

# The conjuncture in the crisis

*B. Skanthakumar*

“*Aaranchiya Subhai!*” (‘Await Good News’) read posters plastered across the country recently. It was the build-up to Ranil Wickremesinghe’s televised speech on June 26, passing off a bad deal with official creditors on debt servicing as “Sri Lanka has won”.

What is the conjuncture<sup>11</sup> in Sri Lanka, two years after the surge and ebb of the citizens’ movement (*Aragalaya*); and in the run-up to a presidential election scheduled for late this year – the first ballot of the people since August 2020?

The crisis is over. Or that is what we are being told. Foreign reserves rose to 5,400 million USD as at the end of May 2024 – including the unusable Chinese yuan swap equivalent to nearly 1,500 million USD and extended to the end of this year (CBSL 2024a: 7). The rupee has appreciated against all major currencies, exchanging now at almost Rs.302 to the US dollar (CBSL 2024a: 8). Core inflation (that is, excluding fuel and food prices) is under 5%, and expected to remain at this level this year. The bank interest rate for borrowers has come down to 9.50%. After six successive quarters of contraction over 2022 and 2023, the economy is forecast to grow by 2.2% this year.

For these blessings, hosannas must be sung to the ministry of Ranil Wickremesinghe, and the gospel of the International Monetary Fund’s (IMF) reform programme. This is the narrative of the Sri Lankan crisis as *financial*: one that begins and ends, with a bankrupt treasury; and being excluded from commercial borrowing, following downgrading of its sovereign credit risk rating even before the external debt default after April 2022.

## Economic Crisis

Except, what manifested in the realm of public finances was, and is, also an *economic* crisis. It is a crisis rooted in the structure of the national economy and its interrelation with the global economy: what is produced and what is consumed; what is exported and what is imported (or more precisely the terms of trade); and how income and wealth are distributed across society.

In the first five months of 2024, imports climbed to 7,238 million USD; while exports crawled to 5,067 million USD (CBSL 2024a: 3). The stock of usable foreign reserves is sufficient to finance under three months of imports. The balance of trade deficit is widening and not narrowing. It has been bridged through bilateral loans from India (almost 4,000 million USD), and multilateral loans from the Asian Development Bank, the IMF, and the World Bank (3,000 million USD) since the external debt default in 2022.

These only add to the total external debt stock, which is now 37,000 million USD (up 5,000 million USD from April 2022). More than a year into Sri Lanka’s 17th programme with the IMF, bilateral creditors last month including China deferred repayment until 2028 (i.e. the year after the current IMF agreement ends). But they have not conceded a haircut or reduction in its quantum. The private creditors who hold the largest single share of Sri Lanka’s debt are still holding out from cropping a bare minimum of 30%. The multilateral agencies consider their loans as inviolable and no attempt has been made for their reduction. In the matter of this government’s negotiation of foreign debt restructuring, Aesop’s fable comes to mind:

A mountain was in labour, uttering immense groans, and on earth there was very great expectation. But it gave birth to a mouse.

The export basket remains undiversified – apparel-wear; petroleum products (bunkering and aviation fuel); tea; other crops (especially coconut and coconut-related); and rubber products, in order of volume of earnings. Destinations for exports are limited too. The demand for ready-made-garments in the United States and Western Europe continues to contract over 2024, with serious implications for women’s employment, incomes, and livelihoods in Sri Lanka.

The composition of imports is constant from before the crisis. Fuel; textiles and textile articles (inputs for the garment industry); machinery and equipment; chemical products; and building materials (cement, tiles, aluminium, steel), are the four largest categories. Their

top three sources are India, China, and the United Arab Emirates. Even if there is policy intention and political will (which there is not) to substitute for these imports, this is not easily done. The raw materials (oil, gas, cotton, steel, iron, etc.) are absent; and access to technology and know-how cannot be presumed. Other categories of lesser volume – medical and pharmaceutical goods; plastics and related products; paper, paperboard, and paper products; and vegetables – are more promising candidates for domestic production in the short-to-medium term. As the government relaxes the 2020 ban on vehicle imports in the run-up to elections, the trade deficit will only widen exponentially.

In this scenario, the growth in foreign reserves, rather than indicative of the resolution of the crisis, is accounted for by four things: Central Bank purchases of US dollars on the forex market; improved tourism receipts; increased migrant worker remittances; and the moratorium on sovereign debt repayment. Direct foreign investment flows, which IMF and World Bank policies arduously court, have been lacklustre to put it mildly. In 2023, some 712 million USD from abroad made its way into logistics services, telecommunications, hotels, and manufacturing (CBSL 2024b: 41). This was under half of the government's stated target of 1,500 million USD. The delisting of ExpoLanka and NestleLanka from the Colombo Stock Exchange earlier this year suggests that multinationals are bearish on foreign portfolio investment flows into the local bourse too.

An almost doubling in the number of tourist arrivals in the first five months of this year has propelled receipts to 1,406 million USD (CBSL 2024a: 9). For comparison, gross earnings from tourism in the first quarter of this year alone, will exceed revenue from tea exports over the entirety of 2024. Meanwhile, money sent through official channels by Sri Lankan women and men working abroad between January and May 2024 amounted to 2,624 million USD (CBSL 2024a: 9). The export of apparel items, which is Sri Lanka's largest chunk of manufactured goods, will only reach two-thirds of the volume of workers' remittances this year. It was the extreme dependence on foreign tourism and migrant remittances that amplified the shock of the COVID19 pandemic in 2020-2021, when the former dried up and the latter dwindled. This vulnerability to external blows remains unaddressed.

Further, if not for the suspension in servicing of commercial and bilateral external debt, the government would have needed to source an average of 6,000 million USD annually from 2022 onwards. It is the suspension of repayment of private creditor and bilateral debt, and

the Indian and World Bank lending in 2022, that has given public finances the margin to pay for vital imports – from fuel and fertiliser to pharma and food.

If Sri Lanka is on the “road to recovery”, as governing politicians, economic pundits, and western diplomats reassure us, why is the public unpersuaded? The most recent poll finds that four out of five (80%) respondents in a sample of 489, think the country is “heading in the wrong direction” (IHP 2024b). The number who disagree with that assessment has remained under 5% since polling began as the crisis spiralled over the first quarter of 2022. “These negative views are widely held, with little difference by gender, income level, urban and rural areas, voting preferences, and people's views of [the] Aragalaya. But younger Sri Lankans have been increasingly more likely than older adults to say the country is on the wrong track”, say the pollsters.

Even big business, the privileged constituency of this government and its IMF-backers, exhibit little enthusiasm. The latest Business Confidence Index records 96 points (LMD 2024). This is lower than it was a year ago (108 points), in the afterglow of the sealing of the IMF loan agreement at the end of March 2023. Sri Lanka's big apparel companies are aggressively near-shoring production across East and North Africa, while downsizing and merging factories at home.

### Social Crisis

Sri Lanka's crisis is not only an economic crisis either. It wasn't then, it isn't now. It is also a *social* one. Sri Lanka is a highly unequal society, with inequalities steeply rising with the entrenchment of neoliberalism in the past four decades. Between 2019 and 2023, the Gini coefficient measure of inequality deteriorated from 3.77 to 3.85 (World Bank 2024: 7). Before the current crisis, and during the pandemic, the bottom 50% of the population already subsisted on only 17% of the share of national income and 3.8% of the share of wealth; while the richest 10% wallowed in 40% of the income share and 65% of the wealth share (UNDP 2023: 19). These gross disparities can have only intensified in the wake of falling employment and income, higher household expenses owing to inflation, and growing insecurity during the crisis.

The number of those in waged work has dropped to just over eight million persons. The labour force participation rate for women slumped further to 31.3%, or under half that of men (DCS 2024: 1). This indicates that more women have withdrawn from employment or given up seeking waged work as they absorb the social costs of the crisis through increased unpaid care

work. Youth unemployment has increased to 17% (DCS 2024: 4), and is particularly high among those recently out of school. Since the crisis began, 45.8% of employed individuals experienced a pay or allowance cut or income loss; 48% reported a reduction in working hours; 47.3% had a work break or temporary absence; and 14.2% lost their job.

Mostly owing to reduced hours of work, 60% of households recorded a loss in income (DCS 2023: 3). Their three top coping strategies were to limit their expenses; cutback on sustenance; and use up their savings. Around 22% of households were driven into debt by the crisis, raising national household indebtedness to 55%. The main reason given for new borrowing and credit is to buy food for own consumption (DCS 2023: 7). The flight of the middle-class to settle in the West, and the working-class for temporary employment in West Asia, East Asia, and Eastern Europe, is unabated. Several hundred ex-military personnel have enlisted as cannon fodder on both sides of Russia's war in Ukraine, citing economic hardship at home.

Poverty shot up to nearly 26% of the population or 5.72 million people last year (World Bank 2024: 7). To be pauperised becomes plain in many ways. With rising household expenses for food, transport, health, and education, more than one million households were forced off-grid, unable to afford the enormous hikes in electricity bills (de Silva 2024). Upon the devaluation of the Lankan rupee in 2022, prices of imported goods including essential foods trebled. From Sri Lanka's 5.6 million households, a whopping 1.7 million stopped consuming powdered milk – a long time import staple (Ranasinghe 2024). The percentage of children under the age of five who are underweight was 16.2% in March 2024, up from 13% two years before (FHB 2024). Food insecurity had worsened to 24% of households in December 2023, compared to 17% in March of last year (WFP 2023: 1). In the estate sector, a staggering 51% of all households are food insecure. Of school-age children, 54.9% have been affected in some way (DCS 2023: 2). Principals and teachers confirm high levels of absenteeism and irregular attendance. Starkly, Sri Lanka's population has declined: with a drop in births, a rise in deaths, and heightened out-country migration (Hannan 2024).

### Political Crisis

Following the *Aragalaya* booting out Gotabaya Rajapaksa in July 2022, the Sri Lanka Podujana Peramuna (SLPP—People's Front) strong armed the office of the president for Ranil Wickremesinghe, in exchange for him safeguarding the personal security and

political survival of *la prima familia*. Through this pact between the party of government and the leader-for-life of the United National Party (UNP) the *political* crisis generated by the socio-economic convulsions of 2021-2022 was submerged. It is resurfacing in the lead-up to the presidential election expected between mid-September and mid-October this year.

Two years ago, the political system experienced its greatest crisis of legitimacy since decolonisation in 1948. Public outrage over the rapid descent into socio-economic dislocation and chaos, and the floundering of those in power, was directed not only at the executive but also legislators, traditional political parties, and politicians. The government's failure, to first prevent and later mitigate the collapse of daily life, became generalised and historicised: “225 *ma epa*” (in context: throw out all 225 parliamentarians – that is, not only the governing SLPP); and “*Avurudu 74ka Sapaya Avasan Karamu*” (in context: let us end the 74-year curse since independence – that is, of the political class).

However, Wickremesinghe's (s)election by the largest party in Parliament; his years of experience in government and thereby familiarity to the people; and his self and public image as the natural counterpart of international creditors and Western powers, reassured those looking for leadership where there was none. The ouster of Gotabaya Rajapaksa and earlier his extended family from the offices of State, removed the most visceral object of rage from sight. Around the same time, the supply of imported essential goods financed by Indian and World Bank loans began increasing, which defused some of the discontent among the social classes that could afford them after the rupee devaluation.

The consensus across political and civil society (a handful aside) that an IMF loan agreement with its associated policy conditionalities is the only way out for a bankrupt country in debt default, made it seem that those at the top for once agreed on the sources of the crisis, and its solution. The repressive apparatus that was conflicted at times in its response to the uprising, returned to character armed with Wickremesinghe's orders. State violence, arrests and intimidation, and counter-terror laws were liberally used. This confluence gave ballast to a sinking political system. It also demobilised the *Aragalaya*. For all the fashionable talk of Sri Lanka as a 'failed State', its political and bureaucratic institutions – eroded in reputation and trust as they are – weathered a mighty storm.

Nevertheless, some features of this moment indicate that the political crisis is far from resolved. These could be sketched as follows: a Parliament that lost its

acceptability during the economic crisis, and within which all manner of wild and unimaginable alliances are being made; a government that delivered its parliamentary majority to its arch-rival to realise his dream of the presidency that electoral fortune kept denying him; a regime in power glued together by shallow self-interest; an opposition in Parliament at one with the government on capitulation to the IMF, disagreeing only on the ways and means to subject the people to its dogmatism; and nowhere on the horizon, a mass social and political movement of the exploited, advancing on an anti-systemic path to power.

In Parliament, the distribution of seats does not reflect the sentiment of the people. Clearly the SLPP has lost the confidence of much of the 69 lakhs who voted for Gotabaya Rajapaksa. This has not stopped the rotten majority aligned with Wickremesinghe from enacting in haste 75 new laws in two years, with more in draft. One among them being the Economic Transformation Bill that codifies the quantitative fiscal targets in the ongoing IMF agreement, to bind all future governments irrespective of their manifestos to ‘fiscal consolidation’, that is austerity actions. Locking all this in place is a leader with no mandate for sweeping economic reforms, steamrolled by a legislature whose majority was elected on an economic nationalist platform.

The public has little faith or confidence in its representatives, which is not the same as them throwing out the crooks and charlatans at the next general election. The hold and working of clientelism is intact (Munasinghe and Kumara 2023: 25-28); as is the patronage politics of the Right-wing parties. Curiously, even the leftists among the supporters of the National People’s Power (NPP—Jathika Jana Balawegaya) appear to believe that the genuine wave of popular support for their presidential candidate will naturally translate into a parliamentary majority – which Anura Kumara Disسانayake needs to govern, if elected president. Even if Disسانayake were to win, amounting to an upset of historic proportions, and rides on the unbridled executive authority of his office for advantage in a general election, how will a party that polled under 4% of the popular vote in 2020 winning three seats, reach the threshold of 113 seats to form a government, in a debased culture of money politics?

The SLPP group which had 145 seats is fractured in almost every direction. Its coalition partners began peeling away from the SLPP in 2021. Since then, several SLPP parliamentarians have joined Wickremesinghe’s cabinet of ministers. In his preference for a general election before the presidential poll, Basil Rajapaksa sought to reassert control over his parliamentary

group and thereby increase his leverage over Ranil Wickremesinghe. He would have used the nomination process and the preferential voting system to weed out those whose loyalties are divided or suspect. The SLPP still tries to turn its post-*Aragalaya* liabilities into its assets. The blame for the catastrophe lies with Gotabaya Rajapaksa and the 2022 people’s uprising; and not the ‘war victor’, and engineer of post-war ‘mega-development’, Mahinda Rajapaksa, nor of course the president-in-waiting, Namal.

To mark themselves apart from Wickremesinghe for electoral gain, father and son make off-stage noises against privatisation of State-owned-enterprises; taxation of the poor; implementation of the 13th Amendment to the Constitution; and economic integration with India; while their party keeps providing the president with his legislative majority. If their ‘inside-outside’ approach to the Wickremesinghe regime is to continue, then they will not field their own candidate at the presidential election, to business magnate Dhammika Perera’s disappointment. The bargain will no doubt include future cabinet berths for Namal Rajapaksa and his family’s closest supporters within the SLPP (Rohitha Abeygunawardena, Johnston Fernando, etc.).

The main opposition Samagi Jana Balawegaya (SJB—United Peoples Power) which had 54 seats, has grown from SLPP defections (Nalaka Godahewa, G. L. Peiris, Chandima Weerakkody among them). The blurring of ideological convictions and sheer political opportunism makes it possible for the SJB – positioning itself as a relentless critic of the Rajapaksa clan – and those who until recently were acolytes of Mahinda, Basil, and Gotabaya, to embrace one another. The SJB has also lost some of its numbers to the UNP from which it sprung. Others (Rajitha Senarathne, Rohini Wijeratne) are biding their time to cross over to Wickremesinghe’s camp. Field Marshal Sarath Fonseka is estranged from the party of which he is Chairman. He is unhappy that the SJB has welcomed former high-ranking military commanders once associated with the Rajapaksa regime, who are his old foes in the armed services. SJB MP Champika Ranawaka is another ploughing his own furrow. This is not to say he will not align with whomever can advance his presidential aspirations in the next cycle. His political journey from chauvinist to ‘smart’ nationalist, leveraging digitalisation for the entrepreneurial aspirations of the youth, illustrates his judgement on the currently limited purchase of Sinhala racism.

The chaos of this conjuncture, perhaps also of the political expression of Sinhala Buddhist nationalism, is captured in the amalgam that is the *Sarvajana Balaya*

(SB-‘Universal Force’). In this alliance are those betting the other way from Champika Ranawaka on Sinhala ethnonationalism – Wimal Weerawansa, Udaya Gammanpila, Channa Jayasumana, and Gevindu Cumaratunga; the dregs of the parliamentary Left – the Communist Party and the Democratic Left Front; and arriviste capitalists Dilith Jayaweera and Anuradha Yahampath. These three groups were part of Gotabaya Rajapaksa’s regime: the first, because they saw him as the saviour of the Sinhala nation; the second, because they considered economic nationalism as anti-imperialism; the third, because he was not a traditional politician and promised to take counsel from professionals, technocrats, and entrepreneurs. Each of these groups were attached to successive Rajapaksa regimes. They then fell out with Gotabaya Rajapaksa at the onset of the crisis, conveniently absolving themselves of collective responsibility. In their new platform, the ‘entrepreneurial State’ for “innovation-led growth” has been added to the stock-in-trade of Sinhala racism masked as patriotism. Beyond as a vehicle for media and advertising mogul Dilith Jayaweera in this presidential election, its constituents’ aim is to hang onto as many of their seats as possible.

Across the Tamil and Muslim political parties with representation in the Northern, Eastern, North-Western, Western, and Central provinces, there is disorder too.

Among Tamils in the North and East, three stances with reference to the presidential election are being canvassed by rival parties, and rival factions within parties and alliances. These are (i) boycott: as none of the three main candidates is committed to power-sharing beyond the inadequate 13th Amendment (Tamil National People’s Front); (ii) contest with a common Tamil candidate to put forward the demand for a political solution based on self-rule (Democratic Tamil National Alliance, ITAK Sritharan faction, CV Wigneswaran, some civil society organisations); and (iii) support one of the three main Southern (i.e. Sinhalese) candidates based on willingness to address Tamil grievances (ITAK Sumanthiran faction). The bottom line is that the Sinhala polity views the limited and unsatisfactory 13th Amendment as a ceiling for Tamil political aspirations; while the Tamil polity in large measure cannot consider it even to be a floor.

In the two largest Muslim parties, neither Rauff Hakeem nor Rishad Bathiudeen are in control of the parliamentary group of the Sri Lanka Muslim Congress (SLMC) and All Ceylon Makkal (Peoples) Congress (ACMC) respectively. Several of their members had previously supported the Gotabaya Rajapaksa SLPP

regime, providing it the two-third parliamentary majority it lacked to pursue its Islamophobic practices. These scoundrels are now with Wickremesinghe. There should be no surprise if the SLMC and ACMC desert their SJB alliance partner to join a Wickremesinghe-led government.

Among Hill Country Tamils, the Ceylon Workers Congress (CWC) is already in government and supportive of Wickremesinghe’s presidential candidacy. Its rival the Tamil Progressive Alliance (TPA) currently aligned with the SJB has no principled difference with Wickremesinghe but is blocked from realignment with him by the CWC’s veto. Even if the TPA leadership remains with the SJB, they may not be able to prevent one or two of their number from defecting. Unlike in the South, the mood among Tamils and Muslims in the North and East and Hill Country, favours Wickremesinghe in comparison to his two main rivals. Their political parties are conscious of this too.

The UNP leader has recomposed a new bloc around him. It shares some similarities with the Rajapaksa regimes of 2010-2014 and 2019-2022. Inside the legislature, the congeries span former Rajapaksa stooges – from the SLPP (Nimal Lanza, Prasanna Ranatunga, Mahindananda Aluthgamage, S. Viyalendran, and Ali Sabry among them); the Sri Lanka Freedom Party (SLFP e.g. Nimal Siripala de Silva, Duminda Dissanayake, Angajan Ramanathan), the Eelam People’s Democratic Party (EPDP); the Ceylon Workers Congress (CWC); the Thamil Makkal Viduthalai Pulikal (TMVP i.e. ‘Pillaiyan’); the National Congress (A.H.M. Athaullah), and the Tamil Progressive Alliance (Aravindh Kumar). But it also includes opponents who were in the SJB (Harin Fernando, Manusha Nanayakkara, Vadivel Suresh, A.H.M. Fowzie). Outside of Parliament, the Liberation Tigers of Tamil Eelam (LTTE) former Eastern commander and ex-SLFP MP and Rajapaksa minion Vinayagamoorthi Muralitharan (‘Karuna Amman’) has endorsed Ranil Wickremesinghe.

The incumbent president looks almost certain to stand as a ‘common candidate’, on a non-UNP electoral symbol to ease the discomfort of those who were pitted against him until the other day. His pitch is clear. “Will you move forward with me, who comprehended the problem from its inception, offered practical solutions, and delivered results? Or will you align with those grappling in the dark, still struggling to grasp the issues?”, he demanded in his address to the country on June 26 (Wickremesinghe 2024).

Only to the disbelief of himself and his new champions in mainstream and social media, Wickremesinghe though is still trailing third (13%)

in interviews of 17,134 voters, that has SJB leader Sajith Premadasa and NPP leader Anura Kumara Disanayake pegged at 39% each (IHP 2024a). Hence the suggestion by partymen that it is in the national interest to postpone the presidential election, therefore extending Wickremesinghe's term in office for between two to five years. While so far there has been public tolerance of the indefinite deferral of provincial council and local government elections, seasoned politicians are aware of the risk in doing the same with the presidency and Parliament. Wickremesinghe may rue the fact that he did not hold local government polls as scheduled, allowing people to blow off steam which will now happen at the next national election.

Though yet to declare his candidacy, Wickremesinghe is in pre-election mode, and not averse to 'populism' akin to the Rajapaksas to broaden his narrow social base. The '*Urumaya*' (heritage) programme of distributing freehold land titles to two million households is administered from the Presidential Secretariat and not the Ministry of Lands. MOP fertiliser will be distributed free to paddy farmers this year, and subsidised for tea smallholders. In urban areas, 50,000 families in government housing will have its ownership transferred to them. 20 kilos of rice are being distributed free each month to 2.7 million poor households. 'Special allowances' for 622,495 beneficiaries of the *Aswesuma* welfare benefits programme have been extended to the end of this year. Public sector 'executive' grades have been granted a special allowance of their own: 25,000 LKR monthly from July onwards. Development funds have been allocated to each divisional secretariat which are administered by the provincial governor, who is a presidential appointee. These projects are branded with the image of the president to make the connection clear. In the estate sector, 10,000 new houses have been promised to workers and the government intervened to increase the daily wage to Rs.1700 (against the protests of companies that are yet to honour the Rs.1000 wage increase of 2021). In 'Operation *Yukthiya*' (justice) between December 2023 and May 2024, a staggering 130,000 drug-related arrests were made.

The only Southern parliamentary party untainted by tie-up with SLPP splinters or other floor-crossers is the National People's Power (NPP). It has not appealed to those deserting the SLPP parliamentary group. In fact, both the UNP-SLPP and the SJB have more often focussed their fire on the NPP, rather than each other. This works well for the outsider. It magnifies the divide between the discredited political establishment and itself. As this fear rises to fever pitch, the pressure

grows for the pro-capitalist parties to unite around one candidate – Ranil Wickremesinghe being their preference – to secure victory against Disanayake.

The NPP has gained support from the base and other layers of the SLPP outside of Parliament now disenchanted by the Rajapaksas. Its rallies have drawn the common people who turned out for the SLPP in 2018, 2019, and 2020. Exceptionally, in comparison to other political parties and the prevailing patriarchal culture, it has mobilised women *qua* women in several rallies and local meetings. It has recruited among ex-military and police personnel, business people in small and medium enterprises, professionals from banking and finance, academics, and others from the public sector, retired public servants, and others, formerly attracted to the mixture of ethnonationalism and governance by experts of the Gotabaya Rajapaksa camp. Its message to the electorate is that it has zero tolerance for corruption, and stands for a domestic production-based economy. This plays well with daily-waged workers and the petit-bourgeois alike.

The NPP's existence and continuance is the discretion of the *Janatha Vimukthi Peramuna* (JVP—People's Liberation Front), which remains a Marxist-Leninist party inflected by Sinhala Buddhist nationalism. However, what the JVP-NPP now offers is not a break with capitalism, but to be an ethical substitute to the parties that have divided the spoils of power between them for 76 years. It promises to be a responsible manager of a State-directed mixed economy. Outside of the elite, it is not seen as threatening by the Sinhala nation because it does not propose changing the unitary status of the State, for power-sharing with Tamils and other numerical minorities.

This survey would be incomplete without registering an absence. As the NPP is arguably more Centre than Left, when all others have gravitated to the Right, what of the political space to its left? The disarray among traditional political parties has not, in and of itself, created conditions for the growth of the socialist Left. The People's Struggle Alliance (PSA—*Jana Aragalaya Sandanaya*) announced on 19 June, has staked its claim to be an authentic Left alternative. Unlike the parties in Parliament, it is unequivocally opposed to the IMF agreement, and for a political solution to the Tamil national question beyond what is in the current Constitution. Presently it consists of three organisations: the Frontline Socialist Party (FSP—*Peratugami Samajawadi Pakshaya*), the New Democratic Marxist-Leninist Party, the *Samajawadi Janatha Sansadaya* (SJS—Socialist People's Forum); former student leaders,

and several independent activists associated with the *Aragalaya* and progressive causes before and since. It brings together some who have been aligned at least since the 2022 people's uprising, including in the formation and functioning of the 'people's council' as an alternative to political power through Parliament. What it does not yet bring though, is the attachment of social groups and numbers that can shift the balance of class forces in favour of the exploited and the oppressed.

### Conclusion

In the wake of socio-economic catastrophe, and with the reinforcement of the dependent capitalist trajectory of Sri Lanka's economy since then, there is no change of philosophy among the elite. There is no talk of industrial policy, or boosting national production, or expansion of the home market through redistributive taxes and investment in public services, or controls on prices of essentials including food and energy. For the rich and powerful, it is business-as-usual.

This refusal to rethink its paradigm of development – if only to avert another debt default once international borrowing on the money market resumes after 2027 to bridge the chronic gap between import expenditure and export earnings – is also constitutive of the conjuncture. There has been no displacement of neoliberalism as the ruling *ideology* of the ruling class nor its publicists in think-tanks, university economics departments, and the mass media. “While the adjustment process may provoke resistance, and potential backlash from affected groups and vested interests, it is essential for the country to stay the course on reforms ...” advises the World Bank (2024: 11).

Up to now the consensus in favour of the IMF agreement, and its mediation in Sri Lanka's crisis, has not been shaken by the ongoing socio-economic crisis of the majority. The public stance of the three leading presidential contenders and their respective camps is adherence to the IMF programme (Dassanayake and Gamage 2024). Wickremesinghe is adamant that there is no alternative to, or within, the current agreement. The SJB's Premadasa claims he will renegotiate to reduce the tax burden on the poor and to increase social welfare. However, his economic team are evangelists for 'fiscal consolidation'. Meanwhile Dissanayake's NPP has said it will continue the IMF's debt restructuring programme “... but in a manner which is not harmful to the working-class people while taking steps to enhance the manufacturing sector” (Tennekoon 2023). Neither Premadasa nor Dissanayake have said what they will

do if the IMF is adamant not to revise its parameters and timelines. Outside of the modest ranks of the radical Left campaigning to #ExitIMF17, there is no movement of resistance to austerity. Those who do stand up for their own rights (mostly public sector workers and unemployed graduates) and those of others, are greeted by water cannons and tear gas in public spaces, the Online Safety Act in cyberspace, and the menace of brute force and imprisonment everywhere.

In the lead-up to the presidential election, the message to the people is, “vote for whom you like, but stick with the IMF programme”.

This crisis is not over. Not for the dominated classes. Nor for the dominant.

*B. Skanthakumar is a co-editor of Polity magazine.*

### References

- CBSL. (2024a). *External Sector Performance – May 2024* (28 June). Colombo: Central Bank of Sri Lanka. Available at [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/press/pr/press\\_20240628\\_external\\_sector\\_performance\\_2024\\_may\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20240628_external_sector_performance_2024_may_e.pdf)
- . (2024b). *Annual Economic Review 2023* (10 April). Colombo: Central Bank of Sri Lanka. Available at [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/publications/aer/2023/en/Full\\_Text.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/aer/2023/en/Full_Text.pdf)
- Dassanayake, Harindra B. and Rajni Gamage. (2024). “Emerging presidential election campaigns in Sri Lanka: Liberal consensus and fringe politics”. *Daily FT* (Colombo) (26 June). Available at <https://www.ft.lk/columns/Emerging-Presidential-election-campaigns-in-Sri-Lanka-Liberal-consensus-and-fringe-politics/4-763468>
- DCS. (2023). *Household Survey on Impact of Economic Crisis – 2023* (17 August). Battaramulla: Department of Census and Statistics. Available at [http://www.statistics.gov.lk/WebReleases/HECS\\_Bulletin\\_Final](http://www.statistics.gov.lk/WebReleases/HECS_Bulletin_Final)
- . (2024). *Sri Lanka Labour Force Survey Annual Bulletin 2023* (April). Battaramulla: Department of Census and Statistics. Available at <http://www.statistics.gov.lk/LabourForce/StaticInformation/Bulletins/SriLankaLabourForceSurveyAnnualBulletin-2023>
- De Silva, Charumini. (2024). “Record high electricity disconnections in 2023”. *Daily FT* (Colombo) (17 January). Available at <https://www.ft.lk/front-page/Record-high-electricity-disconnections-in-2023/44-757415>
- FHB. (2024). *Nutrition Information – Family Health Bureau – M&E Unit*. Available at <https://fhh.health.gov.lk/events/routine-nutrition-information-dashboard/>
- Hall, Stuart and Doreen Massey. (2010). “Interpreting the crisis”. *Soundings* (London), 2010(44): 57-71. Available at <https://journals.lwbooks.co.uk/soundings/vol-2010-issue-44/article-7260/>
- Hannan, Sarah. (2024). “Sri Lanka's shrinking population”. *The Morning* (Colombo) (10 March). Available at <https://www.themorning.lk/articles/OSJwyg41Nq2cCR2QHozR>
- Institute of Health Policy. (2024a). “Sajith Premadasa and AK Dissanayake tied with 39% support in Presidential Election voting intent in April 2024”. *IHP SLOTS MRP Presidential Election Voting Intentions Update April 2024* (30 May). Available at <https://www.ihp.lk/press-releases/sajith-premadasa-and-ak-dissanayake-tied-39-support-presidential-election-voting>

———. (2024b). “Number of Sri Lankans thinking country is heading in the wrong direction continues to increase”. *IHP SLOTS Opinion Poll* (24 June). Available at: <https://ihp.lk/research-updates/number-sri-lankans-thinking-country-heading-wrong-direction-continues-increase>

LMD. (2024). “Business Sentiment: The Index Gains Ground Yet Again”. *Lanka Monthly Digest* (02 May). Available at <https://lmd.lk/business-sentiment-100/>

Munasinghe, Vidura and Prabath Hemantha Kumara. (2023). “Can we not Manage without Bosses? An Analysis of Public Opinion in the Political Context of the *Aragalaya*”. *LST Review* (Colombo). 31(341): 16-32. Available at <https://www.lstlanka.org/wp-content/uploads/2023/08/Aragalaya-LST-review-eng.pdf>

Ranasinghe, Imesh. (2024). “SL milk powder use dropped more than half”. *The Morning* (Colombo) (29 March). Available at <https://www.themorning.lk/articles/VmFwQK9kMYv9S3c6yfQ>

Tennekoon, Sahan. (2023). “Future JVP-NPP Govt. stance: ‘With IMF, will consider public’s best interest, transparency’”. *The Morning* (Colombo) (15 December). Available at <https://www.themorning.lk/articles/30SAMUgZwJytGhxeTT1>

UNDP. (2023). *2024 Regional Human Development Report Making Our Future: New Directions for Human Development in the Asia-Pacific*. Bangkok: United Nations Development Programme. Available at <https://www.undp.org/asia-pacific/publications/making-our-future-new-directions-human-development-asia-and-pacific>

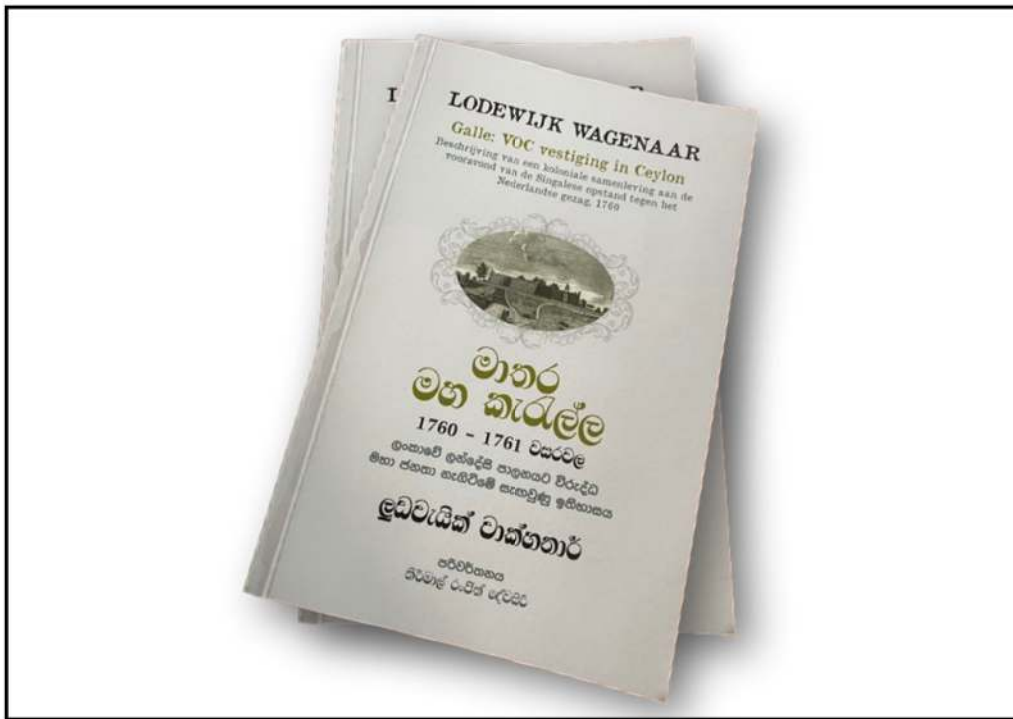
Wickremesinghe, Ranil. (2024). “Sri Lanka’s successful restructuring of its foreign debt is a good news for all who care about the country”. *President’s Media Division* (26 June). Available at <https://pmd.gov.lk/news/sri-lankas-successful-restructuring-of-its-foreign-debt-is-a-good-news-for-all-who-care-about-the-country/>

WFP. (2023). *Household Food Security Survey: Preliminary Findings December 2023*. Available at <https://reliefweb.int/report/sri-lanka/sri-lanka-household-food-security-survey-preliminary-findings-december-2023>

World Bank. (2024). *Sri Lanka Development Update: Bridge to Recovery* (April). Washington D. C.: World Bank. Available at <https://openknowledge.worldbank.org/server/api/core/bitstreams/a498539d-ae15-4911-8895-fff713aa063a/content>

Notes

[1] “A conjuncture is a period during which the different social, political, and ideological contradictions that are at work in society come together to give it a specific and distinctive shape ... A conjuncture can be long or short: it’s not defined by time or by simple things like a change of regime – though these have their own effects. As I see it, history moves from one conjuncture to another rather than being an evolutionary flow. And what drives it forward is usually a crisis, when the contradictions that are always at play in any historical moment are condensed ... Crises are moments of potential change, but the nature of their resolution is not given ...” (Stuart Hall interviewed by Doreen Massey 2010: 57).



*Lodewijk Wagenaar’s Galle: VOC vestiging in Ceylon*, translated by Nirmal Ranjith Dewasiri is on sale from SSA, No, 380/86, Sarana Road, Colombo 07