-billion-dollar outflow due to lifting of import ban on personal vehicles add to 3.4 billion dollars, exposing the current usable reserves of around 5 billion to external shocks. [<https://www.cadtm.org/Sri-Lanka-s-ISB-Restructuring>]

The Debt Sustainability Analysis (DSA) of the IMF had overestimated Sri Lanka’s ability to repay its debts, and predatory private lenders had recklessly lent to a country with a debt ten times the annual government revenue and debt-to-GDP ratio close to 100%, far above the critical 50% debt-to-GDP threshold, to sink the economy deep into debt. Comprador bourgeois interests like the Ceylon Chamber of Commerce and a political class lacking in vision have now guided the country into a deadly debt trap presided over by the IMF. Such experience is not unique to Sri Lanka and is suffered by many countries of the Global South.

## Where the Country Stands

The IMF generally demands strict austerity measures that mainly burden the poorer population who generate the country's wealth, and will limit public spending so that risk of defaulting on debt payment is minimal.

The IMF's insistence on a significant primary budget surplus in the next decade implies substantial cuts in budget allocation for public services and reduced public investment and other government spending.

Structural reforms will blunt the productive potential of the economy through reduced public investment, while high lending rates will be a disincentive for small investors. The impact of failing small businesses on economic growth will in turn curtail government's taxation revenue.

Despite all austerity, there is no promise that the IMF programme will make the country debt-free. It seems likely that borrowing on foreign currency external bonds will resume by 2027. [[https://debtjustice.org.uk/wp-content/uploads/2024/07/Sri-Lanka-debt-restructurings\\_07.24.pdf](https://debtjustice.org.uk/wp-content/uploads/2024/07/Sri-Lanka-debt-restructurings_07.24.pdf)].

As explained earlier, the flawed IMF programme with extreme austerity measures includes a debt restructuring deal with creditors by an outgoing government lacking legitimacy. The high external debt servicing targets of the IMF are likely to induce Sri Lanka to default again and face repeated debt crises and social suffering. Hopes that the new government will reject the restructuring deal were dashed when it signed without protest the short-sighted agreement.

The onus is now upon the Sri Lankan people to resist the undemocratic debt restructuring process and every aspect of the relief programme that passes the debt servicing burden to the toiling masses.

The IMF laid its trap when chances of resistance was low amid hope in the new government to relieve economic suffering. But the President has not stood up to a bureaucracy aligned with the old guard, the Colombo based elite aiming to sabotage the government and imperialist pressures.

The experiences of the UF government of the 1970s have lessons to offer. It faced isolation and a capital assault when it dared to defy the US to side with what was a strong-willed Non-Aligned Movement in global issues. Yielding to pressure from imperialists and hegemon has no promise of economic stability, but signs are that the government lacks the will to resist pressure from powers competing for political and economic control over Sri Lanka. Indian and US obsession with containing China is a matter where the government seems visibly timid.

As Ahilan Kadirgamar points out in his Daily Mirror essay, at the end of the IMF programme in 2027, the government will be annually repaying 4.5% of the GDP or 30% of its revenue in foreign exchange for external debt servicing. He has drawn attention to the prospect of borrowing 1.8% of GDP in sovereign bonds annually as part of the external debt servicing without crossing the IMF bounds of financial stability. In other words, from 2027, Sri Lanka could resume borrowing on high interest sovereign bonds, paving the way for the next debt crisis.

Salvaging the economy is not limited to paying debts. It demands enhancing economic productivity and narrowing the foreign trade gap. Curtailing wasteful consumption is loathed by those to whom economic growth correlates with consumption. A key factor that is ignored by the defenders of IMF deals is that passing the economic burden to the toiling masses hurts economic productivity much more than passing it to high income earners and big businesses.

A complete rethinking of the economy of the country is essential. Even where a government has, however unwillingly, come under IMF pressure, it needs to work on way of economic development that will free it from future IMF domination. Sane economic policies will emphasise self-reliance, avoidance of waste of human resources in sectors that do not contribute to production, and resisting consumerism.



# The Need to Resist the IMF: Some African Experiences

*Deshabakthan*

Influential and persuasive apologists for IMF rescue packages persist in their mission, but there has always been mass anger against how these packages work out. The record of protests against the IMF and World Bank is long and a notable major international protest took place in West Berlin in 1988 during the annual meetings of the IMF and World Bank. Waves of protests that followed reached a peak in the surge of WTO protests in Seattle in 1999. Since then, all meetings of the IMF, World Bank, G7, and G8 summits have attracted strong protests. The protests have not changed much in the way the IMF or World Bank operate, but for the effort they make to present a humane face for activities designed to keep intact the imperialist world order.

The comments here also concern mass protests challenging governments for their passive submission to the diktats of the IMF. Even in Sri Lanka, public opinion has been mobilised to protest to the government and the IMF about the way the proposed IMF reforms will further burden the poor by increased taxes and removal of essential subsidies as prescribed by the IMF which will meanwhile sustain unnoticed the plunder of the nation's wealth by a few through illicit capital flows, tax evasion and tax holidays for corporations in collusion with foreign interests.

Despite strong protests by trade unions and public interest organizations (like for example, <https://ipe-sl.org/wp-content/uploads/2024/03/CSOs-TUs->

*reject-cosmetic-consultations-by-IMF-E.pdf*) there is no mass mobilisation against the current IMF package of which the present government was very critical before its election to power but has chosen to play ever since.

## **The Role of the IMF**

Proponents of IMF intervention insist that the IMF's financial relief, by stabilizing the economy in crisis, enables the country to carry out necessary reforms and access other forms of financing. The catch is that financial support offered to countries in economic crises gets linked to structural adjustment programs (SAPs) involving austerity measures like curtailing government spending leading to reduced social services and greater hardship for citizens. Such measures face public resistance for their negative features such as:

- **Conditionality:** Strict economic conditions (mainly austerity measures) imposed on borrowers have caused reduced social spending, job losses, and economic hardship.
- **Debt burden:** IMF loans have often added to the borrower's debt burden making repayment harder while hindering economic growth.
- **Insensitivity to context:** The "one-size-fits-all" approach of the IMF ignores circumstances unique to the borrower.
- **Lack of accountability:** The IMF lacks transparency in decision making, and is not held accountable for hazardous outcomes like the Asian financial crisis of 1997 and the Greek debt crisis of 2010.

One defence of the IMF is that it provides vital financial support to countries in economic crises to stabilize their economies and restore investor confidence, so that the seemingly harsh IMF policies are vital to restore economic stability and halt further decline. It is also said that the IMF offers technical expertise and advice to develop sound economic policies that foster global economic stability and avert financial crises.

While there are instances of IMF-supported policies helping recovery from economic crises as in Mexico after the 1994 currency crisis and assisting

governments to overcome short term financial instability, what matters is the overall impact of IMF policies, especially in the context of the Global South.

Prof. Jason Hickel of the Autonomous University of Barcelona points out that the per capita income gap between the Global South and North has quadrupled since 1960, revealing a sharp divergence driven by power imbalances in the world economy. The undue influence of rich countries in setting the norms of global trade and finance is backed by the World Bank and IMF as key institutions governing global economic policy. (<https://www.aljazeera.com/opinions/2020/11/26/it-is-time-to-decolonise-the-world-bank-and-the-imf>)

Voting power in the World Bank and the IMF is skewed in favour of the North, as the G7 and EU control over half of the vote in both, while the South with 85% of the world's population, has a minority share. The US, besides, holds de facto veto power in major decisions. Thus, as expected, the IMF peddles an austere neoliberal model enabling cheaper exports and extraction to the advantage of the West.

Hickel also notes that foreign banks are major beneficiaries of the SAPs of the IMF that demand cuts to social services and privatization of public companies to divert national resources to service external debt. This too helps to bail out big banks by drawing on resources of the poor.

The IMF, besides imposing cuts in government spending, calls for high interest rates to stabilise the currency. This risks bankruptcy for small and medium businesses in a weak economy as they are denied state support. Such policies which hurt economic growth and make the economy rely on predatory investors and lenders are consistent with IMF's demand for structural adjustment to weaken the role of the government in social and economic matters while privatisation and deregulation favour predatory capitalists and their foreign partners.

Some insist that IMF oversight ensures greater transparency and accountability in economic matters. But evidence is weak. The IMF turns a blind eye to corruption at high levels like foreign capital using political pressure to secure shady trade and investment deals as in Sri Lanka in 2022 when American and Indian companies secured major contracts without following tender procedure.

**Austerity measures.** There is strong evidence that IMF-imposed steps like cuts to public spending and subsidies have by hurting healthcare and education led to rising poverty and social unrest.

Amid the Asian financial crisis of 1997, IMF asked Indonesia, Malaysia and Thailand to adopt tight monetary and fiscal policies to curtail budget deficit and stabilize exchange rates. But these policies really transformed what were minor economic slowdowns into serious recessions with high unemployment. The next major victim of IMF guidance was Argentina in 2001, where fiscal restraint prescribed by the IMF led to less investment in public services which in turn damaged the economy.

**Short-sightedness.** IMF bailouts tend to prioritize short-term remedies like fiscal consolidation and ignore deeper structural issues like income inequality, corruption, and inefficient governance. Thus, cuts to social programs make marginalized communities bear a disproportionately large share of the economic burden heaped on the borrower.

**Political impact.** Supporters of IMF programs claim that conditions attached to loans can be used as leverage for necessary structural reforms. But the SAPs that they call necessary only serve the interests of global capitalism and its local clients, while the austerity measures prescribed, like cuts in government spending, invariably lead to reduced social services and thereby increased hardship for the poor. These measures, understandably, stir strong popular opposition owing to their potentially negative impacts.

The IMF, using conditions biased towards neo-liberal economic norms, also urges governments to reverse policies emphasizing social security and welfare and abandon economic policies serving the interests of the people like self-reliance and revival of the nation economy.

IMF credit is not designed for economic revival to free a country from debt but to seek ways to service loans by burdening the toiling masses. Among the worst victims of IMF conditionalities are several African nations like Zambia, Ghana, Ethiopia, and Malawi burdened with unsustainably heavy debt levels and face economic instability and social unrest. Some like Zambia have defaulted on debt payments

Sub-Saharan Africa has the largest number of borrowers from the IMF, and 19 of Africa's 35 low-income countries are in debt distress or face high risk of debt distress. This essay emphasises the experiences of some key African clients of the IMF.

## **IMF in Africa**

Since early 1980s many African governments have borrowed heavily from the IMF and World Bank and were compelled adhere to the strict neoliberal norms laid down by them. A precondition for loans was implementation of SAPs with binding austerity and cuts to social spending, while the economy was forced to rely almost solely on extraction and export. This meant less investment in education and health care and more cheap exports to the West.

Reality has negated the claim that IMF prescriptions will boost economic growth. Between 1981 and 2001, potent structural adjustment nearly doubled the number living on less than a dollar per day in sub-Saharan Africa from 164 million to 316 million. GDP per capita fell by 15% between 1980 and 1998 compared with a rise by 36% over the preceding two decades. UN Secretary General Javier Pérez de Cuéllar said in 1991 that the IMF was a leading cause of the sorry state of affairs in the region.

A research study of IMF support to Ghana, Kenya, Malawi, Nigeria, Senegal, Sierra Leone, Tanzania, Uganda, Zambia and Zimbabwe found that eight of the ten countries were recently advised to cut or freeze public sector wage bills. [<https://actionaid.org/publications/2023/fifty-years-failure-imf-debt-and-austerity-africa>] The IMF had advised all ten to target spending on public sector wages in order that they fall below the global average for workers in health and education, among others. This led to recruitment freezes and retrenchment even amid shortage of teachers and health workers, and to salary freezes amid rising living costs.

The Canadian Centre for Policy Alternatives pointed out that Africa had by 2004 paid the wealthiest countries 15 billion dollars annually in debt servicing, exceeding what it received as aid, new loans or investment. (“Impoverishing a Continent: The World Bank and the IMF in Africa” by Asad Ismi, <https://www.policyalternatives.ca/>). In contrast, East Asia, where the IMF did not impose strict austerity measures, recorded the greatest reduction in poverty during this period.

## **Three IMF Debt Experiences in Africa**

### ***Zambia***

Reliance on dollar denominated loans amid volatility of copper price cost Zambia high debt levels well before 2020. Developing an economy reliant mainly on copper exports was hard for Zambia, a British colony until 1964. Land-locked Zambia was isolated by all neighbours, but for Tanzania, who resented Zambia’s support for African freedom struggles, mainly in white minority ruled Rhodesia (now Zimbabwe) and South Africa as they were under colonial masters or had White racist regimes.

Zambia had to borrow to sustain the economy in the early 1970s owing to falling copper prices and the massive rise in oil prices. Within a decade, debt owed mainly to Western banks rose from around 813 million dollars to 3.25 billion. Zambia’s impoverishment was the result of reckless lending by western banks.

By the end of the 1970s, the rise in US interest rates forced a debt payment crisis. IMF intervened in 1983 to lend to pay back the banks whose reckless lending pushed them into a financial crisis. The loans were conditional upon large cuts in public spending, privatization and liberalisation of trade. They, together with high debt repayments and falling copper prices, shrank the economy in most of the 1980s and 1990s. The local textile industry collapsed and unemployment surged, forcing Zambia to become even more dependent on copper mining, whose privatization under IMF pressure hurt government revenue and public services. Between 1990 and 2004 external debt hovered at around seven billion dollars.

IMF-imposed austerity led to falling wages amid drought and diseases like Aids and malaria. Life expectancy fell, child mortality rose, and people living below poverty line (2 dollars per day) rose from 6 million in 1991 (75% of population) to over 9 million by 2003 (85% of population). Besides, IMF pressure was so strong that when the Zambian parliament rejected an IMF-enforced privatisation of a bank, debt relief was delayed until Zambia yielded.

Global protests enabled a debt relief scheme called the Heavily Indebted Poor Countries (HIPC) initiative, which included debt cancellation but subject to Zambia's compliance with several free market conditions including privatisation of services and austerity. Four billion dollars of debt was cancelled on completion of the HIPC program. But for its duration (December 2000 to April 2005) yearly debt repayments of above 200 million dollars on average exceeded the combined spending on health and education.

Debt relief arriving at a time of recovery of copper prices helped the economy. But Zambia, despite its copper wealth, remains a very unequal country with debt gradually rising once again, thanks to loans like the cynical UK loan for Zambia to adapt to climate change. In fairness, debt relief freed money earmarked earlier for debt servicing for investment in education, health and social welfare, and the economy grew at an annual

average rate of 6%. But borrowing from predatory lenders extracted its price. As predicted by the IMF Zambia's debt payments tripled from 60 million dollars in 2010 to 180 million by 2015.

Remarkably, Zambia avoided borrowing from the IMF after settling its 2008 loan in 2011. But amid the COVID-19 'pandemic' it became the first in Africa to default on sovereign debt, and turned to the IMF which approved an Extended Credit Facility (ECF) loan of around 1.3 billion dollars if Zambia undertook debt restructuring efforts. Zambia's External Debt settled at 23.1 billion dollars in September 2024 after reaching an all-time high of 24.3 billion in March 2023 compared to a record low of 921.2 million in 2012.

Until Zambia reduces reliance on copper by diversifying its economy, it will remain indebted, and the IMF will ensure that creditors are repaid.

## *Ghana*

Ghana resorted to several IMF bailouts after 1969 up to the one starting in 2023 following its December 2022 default on much of its external debt of 30 billion dollars, including Eurobonds, owing to economic blows linked to the COVID-19 'pandemic', the Ukraine conflict and the rise in global interest rates. Ghana has since restructured its debt, and completed a 13 billion dollars Eurobond debt exchange in October 2024 to exit the default.

Ghana went to the IMF only after a CIA inspired coup overthrew Kwame Nkrumah in 1966. The new government promptly asked the World Bank and IMF to guide its economic management. IMF's standby arrangement' of 1966–69 also meant privatization of state enterprises. Since May 1966, Ghana has had 17 IMF programs, including the current ECF approved in May 2023 for 36 months, for it to manage its economic crises and address policy and reform priorities.

Power changed hands several times since Nkrumah. Between 1972 and 1979 a military-led government initiated, amid moves to modernize, the



Operation Feed Yourself programme aiming at agricultural self-reliance. Notably, IMF intervention returned after a long break in 1979 as a standby arrangement to stabilize the economy after Colonel JJ Rawlings seized power. But Ghana had serious inflation averaging 73% in the early 1980s, peaking at 123% in 1983 and declining on average to around 44% for the decade and then to 25% on the early 1990s. Ghana also faced a hunger crisis owing to food shortage caused by climate change issues.

In 1995 the IMF approved a 258 million dollar loan under the Enhanced Structural Adjustment Facility to support the 1995–97 economic program of the Fourth Republic founded by President JJ Rawlings, and in 1999 a loan of 209 million for the economic reform program of 1999–2001.

Even after IMF support in 1995 and 1999, Ghana sought IMF support as a Heavily Indebted Poor Country (HIPC) in 2003 under JA Kufuor, elected President in 2001. IMF relief helped to reduce debt from 66 billion dollars in 2003 to 23 billion in 2006. The IMF also coaxed Ghana to invest more in education, healthcare and good governance instead of paying the debt.

The IMF returned with a much bigger loan of 918 million dollars extending over 3 years in early 2015 to support Ghana's economic reform program, debt sustainability, macroeconomic stability, and promotion of growth and job creation. The program prescribed reinforced revenue mobilization, fiscal discipline and public finances, and lower inflation. But the government debt grew to 85% of the GDP in 2023.

The current 36-month ECF of 3 billion dollars approved by the IMF in May 2023 actively monitors staff-level agreements on policy and reform priorities. But Ghana's inflation rate held high amid IMF and World Bank economic parameters that are insensitive to falling quality of life.

Ghana's debt crisis endures despite cancellation of a significant volume of debt a decade ago, and external debt payments amount to 30% of government revenue. The overall debt continues to rise as debt payments are facilitated by further loans from lenders including the IMF.

Borrowing rose with the discovery of oil leading to production in 2010, and rose further after the decline in the prices of oil and Ghana's export commodities since 2013, with the relative size of the debt growing further with the depreciation of the Ghanaian cedi (GH¢) against the US dollar. The underlying cause of the economic crisis remains the continued heavy reliance on commodity exports while borrowings do not help to generate sufficient revenue to repay the loan.

## *Kenya*

Kenya agreed to its first SAP with the World Bank in 1980 and the IMF in 1982. It was initially slow to act on their neoliberal recommendations. From the mid-1980s Kenya adopted significant trade liberalization with lower import duty and slackened import controls. Despite a several fold rise in GDP, the number living in poverty rose from around 35% in the 1970s to over half the population by the late 1990s. If poverty level was a criterion, Kenya's adoption of neoliberalism and SAPs was an abject failure but for the Kenyan elite whose incomes increased threefold.

After years of lending to Kenya under Daniel Arap Moi, the IMF cut off lending in 2000, owing to his blatant corruption. After a three-year lapse, the IMF announced resumption of lending under Mwai Kibaki, elected President in 2002. Kinaki, however, chose to take Kenya in a new direction with his Look East policy and turned to Chinese finance. In the next decade, Chinese loans eclipsed loans from the IMF and World Bank which could no longer dictate economic and development policy. Within a decade, poverty was reduced remarkably and GDP growth picked up.

Kibaki, however, yielded to the IMF in 2011 when Kenya badly needed extra means of revenue amid a severe regional drought. The government went on to implement IMF recommendations, culminating in adding VAT to fuel. Successive governments abandoned the Look East policy to seek IMF and World Bank funding.

In 2019, the IMF came up with a new policy “Social Spending Floors”, allegedly to save the borrower from cutting social spending at rates badly hurting the poor. But Oxfam in its “IMF Social Spending Floors. A Fig Leaf for Austerity?” noted that “for every dollar that the IMF encouraged a set of poor countries to spend on public goods, it has told them to cut four times more through austerity measures.”

The most recent IMF deal combining the Extended Fund Facility (EFF) and Extended Credit Facility (ECF) was passed in April 2021 and extended in July 2023 to include a Resilience and Sustainability Facility (RSF) under William Ruto, elected President in 2022.

Grappling with a dual crisis of rising living costs and mounting debt, exacerbated by outdated IMF policies, Kenya had a debt-to-GDP ratio of 68% in 2023. “Finance Uncovered” revealed that Kenya’s cost of servicing its debt exceeded all other items in the national budget combined. [<https://www.financeuncovered.org/stories/indebted-africa-uncensored-guardian-sovereign-debt-explain-kenya>]

On taking office in September 2022, Ruto executed IMF’s key condition of scrapping subsidies by previous governments for maize flour and fuel, driving up their prices. IMF also encouraged him to make large cuts in health and education and enact highly regressive tax policies that pass the tax burden on the country’s poor. In July 2023, the government, again as instructed by the IMF, doubled VAT on fuel, from 8% to 16%.

Nairobi had several mass demonstrations in 2023 by Kenyans protesting the new taxes and scrapping of subsidies. Ruto caved in and restored fuel subsidy, but protests continued, and surged in June 2024 in response to the passage of the Kenya Finance Bill 2024 which taxed essential goods including food, health care, and fuel in line with IMF-backed budget reforms. Thousands stormed the Parliament and Ruto withdrew the bill.

Despite the protests, the IMF approved a 606 million dollar loan in October 2024. But the future of the IMF program and the level of cooperation between Kenya and IMF seems uncertain.

## **Lessons for Sri Lanka**

Ethiopia, Malawi, Angola, and Mozambique are important among other African countries in talks with the World Bank, IMF, and global financial institutions. They are trapped in a cycle of debt and are compelled to borrow to repay earlier debts. Further indebtedness resulting from it is exacerbated by the reliance of the countries on external financing and vulnerability to fluctuations in global commodity prices.

Sri Lanka's post-colonial economy was at a greater advantage than the economies of the three former African colonies discussed above. Zambia, Ghana and Kenya rank among countries in sub-Saharan Africa with the highest outstanding debt to the IMF. Their indebtedness was forced by historical circumstances and is more forgivable than Sri Lanka's, caused by callous suicidal economic policies.

Whereas Africa is still trapped by reliance on extraction and export on the cheap and is denied necessary investment in education, health and quality of life, Sri Lanka was free of several of the hurdles at the time of independence. The West wilfully denied development of industry and infrastructure to Africa to continue plundering of its resources, Sri Lanka was less unfortunate, but is still a serious victim of imperialist economic domination, thanks to wilful submission to imperialism in 1978.

Sri Lanka was cautious about borrowing until adoption of the 'open economic policy' in 1978, well ahead of the rest of South Asia. Callous destruction of the slowly growing national economy by uncontrolled import was accompanied by consumerism funded by export of labour and transfer of labour power to Free Trade Zones denying a valuable labour force to support a local industry.

Sri Lanka is now caught in an IMF debt trap and extrication demands change in economic policy. How the IMF keeps countries perpetually indebted is a lesson that Africa can offer Sri Lanka.

IMF induced austerity programs have almost always had a negative impact on the economy of the borrower. For years, multilateral lenders, especially the IMF, have had a bad reputation in Africa for providing loans to desperate countries based on stringent conditions that critics accuse had always disproportionately affected the poor.

There are lessons for Sri Lankan masses to learn from African countries on responding to IMF-driven policies that burden the toiling masses to repay foreign debt but sparing the rich and big businesses. Mass protest has made governments retreat like Kenya in 2024 and Ghana in 2022. Strikes in Tunisia overturned an IMF-backed wage bill in February 2019, and mass protests against IMF imposed austerity measures in 2024 have grown into a strong mass challenge to the authoritarian rule imposed on Tunisia in 2022.

Governments in the Global South are under constant IMF pressure to betray the interests of their people. When people are not on the alert, governments could choose the easy way out by yielding to the IMF. People need to be vigilant and ready to challenge their government to say on whose side it is standing. People who dared to defy cheating governments have won. Vacillation will only make a country vulnerable to disastrous consequences.

# **Counter-Democratic US Interventions in Latin America**

## ***(Part 2)***

As said in Part 1 of the essay (MLND-79) the US intervened in Argentina, Bolivia, Brazil, Chile, Cuba, Grenada, Guatemala, Honduras, Nicaragua and Venezuela to defend its geopolitical and economic domination. It sought prevent radical or revolutionary forces from winning state power in any country so as to prevent perceived threats to US dominance and monopoly over resources. It succeeded in all countries of the region but Cuba until near the end of the 20<sup>th</sup> Century. Reversal of US fortunes since in Venezuela, Nicaragua, Bolivia and Honduras has made them enduring US targets for regime change amid growing economic influence of China and a rise in centre-left nationalism in Latin America and the Caribbean. Even countries like Peru and Colombia with governments that were subservient to the US even in the 21<sup>st</sup> Century have seen changes much to the dislike of the US and hence they too risk covert acts of subversion.

Let us now look at countries where US intervention was seemingly less necessary or likely than in countries dealt with in Part 1. The US as always acted harshly to punish any who dared to defy.

### **Mexico: Locked in Partnership**

Relations between the US and Mexico have rarely been comfortable since the US invaded Mexico and seized half of its national territory in the 19<sup>th</sup> Century. Efforts by both countries to establish a relationship based on mutual trust and respect led to strong mutual influence on political, economic, social, and cultural development. Historically, US dominance

has had a significant impact on the relationship so that despite the cooperation between the US and Mexico, the relationship is still marked by antagonism, exploitation, and unilateralism and faces challenges on the fronts of economic development, immigration, and drug-related crime.

US policy on Latin America assumed that the region was a US sphere of influence, as articulated in the Monroe Doctrine. It intervened in the Mexican Revolution of 1910–20 by amassing troops on the border many times between 1914 and 1920 and invading Mexico in 1914 and 1920.

Annexation of Texas by the US in 1845 following the US-backed Texas Revolution of 1835–36 fuelled tensions between Mexico and the US, and the Mexican–American War (1846–48) led to Mexico ceding the US territories of what are California, New Mexico, and Arizona. The US later commercially acquired southern Arizona and New Mexico.

US impact on Mexican economy grew under the dictatorship of General Porfirio Díaz from 1876 to 1911 when US investment in Mexico led to modernization and economic development amid suppression of political liberties and a widening gap between the rich and the poor. US intervention escalated since a German suggestion during WWI to help Mexico restore territories lost in the Mexican–American War in exchange for an attack on the US, although Mexico did not accede to it.

After WWII, the US, Mexico and twenty other countries in the Americas signed the Inter-American Treaty of Reciprocal Assistance, or the Rio Treaty in 1947 accepting in principle that an attack on one country will be seen as an attack on all. The Treaty, invoked often during the Cold War, only benefitted the US. (In 2002, Mexico formally withdrew from the Treaty, protesting US plans to invade Iraq.)

Border security and migration now dominate causes of conflict. In fact, Mexican immigrants were subjected to forced repatriation during the Great Depression (1929–39). But when the US in 1964 terminated entry

of Mexicans on a temporary worker program, Mexico in 1965 initiated an industrial development program with factories located mostly near the US–Mexico border using cheap Mexican labour to assemble goods for the US market. By 1992, they supplied around 40% of Mexico’s exports. This state-driven project led to economic growth at 3–4% for nearly three decades. But one-sided drug control action across the border by the US has had an adverse effect on trade and goodwill.

Discovery of large oil reserves in the Gulf of Mexico in 1976 did not arrest rising inflation, unemployment and massive public debt so that Mexico defaulted on debts in 1982. US economic dominance increased after Mexico was drawn into the North American Free Trade Agreement (NAFTA) comprising US, Canada, and Mexico. Mexico’s economic woes worsened with a fall in oil prices and the 1997 Asian financial crisis. Changes in government in Mexico had no impact on the unequal relationship with the US until López Obrador (AMLO) was elected President of Mexico in 2018. He dared to defy the US in foreign policy issues like offering asylum to Evo Morales deposed by a US-backed coup in Bolivia and by improving relations with Cuba which were soured between 2006 and 2012 under a strongly pro-US President Vicente Fox.

The US–Mexico–Canada Agreement (USMCA), an updated version of NAFTA with tighter restrictions superseded NAFTA in 2020. Relations already strained by Donald Trump’s aggressive border security and immigration policy have been further aggravated in his second term.

More impressively, Mexico’s new President Claudia Sheinbaum has shown defiance in the face of the harsh treatment of immigrants by Trump and his threats of a 25% embargo over the alleged failure of Mexico to stop illegal immigration and drug trafficking into the US.

There is ongoing tension in US–Mexican relations, with both countries expressing concern about the other’s policies and actions. The Mexican government has criticized the US for what it sees as meddling in its



internal affairs, including adverse comments by the US ambassador on Mexico's judicial reforms.

## **Guyana: Rigging Elections**

Amid Cold War concerns about another “Communist Cuba” in Latin America, President John Kennedy approved a covert CIA campaign to rig national elections in what was then British Guiana, a British colony until 1966. Prime Minister Cheddi Jagan, leader of the popular People’s Progressive Party (PPP) who was considered a communist had to go. [<https://nsarchive.gwu.edu/briefing-book/intelligence/2020-04-06/cia-covert-operations-overthrow-cheddi-jagan-british-guiana-1964>]

Notably in 1953, the PPP won a majority in parliament and Jagan became prime minister. But his plans for socioeconomic reforms and support for workers’ rights made the British authorities dismiss him from office later that year, suspend the constitution, and send troops to keep the PPP out of power. The PPP won successive elections in 1957 and 1961. But with the post of PM suppressed then, Jagan became PM only in 1961.

Jagan’s socialist ideals and a neutral foreign policy made him suspect to the US. In 1962, Kennedy informed the British prime minister that the prospect of an independent British Guyana led by Jagan was unacceptable and the country needed another leader. After Britain announced voting districts, and certified voters’ lists with serious flaws in June 1962. The CIA got into action later in the year to build and finance campaign activities of communally divisive political parties.

Despite British manipulation of the electoral system and manoeuvring by the CIA, the PPP won the highest number of votes. But it was prevented from forming government by the British Labour government headed by Harold Wilson. It took until 1992 for the PPP to win and Jagan to become Prime Minister. But it was too late for Guyana whose sovereignty had by then been severely compromised by US imperialism.

## **Panama: A Criminal Partner Turned Target**

Panama was carved out of Colombia to let the US build, own and operate a canal joining the Atlantic and Pacific oceans. When negotiations with Colombia on sovereignty over the Canal Zone stalled, the US backed a separatist movement in Panama to achieve secession. The US bought French businessman Phillip Burnau-Varilla's rights to build the Panama Canal, and demanded and secured under a perpetual lease agreement in 1903 full control of the Canal and a 9.7 km zone on either side. Nearly 20 years of Panamanian protest led to the US–Panama treaty of 1977 which replaced the 1903 agreement and allowed transfer of control of the Canal in 1999, subject to an on-going right of the US to defend against threats to the neutrality of the Canal.

A coup in 1989 left Panama with Noriega Moreno, a CIA agent, politician and military officer with links to US intelligence agencies since the 1950s, as *de facto* ruler who was already calling the shots since the *de facto* ruler Gen. Omar Torrijos died in a plane crash in 1983. He controlled puppet presidents and amassed massive wealth through drug trafficking using the military and was also a conduit for illicit arms and armament and cash for US-backed rebels in Latin America, notably the Nicaraguan Contra death squads in what became known as the Iran-Contra Affair.

He became a target when relations with the US soured in the late 1980s. The US invaded Panama in December 1989 to oust a man who outlived his usefulness and became an embarrassment. Arrested in 1990 for fraud, corruption and drug smuggling, he was tried and incarcerated in the US.

The US had limited control over the Canal under the 1979 agreement. But President Trump announced in April 2025 intention to return control of the canal to the US. Trump seems mollified by the Hong Kong based conglomerate, CK Hutchison Holdings with majority ownership of two of the canal's four major ports recent sale of most of its global port holdings to a consortium of investors led by the US firm BlackRock, much to the

anger of China. China has announced plans to build a rival canal across Nicaragua, a technically feasible project that was so far not undertaken for geopolitical reasons but more feasible in the context of the establishment of diplomatic relations between China and Nicaragua in 2022 and the current aggressive posture of the US against trade rivals.

## **Puerto Rico: Lasting Legacy of US Colonialism**

US first intervened in the Caribbean in Puerto Rico and Cuba in 1898 amid the Spanish–American War. Soon after, it made Puerto Rico a US dominion. Over a century since take over by the US, the island, a legacy of US colonialism in the Caribbean, is still a territory of the US.

The US Supreme Court defined Puerto Rico as an unincorporated territory and Puerto Ricans became US citizens in 1917. Puerto Rico was granted commonwealth status in 1951, allowing a degree of self-rule while being part of the US. But debate over its statehood persists in the misgoverned country facing economic depression, shrinking population, debt crisis and bankruptcy and natural disasters.

The US has for political reasons has avoided making Puerto Rico one of its states, while supporters of statehood demand a binding referendum on the island's status. US attitude towards Puerto Rico remains colonial, and the country was once America's experimenting ground for the birth control pill and a bombing site for the US military (which constantly bombed the off coast island of Vieques forcing displacement of people and causing very high cancer rates in Vieques). Puerto Rico does not receive fair treatment from federal institutions and its citizens are denied equal access to welfare programs. Puerto Ricans are tired of their current status of being unequal citizens of the US.

Although the last plebiscite in 2024 yielded a bigger majority in favour of statehood than in 2022 it seems unlikely that the US will allow Puerto Rico to join the US as the 51<sup>st</sup> State. The tragedy of Puerto Rico is that it cannot

vote to elect the president who can send its children to war, besides their being treated as second-class citizens in every way.

## **Haiti: First to be Free but Still Foreign Dominated**

Haiti was the first colony in the Americas to win freedom from colonial rule by revolting against the French. Freed in 1804, Haiti became the second independent country in the Americas, after the US in 1783. Forced to pay reparations to France from 1825 to 1947, Haiti borrowed from US, German and French banks at exorbitant interest rates. Loan repayments drained most of the national budget, and the economy was in tatters. Haiti, the poorest in the Western Hemisphere and among the world's poorest, freed itself of slavery to fall into debt, poverty and corruption, with severe unemployment and a majority below the poverty line.

To defend US economic interests the US military invaded and occupied Haiti in 1915, killing thousands. It left Haiti in 1934 but with a loyal army left behind. Haiti suffered a cruel dictatorship under François "Papa Doc" Duvalier (1957–1971) and his son Jean-Claude "Baby Doc" Duvalier (1971–1986) marked by brutal oppression, widespread human rights abuses, and severe economic hardship for the people.

The US has historically imposed economic dependence backed by armed intervention and political manipulation to control Haiti and its resources to help US capital and US dominance in the region. US policy, driven by strategic and economic interests, was marked by financial control, occupation and military deployment and adversely impacted on Haiti's political stability, economic development, and social well-being. US priority for security concerns, especially regarding gang violence and the threat of drug trafficking ignored economic development and social justice so that US intervention undermined the Haitian state and created conditions for gang activity to thrive and aggravate Haiti's instability. With US as the dominant trading partner and a strong presence of US

firms, Haiti is a neo-colonial dependency of the US with Haitian labour and resources exploited for the benefit of US capital.

Jean-Bertrand Aristide won Haiti's first free election in 1990. Inaugurated in February 1991, he initiated a literacy program and acted to dismantle the repressive state structure of the Duvaliers, to the fury of the Haitian elite. He was ousted in a coup in September 1991 and forced into exile until October 1994, when the Haitian military, under threat of US invasion under President Bill Clinton, let Aristide return to power. But, despite denial of power for half of his term, he was constitutionally barred from a consecutive term. After stepping down in 1996, he won in 2000 and took office in February 2001, only to be forced to flee in 2004.

Owing to Haiti's strategic location in the Caribbean, the US in order to maintain control over the region acts to prevent foreign influence. Thus, following widespread unrest in 2004, the UN Security Council was persuaded to establish the United Nations Stabilization Mission in Haiti (MINUSTAH) to stabilize the country. But political instability and mob violence have escalated since President Jovenel Moïse's assassination in July 2021 by a group of 28 foreign mercenaries, mostly from Colombia but also including US citizens operating from Florida.

Haiti now faces a complex crisis of political instability, gang violence, and humanitarian challenges. The US seeks to address them in ways that accommodate its dominance, even in addressing natural disasters and controlling gang warfare. Perceptions of the US based on its legacy of intervention hinder public trust and cooperation with the US.

### **Dominican Republic: Continuing US Dominance**

Santo Domingo (the eastern half of Haiti island) freed itself of Spanish rule to become the Republic of Spanish Haiti (Dominican Republic now). Prior to independence in 1821, black and mulatto Dominicans saw in Haiti a symbol of victory against slavery. Several Black communities appealed to Haiti to intervene, and Haitian troops entered the Dominican Republic

unresisted, despite loyalty torn between Spain and newly won freedom. Dissatisfaction grew about Haitian occupation as Dominicans had to share the economic burden of Haiti's mandatory reparations to France besides harsh administration by Haitian rulers.

The Dominican Republic declared independence in 1844. But after 17 years of political turmoil and Haitian interventions, it voluntarily re-annexed to Spain in 1861. But Spanish colonial attitudes triggered a guerrilla war, and Spain recognized Dominican independence in 1865.

Amid ongoing economic instability, the US seized customs revenues of the country in 1905, and built strong business and economic interests. It intervened militarily in 1916 allegedly to prevent Germany's use of the country as a base during WW I. Military occupation lasted until 1924 amid public resentment. However, the country ended up with the US-backed dictator Rafael Leonidas Trujillo (1930–61) whose dictatorship is among the longest, cruelest and most absolute in modern times. Trujillo obliged the US by letting it collect the country's customs revenues.

The US next intervened in 1965 when Juan Bosch won the elections in 1962, following the assassination of Trujillo. Accusing Bosch of being soft on communism the US overthrew him in 1963. A rebellion that began in 1965 to restore Bosch to power was put down by a US occupation force of over 22,000 troops backed by forces of the Organization of American States (OAS). In 1966, Joaquín Balaguer, a candidate favoured by the US was elected President. Formal democracy had returned since and 'left of centre' parties have been elected.

The US still holds sway in the Dominican Republic through economic investment, bilateral assistance programs and its legacy of intervention and occupation. US firms are active in manufacturing, energy and other sectors, amid US assistance programs claiming to support democratic governance, combat corruption, and address security issues. The US also has a military presence in the country.

## **Costa Rica: Another Banana Republic**

Costa Rica, which in 1823 joined El Salvador, Guatemala, Honduras and Nicaragua, to become the United Provinces of Central America, became independent in 1838. Coffee introduced in 1808, is the main crop and the US, as Costa Rica's main trading partner, source of tourism and investor, has much influence in Costa Rica, boosted by the US–Central America–Dominican Republic Free Trade Agreement (CAFTA-DR). The US also exerts much control in matters of governance and security.

The US played a major role in developing Costa Rica's railway in late 19<sup>th</sup> Century, and the United Fruit Company started banana cultivation in 1874. Costa Rica is now a leading exporter of banana and pineapple, with markets mostly in the US and Europe, with US-based Dole, Del Monte, and Chiquita dominating cultivation and trade.

While government swung between 'socialist' and centre-right parties since the civil war of 1948, imperialist interests remained unaffected and Costa Rica was spared US military intervention. It yielded to US pressure to attack the Sandinistas in neighbouring Nicaragua in 1982, and served as home to US-trained forces fighting in Nicaragua.

Economic reality forced Costa Rica to recognize the Peoples Republic of China in 2007 to attract Chinese investment. More impressive amid still strong economic domination by the US was the restoration of ties with Cuba in 2009, after they were broken off in 1961.

## **El Salvador: Sleepwalking into Fascist Rule**

Spain occupied El Salvador in 1524 and made it a colony in 1540. Free from Spain in 1821, El Salvador resisted incorporation into the Mexican empire and along with Costa Rica, Guatemala, Honduras and Nicaragua became part of the United Provinces of Central America. It became independent after the dissolution of the UPCA in 1840.

The presidential republic, had spells of political instability and military rule. The communist-led peasant uprising of January 1932 against the dictator Maximiliano Hernández Martínez, guided by Farabundo Martí, co-founder of the Communist Party of El Salvador, was cruelly crushed by the military, killing an estimated 30,000 civilians including non-participants. Martí was executed after a court-martial.

A military coup brought the right-wing National Conciliation Party (PCN) to power in 1961. The Farabundo Marti National Liberation Front (FMLN) started guerrilla resistance in 1977 to rising human rights violations by government troops and death squads. Reformist officers overthrew the military appointed President Carlos Humberto Romero, in July 1977 and set up a military–civilian junta in October. But army-backed violence endured, and civil war followed the assassination in March 1980 of Oscar Romero, Archbishop of San Salvador and human rights campaigner, by a right-wing death squad. The US-backed the army in the civil war that left 75,000 dead with thousands disappeared.

While France and Mexico recognized the FMLN as a legitimate political force in 1981, the US kept backing the El Salvadoran government whose army had ties to right-wing death squads. The extreme right National Republican Alliance (Arena) won the violent parliamentary elections of 1981. José Napoleon Duarte's election as president in 1984 defeating the Arena candidate led the way to a negotiated settlement with the FMLN. But Arena kept winning elections by rigging while FMLN persisted in struggle until the UN-sponsored peace accord of 1991.

In August 2003 El Salvador dispatched 360 troops to Iraq, and later that year along with Honduras, Nicaragua, Guatemala it agreed on a free-trade agreement with the US, ratified in December 2004.

FMLN won most seats in parliament in January 2009 but short of a majority. But Mauricio Funes of the FMLN, who was elected president in March 2009, restored diplomatic relations with Cuba. But political chaos



and gang warfare persisted. Despite setbacks in parliamentary polls, Vice President Sanchez Ceren narrowly won the presidential election of 2014. But the FMLN declined in popularity owing to a combination of internal weaknesses and failure to solve the political and economic problems of the country.

The dictatorial populist Nayib Bukele and his "New Ideas" party, were beneficiaries of the political chaos and Bukele was elected President in 2019 and in 2021 New Ideas and allies secured a 2/3<sup>rd</sup> majority in the state legislature. The alliance amended the constitution to enable Bukele's re-election with a sweeping majority, and has in effect created a one-party state seeking to undermine democratic institutions and human rights. Unsurprisingly, Bukele from the outset was hostile to Venezuela and Nicaragua and refuses to recognize the outcome of their recent presidential elections, much in line with US policy. While the US had concerns about his repressive authoritarian style in the past years, relations between Presidents Bukele and Trump are cordial.

## **Peru: A Long Struggle against Reaction**

Peru, the last South American colony to be free of Spanish rule in 1824, confederated with Bolivia briefly from 1836 to 1839. It has since clashed with neighbours on matters of territory, resources, internal conflicts and regional disputes, owing to which it even lost territory to Chile.

The anti-communist American Popular Revolutionary Alliance (APRA) founded by Haya de la Torre in 1924, stood for Latin American unity, nationalization of foreign-owned enterprises and ending the exploitation of indigenous people. Banned in the 1930s after being wrongly labelled as communist, APRA helped Jose Luis Bustamante y Rivero to be elected President in 1945. He soon sought conservative and military for support, but was ousted in a coup in 1948 leading to a military government under General Manuel Odria.

General Juan Velasco Alvarado, seized power in a coup in 1963 ousting centrist President Fernando Belaunde Terry. Velasco carried out land reforms and large-scale nationalisations, but was ousted in 1975 by General Morales Bermudez. Although civilian rule returned in 1980 with Belaunde as president, Peru was one of the eight US-backed South American military dictatorships that together conducted cross-border kidnap, torture, rape and murder of hundreds of political opponents during the notorious Operation Condor (1975–83).

Amid harsh poverty in rural south Peru, Sendero Luminoso (Shining Path) launched a "People's War" to achieve New Democracy in 1980. But deaths and "disappearances" surged during the army crackdown in 1982. The CIA provided intelligence on the activities of the Shining Path to governments that were loyal clients of the US.

By 1980, the APRA was at the political centre under Alan García, elected President in 1985. It became centre-right by 2006 during García's second presidency, and embraced free-market capitalism and join hands with rightist parties and reactionary churches.

Burdened by economic crisis, Peru turned to the IMF in 1988 and the Shining Path deepened its campaign. The centre-right Alberto Fujimori, elected president in 1990 on an anti-corruption platform, launched programs of austerity and privatization amid hyperinflation. In 1992, with army backing, he suspended the constitution. The constitution of 1993 let Fujimori contest again. Re-elected in 1995, he pardoned convicted human rights violators. But US arms sales to the Fujimori regime quadrupled between 1997 and 1998. The Shining Path weakened as a result of state oppression and its own bad tactics.

When the Peruvian Human Rights Ombudsman's Office revealed that 4000 people were 'disappeared' since 1980 under Fujimori, he fled to Japan in April 2000 to avoid arrest, and the Congress dismissed him in November 2000 as a person "morally unfit" to rule. The Ombudsman's

revelation also led to sweeping changes in the armed forces and the judiciary. (The Truth and Reconciliation Commission concluded in April 2002 that around 69,280 people were killed.) Fujimori was finally extradited from Chile in 2005 to Peru to face trial and was sentenced to 25 years in jail in April 2009 for ordering killings and kidnappings, but pardoned in 2017 on health grounds.

Elected in June 2001, 'centre-left' economist Alejandro Toledo adopted neoliberal economic policies. A Congressional Commission found him guilty of electoral fraud in 2005, but the Congress did not impeach him. He was later sentenced to 20 years in prison for accepting bribes from the Brazilian construction company Odebrecht.

Elected again in 2006, former president Alan Garcia secured emergency powers from the Congress in 2007 to rule by decree on issues of drug trafficking and organised crime. But public protests grew against the government's pro-free trade policies as did clashes with security forces.

Ollanta Humala's election as president in 2011 changed little, and much of the country came under emergency rule from December 2011 to put down mass protests against mining projects. Humala's popularity sank.

The tragic electoral politics of Peru saw a presidential face off in April 2016 between the rightist pro-market Pedro Kuczynski and Keiko Fujimori, the far-right daughter of Alberto Fujimori serving his 25 year sentence for human rights violations. Kuczynski's won narrowly but resigned prematurely in 2019 amid corruption charges. Vice President Martin Vizcarra who succeeded him too resigned in November 2020, impeached on corruption charges.

In the presidential election of June 2021, held amid growing economic woes and public concern about corruption, the left alliance candidate Pedro Castillo, overcome Keiko Fujimori by a slim margin. Facing a hostile Congress with a rightist majority, he naïvely tried to make deals with his opponents, only to suffer political and personal humiliation.

After two failed attempts to impeach him, he was removed from office by the Congress in 2022. His reluctance to mobilize the masses to confront a reactionary Congress cost him the impeachment which he tried to avert by dissolving the Congress. The Congress responded with an emergency session to overwhelmingly vote to remove him from office. Vice President Dina Boluarte replaced him to become Peru's first woman president. Castillo was placed under arrest

Castillo's dismissal and detention has led to continuing mass protests across Peru demanding his release and the resignation of Boluarte. Harsh steps by enforcers of law to subdue the protests have led to frequent eruption of violence. The government has also failed to restore order amid a rising crime wave and unpopularity of Boluarte (4% approval in early 2025).

But that is no assurance of success for the left, which needs to get its act together to secure electoral success and sustain mass support in a context in which the right is strong and is backed by the US.

## **Colombia: Problems of Post Civil War Peace**

The US and Colombia have been long-standing strategic partners, and Colombia is a major non-NATO ally of the US. The US always acted as an imperialist power that imposed its economic and political influence on Colombia to serve its interests and deepened Colombia's reliance on the global capitalist system to help exploitation of resources and labour.

The US has acted to suppress the Left in Colombia by backing military regimes, funding counter-insurgency operations, and providing aid to governments that crackdown on dissent. The US-backed "War on Drugs" in Colombia is a means of state-sponsored repression targetting marginalized communities so that the war on drugs besides ineffective control of cocaine production caused a cycle of violence and corruption. US support for Colombian governments benefited the wealthy elite and

large landowners at the expense of the poor and rural populations and aggravating existing inequalities and obstructing social change.

Colombia's prolonged and multifaceted civil war that spanned over six decades involved various actors such as leftist guerrilla groups, right-wing paramilitaries, and organized crime groups besides the armed forces. Despite the historic peace deal signed with the FARC in 2016, violence continues and the conflict remains a major issue.

Seized by Spain in 1525 and a Spanish colony since 1536, Colombia was freed by Simon Bolivar's liberation forces in 1819. Colombia (then including Panama), Ecuador and Venezuela became the Republic of Gran Colombia, lasting until Venezuela and Ecuador left. State power in Colombia, then called Nueva Granada (1831–58), changed hands between the Conservatives (1885–1930) and Liberals (1861–85; 1930–46), who also clashed a civil war during 1899–1902.

While prolonged political violence and instability caused by Liberal–Conservative rivalry dominated Colombian politics for most of the 20<sup>th</sup> Century, social conflict arising from economic disparities led to civil wars as well as authoritarian rule. The legacy of violence and deep-seated inequalities still haunts Colombia.

Although the US, which in 1903 manipulated Panama's secession from Colombia to grab the Panama Canal, did not attempt regime change in Colombia, it joined the CIA to act to curtail the influence of Left Liberal Jorge Eliécer Gaitán's. Having failed, it allegedly played a role in the assassination of Gaitán, the favoured presidential candidate in 1948.

Gaitán's assassination led to riots in the capital, Bogota. An estimated 250,000 to 30,000 were killed in the ensuing civil war (1948–57). The civil war forced the Conservatives and Liberals to unite as the National Front. But deep political polarisation led to the world's longest civil war, starting in 1964 but with roots in older clashes among leftist groups, drug gangs, right-wing paramilitaries and the army. The National Liberation Army

(ELN) and the People's Liberation Army (EPL) were founded in 1964, were followed by the Revolutionary Armed Forces of Colombia (FARC) in 1966 which became the largest guerrilla group. The National People's Alliance was formed in 1970 as a left challenge to the National Front. The Marxist "19<sup>th</sup> of April Movement" (M-19) emerged in 1971.

The government's military campaign against drug traffickers since 1978 targeted Leftist guerrillas too. In 1982, Conservative President Belisario Betancur granted amnesty for the guerrillas and freed political prisoners and a cease-fire was declared in October 1984. The leftist political party Patriotic Union (UP) founded in 1985 by the FARC and the Colombian Communist Party as part of the peace negotiations with Betancur faced political violence from agents of drug lords, paramilitaries and security forces in the mid-1980s, with 8000 PU militants murdered and many more disappeared or displaced.

Drug cartels dominated violence over the next two decades. After Virgilio Barco Vargas (Liberal) was elected President in 1986, right-wing paramilitaries began a murder campaign against UP politicians, amid left-wing militancy and killings by death squads of drugs cartels. In 1989, M-19 demobilized following a peace agreement with the government.

New electoral laws were passed in September 2002 to annul UP's status as a political party. They were revoked only in July 2013 by the Council of State of Colombia to let members of UP run for office again.

Peace talks with leftist guerrillas since January 1999 under Conservative President Andres Pastrana Arango elected in 1998 went on in stops and starts. Pastrana who granted FARC a 40,00 km<sup>2</sup> safe haven as incentive for peace talks also accepted US foreign aid and military aid under the Plan Colombia initiative (proposed in 1999 and signed into law by the US in 2000) to combat drug cartels and left-wing insurgency. Plan Colombia hurt the FARC, but had little impact on cocaine production. Peace talks continued with hiccups until called off in 2002 by Pastrana who also

ordered FARC out of the 'safe haven'. FARC escalated attacks and the government declared a war zone in southern Colombia.

Bids for peace talks faced setbacks under independent President Alvaro Uribe elected in May 2002. Uribe disarmed the right-wing United Self-Defence Forces of Colombia (AUC) in 2004 but enacted a law offering right-wing paramilitaries surrendering their arms lesser sentences and protection from extradition. Exploratory peace talks with ELN began in Cuba in December 2005. Uribe won a second term in May 2006, with his supporters holding an overwhelming parliamentary majority.

Hostage taking became part of the rebel campaign amid revelation of ties between right-wing paramilitaries and high-ranking politicians from Sucre department. Bogota saw growing protests against kidnappings and conflict. Talks with FARC dragged on despite Venezuelan mediation for the release of hostages.

Uribe's actions also hurt regional harmony. Exposure of plans to let US forces use Colombian bases to curb drug-trafficking and left militancy hurt relations with Venezuela. Colombia accused Venezuela of arming FARC while Venezuela protested Colombian incursions. In October 2009, Colombia made a deal with the US allowing US military access to seven Colombian bases. In December 2009, FARC and ELN announced ceasing attacks on each other and uniting against the armed forces.

With Juan Manuel Santos as President from June 2010, talks with FARC were resumed, subject to release of hostages by FARC. Santos restored diplomatic ties with Venezuela. Peace talks with FARC begun in Cuba in November 2012 resulted in a peace accord in 2016.

The accord was, however, narrowly rejected in a national referendum in October 2016. Santos (later awarded the Nobel Peace Prize for efforts to end the long-running conflict) continued to talk with FARC. A revised deal was signed amid objections that it was too favourable to the rebels, and FARC formally ended its role as an armed group. A truce between the

government and the ELN came about in October 2017 leading to resumption of peace talks in May 2018.

Ivan Duque, elected President in June 2018 was, like Uribe, hostile to the deal but could not nullify it, as support for the deal had risen since its signing. But he acted to enfeeble it by underfunding key proposals and imprisoning top FARC commanders on various charges. Trust between the government and FARC was poor and many former guerrillas joined rival fighting groups. Political violence rose sharply as hundreds of FARC activists and former fighters were assassinated. In 2019, Ivan Marquez, a former FARC commander, declared that the Colombian state had betrayed the peace, and called on supporters to resume rebellion.

Election of former M-19 fighter Gustavo Francisco Petro Urrego as the first left-wing president of Colombia held much promise for Colombia's oppressed. But his ability to engage with social movements, negotiate with armed groups, and deliver on his pledged reforms in health, pension, and labour face obstacles in Congress where the centre-right and right wing wield much influence. Mass protests seem the only way to rescue Petro's mandate.

In this context, Petro erred in refusing to accept the election of President Maduro in Venezuela in June 2024. The flaw was two-fold. Firstly, it amounted to meddling in the internal affairs of a friendly country whose support is still vital for Petro's own political survival. Secondly, Petro played into the hands of US imperialism which is desperate for a regime change in Venezuela. He should remember that Venezuela was a safe haven for Colombian left rebels in this century.

## **Ecuador: Renewed Partnership with Imperialism**

Between 1544 and 1563 Ecuador was part of Spain's Viceroyalty of Peru. It then became the Audiencia de Quito, an administrative unit with military, political, and religious jurisdiction. In 1720 it joined the new Viceroyalty



of New Granada. Struggle against Spanish rule in the Americas changed when Napoleon invaded Spain and replaced King Ferdinand VII with his brother Joseph Bonaparte in July 1808. The revolt then hinged on loyalty to King Ferdinand and seized power in his name. Spanish rule continued. Independence was won in 1822 after declaration of independence in 1820. Independent Ecuador joined Colombia and Venezuela to become the Republic of Gran Colombia, lasting until 1830, when Ecuador and Venezuela seceded.

Ecuador's economy grew fast in the 19<sup>th</sup> Century in the Guano Era, when Peruvian guano (bird droppings used as fertilizer) was in demand in the US and Europe. The US became the main trade partner and invested in railroad construction and mining. Reliance on export of natural resources led to foreign economic influence, and political and economic instability. Growing banana trade helped the economy in the post WWII years.

Under US influence Ecuador became a party to the Rio treaty of 1947. US meddling escalated with the US supplying military aid to the government in 1952, and the CIA interfering in internal affairs to curtail labour unrest and communist influence in 1959–60.

Given a history of pliant governments in 20<sup>th</sup> Century Ecuador, election of the leftist Citizen Revolution Movement candidate Rafael Correa in October 2006 worried the US. US–Ecuador relations were tense under Correa (2007–17), who was critical of US foreign policy. Relations were further soured by Correa's defiant economic and foreign policy.

Notably, Ecuador decided to end its indebtedness to the IMF, declare default on illegitimately secured foreign debts, renegotiate oil contracts with foreign investors to increase the state's share of income, and join the economic and political bloc the Union of South American Nations (UNASUR) and El Banco del Sur, a pan-South American monetary fund in 2009. Much to the fury of the US, Ecuador refused renewal of lease for US military bases thus ending US drug-control operations from Ecuador,

expelled meddlesome US diplomats, and granted asylum to Julian Assange, founder of WikiLeaks, who had published leaked embarrassing US military documents.

Correa was too popular to bring down, and the US waited for his trusted successor Lenin Moreno who would betray Correa. US–Ecuador relations improved from 2017 under Moreno who facilitated the arrest of Assange by the British Police in the Ecuadorian Embassy in London. (However, Assange’s extradition to the US failed amid a prolonged legal battle).

Since 2020, Ecuador elected centre-right presidents under whom security cooperation with the US flourished. The US–Ecuador Defense Bilateral Working Group was formed in 2023. Military cooperation agreements were ratified under President Daniel Noboa, elected in 2024. In June 2025 the National Assembly amended the constitution to allow foreign military bases, a step to allow US bases in the Galapagos Islands. The indigenous political party Pachakutik promptly rejected the move despite some of its own legislators supporting it.

The electoral failure of the Left, although by small margins, is partly due to the rise of populism in the face of economic hardship and a rise in crime leading to a decline in support for the left and a rise in support for right-leaning parties who offer more security-focused policies.

The ongoing political assault on Rafael Correa is carefully orchestrated to distort the electoral process and supported by the US State Department.

The Ecuadorean Left has to get its act together by uniting in purpose to defeat the rightist agenda at the electoral political level as well as social mobilization.

## **Lessons for the Latin American Left and Anti Imperialists**

The Left has hard lessons to learn from the victories, defeats and betrayals of the anti-imperialist struggle in Latin America. There was euphoria about the ‘Pink Tide’ that swept South America around the turn of the

Century. There was much talk about Socialism of the 20<sup>th</sup> Century based on the limited experience of the Bolivarian state of Venezuela. Such views lacked a long-term perspective of the geopolitical situation in the Americas and imagined an early collapse of US imperialist domination of Latin America. There were on the other hand, prophets of doom and dogmatists who were hypercritical of the leftist governments and acted in ways that only helped the far right and the allies of US imperialism who were determined to overthrow the government.

Overcoming imperialism involves local and regional strategies, which will invariably be contextual. Fighting imperialism should not be an excuse to allow a government to serve local capitalist interests at the expense of the working class and other oppressed masses. The responsibility of the Marxist Leninists is to adapt a policy of unity and struggle within an anti-imperialist alliance.

Disunity among the left and progressive forces has historically benefited US imperialism and its clients in Latin America. There have been instances when supposedly left of centre governments in Latin America recklessly joined US imperialism and allies to accuse anti-imperialist governments as being anti-democratic and acting in breach of human rights.

Human rights have since the end of the Cold War become a US weapon of regime change globally, and has been applied selectively. It is most dangerous to rely on information provided by the Western mass media and governments to draw conclusions in such matters.

Even where there is some justification in such charges, it is important to take up the matter with the targeted government and use methods of persuasion to distance the Left from US imperialism and its partners.

Anti-imperialist political change has come a long way in this century and the gains should not be squandered by reckless conduct.

### *Statement to the Media, 23<sup>rd</sup> June 2025*

Comrade SK Senthivel, General Secretary of the New Democratic Marxist Leninist Party released a statement of the Central Committee on the situation of the country following the election of the NPP government.

The statement pointed out that the vast majority of working people of the country elected the National People's Power led by the JVP to power in the hope that it will provide the due solutions for the grave problems of economic crises and the unresolved national question confronting the nationalities. People voted for the NPP, rejecting the ruling parties of old, granting it the presidency and a two thirds majority in the hope of solutions for their problems.

Eight months have passed with no sign of due solutions for the worsening economic crises faced by the people and problems faced by the nationalities of the North-East and the Hill Country. Interest is shown only in diverting public attention. The Anura Kumara government preserves stony silence on the pledges made to the people before coming to power. The phrases "Fertile Land; Beautiful Life" that reduced to fanciful words to capture power are now being forgotten.

At the same time, continuing with the loan with interest rate offered by the US dominated IMF was accepted without contesting the severity of the conditions. The recent 15% hike in electricity prices is one outcome. Likewise, it is because of taxes including the VAT and conditions laid down by the IMF that prices of goods including medication cannot be reduced. Owing to the rising cost of living, people are facing great hardships amid their struggle to obtain essential daily food items from salt to tamarind. People are suffocating for lack of an alternative.

Under the conditions, people have begun to remind those in power of the promises made eight months ago. At the same time, we can see the

resources of the country being given away to India's big corporate capitalists.

Why agreements signed between President Anura Kumara and Indian Prime Minister Modi have not been revealed to the parliament or the people of the country remains a puzzle. People see those who loudly campaigned for "System change" now establishing themselves as ones who are holding tight to their posts and state power and seeking to defend and advance the current neocolonial capitalist order.

When the change of government occurred, the people who voted for the NPP believed that the government will bring blessings for all the people, unlike earlier governments of propertied wealthy ruling classes. But in today's context we see the emptying of the expectations of the people. As a result, people have started to demand that the NPP government should fulfil the promises it made before being elected.

But the big question facing us is how the current government headed by Anura Kumara Disanayake caught in grip of US imperialism and the Indian expansionist trap will protect the country's resources, plan and carry forward a national production economy, and enshrine the welfare, needs and rights of oppressed nationalities?

In this context the Party affirms its firm position that it stands shoulder to shoulder with the overwhelming majority comprising working people and oppressed nationalities who together face crises and problems of livelihood and voice to the for the just demands of the people.

## **NDMLP May Day Rally 2025**

The May Day procession of the New Democratic Marxist Leninist Party commenced from the Five Junction at 3.30 p.m. to reach Timmer Hall, Jaffna where the Party held its May Day Rally on the theme of urging solutions to the economic crises and the problems of the nationalities.

The Rally was chaired by Comrade K Selvam Kadirgaanathan, Northern Regional Secretary of the New Democratic Marxist Leninist Party.

The Rally was addressed by Comrade SK Senthivel, General Secretary of the NDMLP; Comrade V Mahendran, National Organizer of the NDMLP; Comrade K Thanikasalam, Politburo Member of the NDMLP; Comrade Davis Suren, Hill Country Regional Secretary of the NDMLP; Comrade N Prashanthini of the Women's Liberation Thought Organization; Fazmir Buhari, Organizer of the People's Movement for Palestine Liberation; K Jinthesan of the New Democratic Youth Organization; P Ratneswari of the Women's Liberation Thought Organization; N Pradeepan, Politburo Member of the NDMLP; and K Sarangan of the New Democratic Youth Organization.

The Rally concluded with a musical programme of revolutionary songs.

## **NDMLP May Day Slogans 2025**

- *Prioritize the welfare of workers, peasants and other working people*
- *Put forward people-based solutions for the economic crisis*
- *Halt the rise in cost of living*
- *Put forward a solution based on autonomy for the problems of the nationalities*
- *Grant the rights of the Tamil, Muslim and Hill Country Tamil nationalities*
- *Do not raise the tax burden on the people by obeying the IMF*
- *Do not give away the resources of the country to India through pacts with India*
- *American and Indian agreements will bring disaster to the country*
- *Grant land, housing and village structures to the Hill Country People*
- *Award a daily wage of Rs 2500/- to Hill Country plantation workers*
- *Provide due justice for those who had been forcefully disappeared*
- *Repeal the Prevention of Terrorism Act—Do not enact a new law*

- *Release all political detainees*
- *Put an end to theft of fish by Indian trawlers in our seas*
- *Kachchatheevu is ours — Do not sell it out to India*
- *Pay compensation for our fishers who have been affected*
- *Do not submit to Indian pharmaceutical mafiosi in the import of drugs*
- *American and Israeli aggressors, stop the mass killing of Palestinian people— End the ethnic cleansing*
- *Stop the privatization of education and health*
- *Find ways to sop the exploitation of female labour— Do the needful to award wages according to the toil*
- *Stop all violence against women and take steps to guarantee gender equality and security*
- *Put an end to continuing abuse of children and provide guarantees for their physical and emotional health*
- *Put an end to drug abuse and the spread of drug usage*

## **NDMLP in Local Elections**

The NDMLP contested the local elections held in May under the banner of the People's Struggle Alliance. PSA slates of candidates for three local bodies in the North and one in the Hill Country where its candidates had chance of election were rejected for Technical reasons by the Elections Commission. The PSA secured a seat each in 16 local bodies and polled 50,492 votes compared with 29,611 in the parliamentary elections and 11,191 in the presidential election before it.

# Two Poems by Mao Zedong

Spring 1931

## **AGAINST THE FIRST "ENCIRCLEMENT" CAMPAIGN**

(to the tune of Yu Chia Ao)

Forests blaze red beneath the frosty sky,  
The wrath of Heaven's armies soars to the clouds.  
Mist veils Lungkang, its thousand peaks blurred.  
All cry out in unison:  
Our van has taken Chang Hui-tsan!  
The enemy returns to Kiangsi two hundred thousand strong,  
Fumes billowing in the wind in mid-sky.  
Workers and peasants are wakened in their millions  
To fight as one man,  
Under the riot of red flags round the foot of Puchou!\*

## **AGAINST THE SECOND "ENCIRCLEMENT" CAMPAIGN**

(to the tune of Yu Chia Ao)

The very clouds foam atop White Cloud Mountain,  
At its base the roar of battle quickens.  
Withered trees and rotten stumps join in the fray.  
A forest of rifles presses,  
As the Flying General descends from the skies.  
In fifteen days we have marched seven hundred li  
Crossing misty Kan waters and green Fukien hills,  
Rolling back the enemy as we would a mat.  
A voice is heard wailing;  
His "Bastion at every step" avails him nought!



### **\*Author's note**

#### ***The story of Kungkung butting against Mount Puchou***

*The chapter "On Astronomy" in Huai Nan Tzu says: "In ancient times Kungkung and Chuanhsu fought each other for the throne. In a fit of rage Kungkung butted against Mount Puchou, breaking the pillars of heaven and snapping the ties of the earth. Then the sky shifted towards the northwest, tilting the sun, moon and stars; the earth sank in the southeast so that dust and water gathered there."*

*"The Chronicle of Chou" in Kuo Yu says: "In ancient times Kungkung, departing from the right way, gave himself up to pleasure and unbridled licence. He tried to stem the hundred streams, destroy hills and silt up low places, and thus brought disasters to the whole earth. Heaven did not give its blessing, nor the people their help. Calamities and troubles broke out and Kungkung perished." The ancient commentator Wei Chao quotes from the Palace Officer Chia, i.e., Chia Kuei of the Later Han Dynasty: "Kungkung was a lord of the Chiang clan, a descendant of the Fiery Emperor. When Emperor Chuanhsu's power was on the decline, Kungkung attacked other vassal lords and fought Kaohsin for the throne."*

*In "The Annals of the Three Emperors", Szuma Chen's addenda to Szuma Chien's Historical Records, it is said: "Towards the end of her [Nuwa's] reign, a lord named Kungkung became powerful through his resourcefulness and the severe discipline he enforced. He did not rule like a king but like an autocrat. Representing the element of water, he wanted to succeed Nuwa who represented the element of wood. He fought Chuyung and was defeated. In a fit of rage he knocked his head against Mount Puchou, so that the pillars of heaven were broken and the ties of the earth torn."*

*These are the different versions of the legend. I prefer the version in Huai Nan Tzu, which presents Kungkung as a victorious hero. Please note: "In a fit of rage Kungkung butted against Mount Puchou, breaking the pillars of heaven and snapping the ties of the earth. Then the sky shifted towards the northwest, tilting the sun, moon and stars; the earth sank in the southeast so that dust and water gathered there." Did Kungkung perish in the attempt? Huai Nan Tzu is silent on this question. We may take it that he did not, but came out victorious.*

# THE GRIEVED LANDS OF AFRICA

Agostinho Neto

The grievled lands of Africa  
In the tearful woes of ancient and modern slave  
In the degrading sweat of impure dance  
Of other seas  
Grieved

The grievled lands of Africa  
In the infamous sensation  
Of the stunning perfume of the  
Flower Crushed in the forest  
By the wickedness of iron and fire  
The grievled lands

The grievled lands of Africa  
In the dream soon undone in jinglings of jailer's keys  
And in the stifled laughter and victorious voice of laments  
And in the unconscious brilliance of hidden sensations  
Of the grievled lands of Africa

Alive In themselves and with us alive  
They bubble up in dreams  
Decked with dances by baobabs over balances  
By the antelope  
In the perpetual alliance of everything that lives

They shout out the sound of life  
Shout it  
Even the corpses thrown up by the Atlantic  
In putrid offering of incoherence  
And death and in the clearness  
Of rivers

# Passport

## Mahmoud Darwish

*They did not recognize me in the shadows  
That suck my color out of the passport.  
To them, the wound in me was an exhibit  
For tourists collecting photographs for sport.  
They did not recognize me. No . . . don't leave  
My hand's palm with no sun, for trees in bloom  
Do recognize me. Every song  
Of the rain recognizes me.  
Don't leave me pale like the moon!*

*All the birds that followed my palm  
To the doors of the distant airport  
All the wheatfields  
All the prisons  
All the white tombs  
All the borders  
All the waved handkerchiefs  
All the eyes  
Were with me,  
But taken from my passport.*

*Stripped of my name and what I am?  
On soil I worked with my own hands?  
Today Job's cry  
Filled all the sky:  
Don't make another example of me!  
Good prophets, my good sirs  
Ask not the name of any tree.  
Ask not the valley about its mother  
From my brow bursts the sword of light  
And from my hand springs the river's water...  
The people's hearts are my identity.  
Go, take my passport away from me.!*

*Registered as a Newspaper in Sri Lanka*

**In this issue**

***Fading Hopes***

***Message of Local Elections***

***Playing Along with the IMF***

***Resisting the IMF: African Experiences***

***US Interventions in Latin America***

***Poetry: Mao Zedong, Agostinho Neto, Mahmoud Darwish***

***Gaza Resistance Art***



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