Sri Lanka falls prey to the IMF's policies

by Ramtanu Maitra

Facing an economic crisis precipitated by his World Bank-instigated policies, President Jayawardene of Sri Lanka has unleashed measures to dismantle the last vestiges of the democratic process that existed in his South Asian nation.

A day after his re-election as President on Oct. 20, Jayawardene declared a national emergency to silence his opposition who charged him with election fraud and inciting violence. In the month of November, he arrested his electoral opponent Hector Kobbekaduwa, the Sri Lanka Freedom Party (SLFP) candidate who polled 39 percent in the recent election, and Kobbekaduwa's associate Vijaya Kumarmatunge, the son-in-law of former premier Sirimavo Bandaranaike. Jayawardene accused the two of being involved in "plotting his murder."

In doing this Jayawardene is fulfilling the mandate of the World Bank and IMF, who removed Mrs. Bandaranaike and put him in power in 1977. This occurred only a year after the Non-Aligned summit held in Colombo, Sri Lanka under Mrs. Bandaranaike's chairmanship had called for the first time for a complete restructuring of the existing international economic relations, in order to solve the world economic problem of the developing nations. The battle lines were drawn. Within the next two years, three leading participants—Indian Prime Minister Indira Gandhi, Pakistan's Prime Minister Z. A. Bhutto and Mrs. Bandaranaike herself—were removed from office through coups or mass destabilizations.

Repression

Jayawardene's dictatorial proclivities obtruded soon after he assumed power in 1977. In 1978, he passed a law prohibiting public service strikes, and two years later, when a strike began in a railway shop, Jayawardene moved against trade union members involved in the strike, dismissing several thousand workers. No previous government had ever responded this way to a strike, and his action gave hints of things to come.

In 1980, Jayawardene instituted a government commission which charged Mrs. Bandaranaike, who heads the Sri Lanka Freedom Party, with abuse of power during her tenure in office. A few months later, with the help of Parliament where he enjoys a substantial majority, Jayawardene stripped Mrs. Bandaranaike of her civil rights for six years.

By this single act the Sri Lankan dictator immobilized his most formidable opponenent and created internal strife within the SLFP to break up the party. While reviewing these acts of the president recently, Dr. Colvin De Silva, leader of the Lanka Sama Samaj Party, said: "Manifestly, the president is placed in a near-dictator position. Very little change is needed for the president to formalize himself into a fullfledged dictator in law and in fact."

This month, Jayawardene moved closer to fulfill De Silva's prediction when he abruptly closed down all newspapers critical of his policies.

It is widely recognized that Jayawardene held the Oct. 20 election more than a year before it was scheduled—amending the constitution to it—at the request of the World Bank and International Monetary Fund. The supranational banking institutions had reportedly advised the Sri Lanka government that foreign investors and financial institutions—on whom Jayawardene's government depends heavily—would have confidence to continue their support only if Jayawardene would continue for another term. It is also for this reason that Jayawardene, after the Oct. 20 election, called for a referendum on his recommendation that the coming general elections, which will elect all parliamentary members, be cancelled and the life of the present Parliament be prolonged for another six years.

Economic policy

Jayawardene has invited such Wall Street investors as Lehman Brothers to oversee foreign investments in Sri Lanka. Calling for a Singapore "free-market" model, Jayawardene removed import and price controls, reduced food subsidies and revalued the currency by 46 percent. Jayawardene set up Investment Promotion Zones (IPZs) along the west coast, and now there is talk of turning the natural harbor Trincomalee into a playground for the U.S. troops stationed in the Indian Ocean.

Sri Lanka's imports for 1981 were $2.05 billion while its exports, commodities such as tea, coffee, and rubber and electronic consumer products—assembled in Sri Lanka, but bearing such brand names as Motorola, Hoover, Sony, Sanyo and Gillette—brought in only $1.05 billion. The deficit in balance of payments in 1981 stood at $800 million.

Meanwhile, the short-term economic benefits have been wiped away by a galloping inflation which is running at 20 percent and promising a higher number in the future.

Recently, when asked if he was under pressure from the World Bank to devalue the currency, Jayawardane said: "All countries are. All of Sri Lanka's revenue goes for current expenditure. I have no money for development."

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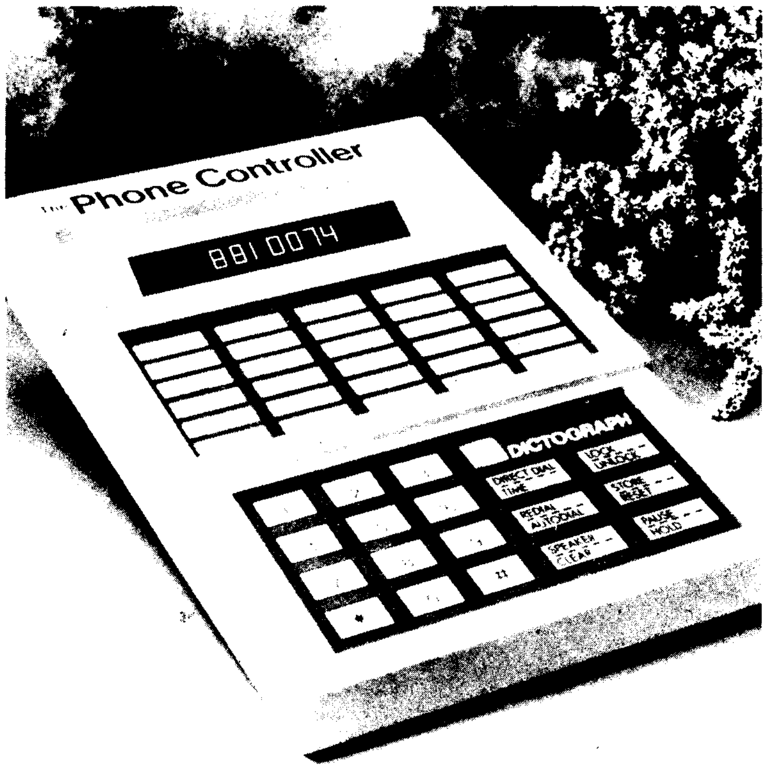

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