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Frontline

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IMF TRAP!

Austerity Without Relief!

Lanka's six-year experiment with the International Monetary Fund's (IMF) Extended Fund Facility (EFF) has had severe consequences. Far from stabilising the economy, IMF-driven policies have weakened livelihoods, leaving ordinary citizens burdened by taxes, rising prices, and reduced subsidies. The Central Bank Governor's admission that another IMF program will be required is not a sign of progress; it is an admission of failure.

The numbers tell a grim story. Household debt increased by LKR 635 billion in just 15 months, reaching LKR 2.45 trillion. Behind this figure lies a strained society: the upper middle class borrowing for imported consumer goods, draining foreign reserves, while the lower middle class adds credit card debt to buy groceries. The poorest are pawning gold jewellery, often heirlooms, to pay for healthcare and education. This is not economic reform; it is severe economic pressure.

The collapse of household incomes, down for 60.8% of families over five years, has collided with relentless cost-of-living hikes. The World Food Programme reports 1.3 million more people pushed into poverty, 300,000 into food insecurity, and child malnutrition surpassing 20%. These are not abstract statistics; they are the reality of families skipping meals, children affected by hunger, and futures strained by survival.

Yet the government, bound by IMF dictates, continues to raise electricity tariffs, fuel prices, and taxes. Officials boast of a "healthy Treasury," but the truth is stark: the state's coffers overflow while its people struggle. This is not reform, it is betrayal.

Lanka's crisis is no longer just about debt; it is about dignity. The IMF's prescriptions have deepened inequality, weakened resilience, and mortgaged the nation's future. What is needed now is not another round of austerity, but a fundamental rethinking of economic sovereignty, one that places people, not creditors, at the centre of recovery

A protest march organised by the People's Struggle Movement marched through Colombo, demanding that the government reduce the cost of living, leave the IMF framework, includ-ing its austerity measures, tax the capitalists, and provide relief to the oppressed. The pro-test campaign, held on 25th June, started from Maradana, passed through the metropoli-tan area despite police obstructions, and concluded with a rally at the World Trade Centre.

On February 28, 2026, a joint operation by the United States and Israel resulted in the assassination of Iran's spiritual leader, Al-Khamenei, along with several military and political leaders. In response, Iran launched attacks on several countries, including Israel, Saudi Arabia, the United Arab Emirates, Bahrain, and Qatar, escalating the war in the Middle East. This intensified the discussion on Lanka's foreign policy.

Fire Within and Without Amidst the Flames of War

Non-Alignment Tied to the 'Yankees'

With the National People's Power (NPP) government taking office, a shift in the state's foreign policy toward a single camp was observed. This was signalled by the close association between the U.S. Ambassador to Sri Lanka, Julie Chung, and the leaders of the Janatha Vimukthi Peramuna (JVP), as well as by the U.S. government's support for the JVP. In various instances—the U.S. attacks on the Gaza Strip, the initial strikes on Iran, the abduction of the Venezuelan President, the tightening of sanctions and threats of invasion against Cuba, threats to invade Colombia, and attempts to annex Greenland—the Lankan government failed to condemn these actions or stand up for oppressed nations.

Furthermore, a variety of compromises with imperialist forces were observed. This was not limited to tying the Lankan economy entirely to the imperialist project through the IMF program; it also extended to military cooperation. The "Quad" military alliance—often dubbed the "NATO of Asia"—was established to wage war in the Asia-Pacific region and consists of the United States, Australia, Japan, and India. The NPP government is systematically turning Lanka into a pawn of this military alliance. The government signed defence cooperation agreements with India on April 5, 2025, with Japan on September 29, 2025, and with the United States on November 14, 2025. It is worth noting that these are "Defence Agreements," not merely "Security Agreements."

This situation is aggravated by the government's public display of favouritism toward the U.S.-India axis over the China-Russia axis, as evidenced by its rejection of Russia's invitation to join the BRICS economic alliance and its skipping of the Shanghai Cooperation Organisation (SCO) summit. Media reports also indicated that the Chinese Embassy was set to strictly question an incident where a U.S. submarine attacked an Iranian vessel within Lanka's Exclusive Economic Zone (EEZ). This was not isolated: when Chinese research vessels conducted studies near Lanka, India raised objections. Under Indian pressure, Ranil Wickremesinghe suspended Chinese research vessels from entering Lankan waters for a year. Although the President gave a verbal promise to lift this ban during a visit to China after the NPP government came to power, the government maintained Wickremesinghe's stance.

In this context, China questions whether the Lankan government, while barring Chinese research vessels from its EEZ, is granting approval for American nuclear submarines to operate there. If the government has granted

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such approval, it poses a major issue. Conversely, if the U.S. submarine entered Lankan waters for this attack without permission, it represents a serious threat to Lanka's political sovereignty. In such an event, the government should have taken diplomatic action with the U.S. Embassy in Colombo. This situation reflects the war's place within Lanka's foreign policy.

The Government's Class Partiality

Just as the pro-imperialist nature of the government's foreign relations sector has been exposed, it is becoming clearer which class the government favours in domestic politics. In the second week of June, Agriculture Minister K. D. Lal Kantha made a controversial statement. He stated that power had shifted from the elite to the non-elite and that they would not allow the elite to regain power. He said this while attending an official ceremony to recruit new employees for the Livestock Development Board.

In political literature, classes are not categorised as elite and non-elite; rather, there is the capitalist class, the proletariat (working class), and the middle-class segments. In particular, the two main components of the working class are labourers and farmers. While the Minister claims that the current government is focusing heavily on oppressed groups, what is actually happening on the ground? To examine this, it is important to look at the current situation of farmers and labourers.

The past month was one where the battlegrounds of struggle heated up. This was due to farmers across the country entering the protest arenas. What drove the farmers to struggle was the low price they received for paddy. By June, a kilogram of paddy was being bought for a price between 85 and 95 rupees. This is 15-20 rupees less than the production cost of a kilogram of paddy. The main reason private rice mill owners were able to purchase paddy at such a low price was that the government had closed its paddy warehouses and halted state purchases. While government intervention is crucial in setting a minimum price, once private rice mills created a monopoly, they began plundering farmers' paddy stocks for a pittance.

Ministers' Barking for their Masters

The root cause of the current crisis dates back to the last Maha season (October 2025 to April 2026). The National Farmers' Federation alleges that while the total paddy harvest in the last season was around 2 million (20 lakh) metric tons, the government purchased only a meagre 60,000 metric tons. When considering the country's total consumption, the amount of rice available from this is not even sufficient for a single week.

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Two Years of NPP Rule: A Chronicle of Leadership Failure

Looking back at the nearly two-year rule of the NPP government, it is clear that the ARAGALAYA, People's Struggle of 2022, paved the way for the NPP's rise to power. Following the transfer of political control from British colonial masters to their agents, the local elites, in 1948, two major political parties took turns governing the country. By the early 2000s, this system had stagnated, and the same key ministers remained in power, shifting with whichever party won to secure portfolios. The economy was manipulated by a handful of swindlers, the Central Bank was plundered, and chronic mismanagement of public funds, a spiralling debt crisis, and the depletion of foreign reserves culminated in a massive crisis by late 2021.

Ranil Wickremesinghe, carrying forward the political legacy of J.R. Jayewardene, who originally introduced neoliberal reforms to the Lankan economy, campaigned heavily for an IMF bailout. By that time, Sri Lanka had already undergone 16 IMF loan programs with highly questionable outcomes. The 17th IMF intervention was finalised in March 2023 through a $2.9 billion Extended Fund Facility (EFF). Yet, the central pattern remains unchanged: the economy stays on the brink of collapse, and officials still offer another loan program as the only solution.

The NPP government seems indifferent to the fact that its rapid hikes in electricity tariffs, soaring fuel prices, and unbearable tax burdens on essential goods and services are smiting a population already struggling to secure three meals a day. While authorities boast of an overflowing Treasury, the lived reality of the populace is entirely different. The NPP leadership promised to serve the common people, but their political power is secured by the consent of the elite class. The Bible says you cannot serve two masters; ultimately, you will betray one for the other.

Consequently, the oppressed masses of Sri Lanka must mobilise globally to reclaim political and economic power. They must halt imperialist powers from exploiting global assets and leaving them with nothing but crumbs. ■

The issue last season was that, unlike in previous seasons, private mill owners did not immediately raise paddy prices upon the government's announcement of the minimum guaranteed price. Today, Agriculture Minister K. D. Lal Kantha and Deputy Minister Namal Karunaratne, who are currently accusing farmers of not selling their paddy during harvest time, told the farmers back then to store their paddy stocks at home. They said either sell them at the market price of paddy after it increases, or have the government purchase them later. However, the government now claims that farmers do not have paddy, that businessmen hold it, and that those protesting are actually businessmen. More than the inability to sell their paddy and the drop in prices, it was these statements that fueled powerful anti-government sentiment among the farmers.

Logically, it would be advantageous for the government to open the paddy warehouses now and purchase a kilogram of paddy at 120 rupees per kilogram. What the farmers have with them now are dried paddy stocks that have been processed in accordance with proper standards. If the government begins purchasing when the Yala season harvest is cut, as they claim they will, they will have to buy these paddy stocks at a higher price. This is because production costs have risen. The National Farmers' Federation states that the cost of cultivating an acre of land, which was 130,000 rupees last season, has risen to 200,000 rupees this season due to increases in fertiliser, fuel, and machinery rental prices. Therefore, the guaranteed price for this season must be increased.

On the other hand, businessmen cannot sell paddy under the guise of farmers. Paddy is accepted into government warehouses only after the Chairman of the Farmers' Association and the Agricultural Research and Production Assistant certify that the relevant stock owner is indeed a farmer. Furthermore, no more than 2,000 kilograms of paddy may be purchased from a single individual. According to this information, it appears that although the government describes itself as 'non-elite,' it actually stands on behalf of the monopoly mill owners and rice import businessmen.

Corporate Greed on Pensions Funds

The attempt made by the Rajapaksa government in 2011 to plunder the EPF and ETF funds, the retirement pension funds of private sector workers, was thwarted by a determined struggle of the Katunayake Free Trade Zone workers. Although a young worker named Roshen Chanaka was shot and killed by the police on May 30, 2011, during that struggle, the workers managed to carry it forward until victory was won. The Workers' Struggle Centre accused the National People's Power (NPP) government of betraying the labour struggle and bringing the exact same Rajapaksa-style measure back to the stage. What has occurred is a decision to merge the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF) and to manage them through a tripartite structure representing the government, employers, and employees' trade unions. Approval was granted to appoint a committee regarding this at the cabinet meeting held on June 15. The real intention behind this is to clear the path for investing the money of the largest fund in Lanka (its current value is 4.9 trillion rupees, about 500,000 crores), as desired by the capitalists.

The Provident Fund (EPF), the retirement savings fund available to private-sector employees, is created by deducting 8% from the employee's monthly salary and crediting it to the employee's account, while the employer also contributes an amount equivalent to 12% of that employee's monthly salary. The Employees' Trust Fund (ETF) is a relatively small fund, with a current value of 637.5 billion rupees. Although a part of the government's proposal involves merging these two funds, it is completely impractical to implement. Generally, while the benefits related to the Provident Fund can only be obtained after the worker reaches retirement age, the savings in the Trust Fund can be withdrawn at the end of every 5 years. Although no common factor can be seen in the operations of these funds, the commonality lies in how fraudulent businessmen can utilise public funds for their own profit motives.

The government is attempting to involve capitalists in the management of the fund, providing wealthy businessmen with opportunities to expand their financial capabilities through the Provident Fund as they see fit. When looking at this cabinet decision of the government, it becomes evident that not only farmers but also workers do not belong to the 'non-elite' classification that the government speaks of. If so, which class does Minister Lal Kantha claim has seized power? It is clear that it is the very same capitalist class draped in non-elite red cloths. This is why it is important to re-emphasise the statement made by the Frontline Socialist Party at their convention last March: that the Janatha Vimukthi Peramuna (JVP) is the newest capitalist party in Lanka. ■

NPP Government Introduces a Slew of Anti-Democratic Laws

The Protection of the State from Terrorism Act – PSTA (Bill) presented by the Government of Lanka for public comments in December 2025 is a carbon-copy of the 2022 Anti-Terrorism Act – ATA (Bill) produced by the Ranil Wickremesinghe Government, which was basically a carbon copy of a 2018 Counter Terrorism - CTA (Bill) proposed by the Yahapalana Government (in which Wickremesinghe was Prime Minister).

Having masqueraded as a leftist party to gain power, the NPP is now drafting new legal frameworks to strip citizens of their democratic rights. This article argues that the Protection of the State from Terrorism Act (PSTA) is a prime example: it is even more dangerous than its predecessor, despite the government's campaign promise to abolish the Prevention of Terrorism Act (PTA).

The National People's Power (NPP) Government, elected to effect 'system change', is recycling drafts from former governments that it said it would scrap if elected. This shows a pattern of continuity that contradicts its stated mandate for change.

Two elements are needed to define a criminal offence: the intention to commit the act, and the act itself. The draft law (PSTA) lists three intentions: provoking a state of terror in, or intimidating, the public; forcing the Government or an international organisation to do or refrain from doing something; and intending to violate the territorial integrity or infringe the sovereignty of Lanka or any other sovereign country. Whilst the first and third broadly align with the internationally accepted definition, the second is broad and vague, and could be easily weaponised to curtail legitimate civic activity.

Legalising the armed forces' involvement in law enforcement creates a permanent state of emergency. Armed forces should be deployed only in emergencies or when borders are under threat. The new law, like the two previous drafts, gives them the power to arrest persons on 'reasonable suspicion', conduct warrantless searches, conduct stop-and-searches, "take into custody" any material they want, and, most worryingly, question people. They are not trained in law enforcement and have no knowledge of the Penal Code, the Code of Criminal Procedure, or due process requirements. Hence, their understanding of what constitutes 'reasonable suspicion' is extremely limited and will likely result in invasive searches of people's homes and arbitrary arrests, among other violations. Additionally, the police and the armed forces are required by the PSTA to take any measures that may be appropriate to prevent the commission of offences. This is a broad, limitless power that can be arbitrarily used to curtail legitimate activities.

Military involvement in law enforcement raises concerns regarding accountability as well. The Department of Police, under the Ministry of Public Security, will be responsible for implementing the PSTA. At the same time, the military will be involved in

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similar activities under the same law. Whether the military will receive orders from and be accountable to the Ministry of Public Security and the Inspector General of Police (IGP), or to the commanders of their force and the Ministry of Defence, is not defined in the draft law. This can lead to broken or even non-existent chains of command, turning the current culture of impunity into a legalised state of impunity.

The PSTA empowers a police officer to obtain military assistance to arrest or take a person to the police station; it does not stipulate the rank of the police officer who has the power to make such a request, nor does it set out the criteria or reasons for requesting assistance, or how the request should be made. Another provision allows a police officer, without a judicial order, to take control of any vehicle, vessel, train, aircraft, or unmanned aerial vehicle for the purpose of investigating or preventing the commission of an offence. The only requirement is for the officer to report it to the magistrate. This provision also does not specify the rank of the police officer to whom this authority is granted, meaning, in practice, even a constable can take control of any vehicle.

In the prevailing PTA law, a detention order (DO) is issued by the Minister of Defence. In the proposed PSTA, it can be issued by the Secretary to the Ministry of Defence. When a valid DO is placed before a magistrate, the magistrate has no power to inquire into the necessity of issuing it or refuse to give effect to it. If the police do not have a DO, they can request the magistrate to remand the person. If the magistrate is satisfied there are no grounds to remand the person, the magistrate can release the person on bail. The magistrate, however, does not have the power to release the person. The PSTA, hence, seeks to dismantle oversight and tools necessary for the effective implementation of due process safeguards.

The right to know the crime for which one is accused is a fundamental tenet of criminal law, but the PSTA undermines it. The initial period of detention under a DO is 2 months, which can be extended for up to 1 year. If the Police seek an extension, they must file a confidential report, which "shall not be disclosed to any person unless the Magistrate is of the opinion that, in the interest of justice, such report may be disclosed to the suspect." This seriously harms the detained person's right to a fair trial by undermining the person's ability to mount a vigorous defence.

If a magistrate refuses to extend a detention order, the magistrate must still inquire whether the person should be remanded and, if not, release the person on bail. Bail should be the norm, not the exception, but in practice, bail has become the exception. The proposed provision codifies the practice of remanding people as the default.

The maximum period a person can be remanded is one year from the date of remand, not from the date of arrest. This means a person can be held on a DO for one year and then remanded for another year. The provision in the planned law, which states the total time in detention "shall not exceed a period of two years from the date of arrest," demonstrates that the Government has pre-decided a two-year detention window, and the inclusion of the magistrate is to create the illusion of judicial oversight, as magisterial discretion has been severely limited.

President Anura Kumara Dissanayake promised to abolish the Executive Presidency, repeal the PTA, and repeal the Online Safety Act, which in essence is an internet censorship law. Instead, he and his government are seeking to expand the powers of the president and normalise an Executive without checks and balances, which the proposed law would do.

The PSTA empowers the president to proscribe an organisation if he has reasonable grounds" to believe that any organisation is engaged in any act amounting to an offence under this law, or "is acting in an unlawful manner prejudicial to the national security of Lanka or any other country'.

The proscription imposes prohibitions on recruiting members,

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conducting meetings and programs, entering into contracts, using bank accounts, raising funds or receiving grants. It also prohibits lobbying and canvassing on behalf of the organisation, which can be construed to include lobbying to have the organisation's proscription lifted. There are no transparent processes or objective criteria stipulated for the proscription, nor for evidence to be presented, at least for renewal. The appeal against the decision is to be made to the President, the person who proscribed the organisation, not through a judicial process.

Restrictions include barring movement outside the residence, travelling within Lanka and travelling outside the normal route between the place of residence and place of employment. Within a week of the order being issued, the police officer is required to obtain the person's statement to enable 'the Magistrate to determine whether the said Order shall be revoked or varied'. This clearly shows that the initial order can be issued without sufficient inquiry into its necessity. The order is reviewed monthly and can be extended for up to 6 months. Historically, Restriction Orders have had a devastating impact on the lives of those subject to them, with charges rarely being brought against the persons.

The draft law empowers the Attorney General to defer legal proceedings or suspend prosecution for up to 20 years, subject to the sanction of the High Court, if the person agrees to certain conditions, such as publicly expressing remorse and apologising in a text issued by the Attorney General. Persons may feel compelled to de facto accept guilt to avoid protracted decades-long trials, like under the PTA, regardless of culpability. Under the PSTA, the Attorney General exercises judicial authority. This dilutes the power of the judge, who is not mandated to conduct an independent scrutiny of the evidence or evaluate the necessity

Restriction Orders can be issued under the PSTA by a magistrate upon an application made by a police officer not below a DIG, if he has reasonable grounds to believe that any person has committed, or is making preparation, to commit an act of terrorism.

and proportionality of the conditions imposed, but only to approve an arrangement decided by the Attorney General. In effect, the PSTA turns judicial oversight into a formality, thereby weakening the final safeguard against abuse.

Meanwhile, existing repressive laws have been opened up for amendments that increase their cruelty. The three proposed bills, the Convention on the Suppression of Terrorist Financing (Amendment) Bill, the Financial Transactions Reporting (Amendment) Bill, and the Prevention of Money Laundering (Amendment) Bill, can be cited as an example of this. The purpose of these Bills is to comply with the requirements of the Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). There are significant concerns as to how successive governments have used the FATF framework as cover to undermine the rights of free association and expression. As such, these latest amendments need to be viewed with heightened scrutiny. The bills were tabled in Parliament days before the Sinhala and Tamil New Year holidays, and when court sittings have been suspended. Under the Constitution, citizens now have a limited 2-week window to challenge the constitutionality of these complex bills before the Supreme Court. This is not the first time governments have rushed through important legislation, severely limiting the public and other stakeholders ' ability to engage with and challenge proposed laws and raising questions about the government's intention in the speed with which this has been done.

The proposed bills include numerous problematic provisions, including a broad definition of offences; the expansion of the powers granted to the financial intelligence unit, including enhanced investigative powers with limited judicial oversight, especially in the context of the Financial Transactions Reporting (Amendment) Bill. This provision imposes significant reporting burdens on professionals, which will directly affect their ability to discharge their professional responsibilities. It is also concerned with the integrity of the evidence collected through the "covert investigative powers" enabled by these bills, as well as the significant restrictions on privacy rights and the security of the information gathered through such investigations.

These amendments will be added to a legal system that already provides broad powers of investigation, asset-freezing, and mechanisms to deal with the proceeds of crime. Whilst Lanka needs to adhere to its international obligations, this does not automatically justify the enactment of broad laws. This is especially considering Lanka's history of utilising such laws to target individuals who have been critical of the government and to crack down on dissent.

Despite the government's idealistic rhetoric on democracy, its legal maneuvers reveal that democracy is incompatible with a neoliberal capitalist trajectory. It is becoming increasingly clear that 'liberal democrats' tethered to neoliberalism are failing to safeguard even basic rights of the people, leaving socialists as the sole defenders of the democratic cause.

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‘Neutrality’ Not a Foreign Policy But a Double Standard

On 17 March, in response to a journalist's question about the president's foreign policy, Anura Kumara Disanayake insisted that neutrality remains Lanka’s defining stance, citing the Iranian ship incident rather than the country’s immutable non-alignment policy.

Non-alignment and neutrality are not the same. Non-alignment denotes a political stance in which a country does not align with any major power bloc, often associated with the Non-Aligned Movement during the Cold War. Under this policy, the key is independence, free from external influences or pressures. In line with these principles, non-aligned nations also advocated resolving disputes through discussion; they supported moves toward global nuclear disarmament and vehemently opposed colonialism and imperialism.

In contrast, neutrality typically implies impartiality or unbiasedness, without strong opinions on a particular issue. While non-alignment is a deliberate choice to remain independent, neutrality can be a shifting concept that may change its stance depending on pragmatic circumstances. In other words, neutrality leaves room for shifting positions on particular issues.

The foundation of the non-alignment policy emanated from the historical struggle against imperialism and colonial oppression, reflected in the 1927 Brussels Conference. Thereafter, it played a decisive role as both a foreign policy strategy and a political movement for advancing a common agenda among postcolonial Third World countries. The Bandung Conference (1955) and the Non-Aligned Conference in Belgrade (1961) were pivotal in shaping the non-alignment policy among Afro-Asian and Latin American nations. The Bandung Conference also declared ten principles to foster friendly cooperation and promote peace and tolerance, including respect for basic human rights, the UN Charter, the sovereignty and territorial integrity of all nations, and refraining from acts of aggression or threats of force against any country’s territorial integrity or political independence.

This happened against the backdrop of Western ...P9

powers seeking to divide Afro-Asian countries under the guise of anti-communism and freedom, attempting to reassert their dominance, which compelled them to create a global anti-colonial movement and foster a comprehensive understanding of imperialism. Jawaharlal Nehru, representing the Indian National Congress, emphasised that "imperialism was not a problem between colony and colonial power, but a characteristic of the international political system as a whole"- Nehru, India's first Prime Minister, conceptualised and elaborated the doctrine of non-alignment. He rejected the idea of neutrality, while emphasising three essential components, namely refraining from entering military alliances with any country, particularly with members of either the Western or communist blocs, adopting an independent approach to foreign policy based on the nation's best judgment, and striving to maintain friendly relations with all countries, including those in Cold War blocs. Ironically, India's current Prime Minister, Narendra Modi, despite being one of the founding members of the Non-Aligned Movement, became the first Indian leader to depart from the long-standing policy by aligning with the Americans' post-globalisation agenda.

The Lankan President, who is the most loyal servant of the Modi administration, deliberately used the word 'neutrality' instead of 'non-alignment' because Lanka also signed defence agreements with India and the USA, becoming a facilitator providing services in the Indian Ocean for Indian and USA troops during a war in the region. On 14th November 2025, the United States and Lanka signed a Memorandum of Understanding (MOU) formalising the defence partnership between the Montana National Guard, the U.S. Coast Guard, and the Lanka Armed Forces under the Department of War's State Partnership Program. Similarly, during Indian Prime Minister Narendra Modi's state visit to Colombo in April 2025, India and Lanka signed a new Memorandum of Understanding on Defence Cooperation, which was neither presented to parliament nor made public.

Furthermore, when Lanka was on the verge of an oil crisis, Iran expressed its readiness to supply oil and other essential goods upon request, reaffirming its longstanding ties with Lanka. The Iranian Ambassador, speaking at a press conference, said Iran stands ready to assist at any time, noting that support could include fuel and other critical supplies, depending on Lanka's needs. Similarly, Russia has agreed to supply fuel to Lanka and is ready to immediately provide refined petroleum products, following discussions between Lankan authorities and a visiting Russian delegation. However, *...P10*

instead of purchasing fuel from Iran or Russia at a low price, the Lankan government decided to buy it from India at a higher price, demonstrating its loyalty to the USA. This was a total deviation from the non-aligned policy that the previous Lankan government had followed during crisis situations. Lanka's 1952 Rubber Rice Agreement with the People's Republic of China is a notable example of a non-aligned strategy aimed at achieving economic advantages. Adopting the agreement led the US to suspend aid to Lanka, but it did not deter the island's leaders from approving it, which was aimed at alleviating domestic difficulties.

Furthermore, following US airstrikes on Iranian nuclear facilities, the government issued a brief, noncommittal statement, without mentioning the US or Israeli aggression. Similarly, the government has issued a restrained statement during Israel's seizure of Gaza, almost two years after a genocidal war against Palestinians, which notably omits any mention of genocide accompanying the planned takeover of the territory. In line with its pro-Israel orientation, the government has permitted visits by Israeli Defence Forces members accused of war crimes in Gaza. Meanwhile, Lanka continues to send workers to Israel, replacing Palestinian labourers blocked by the ongoing Gaza genocide.

Like the Modi administration, this does not amount to a non-aligned policy but a clear attachment to the USA and its military bloc. The 17th Non-Aligned Movement Summit, held on September 17–18, 2016, at Margarita Island in Venezuela, passed a resolution reemphasising the right to self-determination of Palestine, including calls to end Israel's occupation of Palestine's West Bank and East Jerusalem, as well as Syria's Golan Heights, where Lanka was a part of this resolution and thus has to take an unwavering stand on Palestine. In the 1990s, the Non-Aligned Movement had more than 100 members and expanded its purview to include economic issues and controversial ones, such as the Israel-Palestine conflict. When Zimbabwe's leader, Robert Mugabe, was elected chairman to host the Non-Aligned Movement in 1986, he emphasised apartheid in South Africa and the Israel-Palestine conflict, disregarding the USA and Israel's political pressure. Having known all these precedents, only the Lankan government created a narrative of neutrality in contrast to the stands taken by previous governments, taking a side when there was an unjust invasion or curtailment of democracy.

Lanka's posture during the 1956 Suez Canal crisis is a good example of how non-aligned principles inform foreign policy decisions. During the crisis, Lanka criticised the military action taken against Egypt by Britain, France and Israel and demanded their withdrawal from Egyptian territory. Lanka supported Egypt's right to nationalise the Suez Canal but requested that it ensure other states' freedom to use the waterway. Lanka also adopted a principled stance as Congo descended into violence during the early 1960s, soon after independence. Lanka opposed the Soviet call for the withdrawal of UN forces while also opposing the US intention to recognise the Kasavubu government. Instead, Lanka supported, and at times co-sponsored, UN resolutions that deployed UN peacekeeping forces to the country and called for peace and stability in the African nation. In their individual capacities, non-aligned nations take positions aligned with their foreign policy objectives.

Hence, under a non-aligned policy, countries sought to defend themselves from exploitation by superpowers while resisting "capitalism-imperialism" and striving for a just and peaceful world order. They aimed to build peaceful and secure environments to foster socioeconomic development. Given their experiences of severe economic exploitation, deprivation, and the loss of political freedom under colonial rule, Asian and African leaders interpreted military alliances as a repetition of colonial practices. Thus, opposing the Cold War, bloc, and power politics became central to the non-alignment movement.

So-called neutrality is nothing but keeping always a room for double standards, favouring superpowers and imperialism. Therefore, it is not a principled foreign policy but a cover for inconsistency and double standards. For instance, Sweden maintained its policy of neutrality after World War II, despite substantial cooperation with the West. Swedish neutrality during World War II has been much debated in the years since. Despite the British naval blockade of Nazi Germany, Sweden exported iron and machined parts to Nazi Germany's war industry via the Norwegian port of Narvik. These examples show how neutrality can serve as a double standard rather than a principle.

In the current global economic and political landscape, it is clear that the USA's unilateral dominance is fading as multipolar power blocs emerge. While reinterpreting the neo-imperial attributes of these blocs, we need to reframe our foreign policy without aligning with any particular bloc. However, it seems the foreign policy of the Anura Kumara administration is entirely dependent on the USA and Indian agendas, pushing the country into a corner and labelling the government as a hypocritical regime. ■

The Working Class Amidst a Great Betrayal - Workers' Struggle Centre

This article is based on the speech delivered by Comrade Duminda Nagamuwa, Organising Secretary of Worker Struggle Centre, at the seminar titled 'The Working Class Amidst a Massive Betrayal'.

Janaka Adhikari, General Secretary of the Inter Company Employees' Union (ICEU)—which is spearheaded by the Janatha Vimukthi Peramuna (JVP), the main stakeholder of the National People's Power (NPP Government)—published a Facebook post on 9 April which stated that members of the trade union at the company CEAT had donated a portion of their salary increases to the union following a collective agreement. This claim runs counter to long-standing allegations that the ICEU collects the first month's incremental portion of a wage hike secured through collective agreements.

Building on these allegations, this trade union is known to have allegedly orchestrated conspiracies to dismantle other unions established in major institutions across Lanka. Examples include the destruction of trade unions we established at Rosell and the Midigama branch of CEAT, carried out in collaboration with the respective management. Notably, the Human Resources Manager of Midigama CEAT, who aided the government-aligned union in these actions, also sits on the committee appointed to handle the new labour law reforms.

The Economic Crisis

The crisis facing the Lankan working class is not merely a national issue; it is clearly a global one. The central problem is a socio-economic system that has made living conditions exceptionally difficult for the working class, intensified exploitation, and burdened working people with the costs of every world war.

Recently, the Lankan government claimed that the annual per capita income has surpassed $5,000. In practical terms, this would mean a family of four should have a monthly income of 533,000 Rupees. However, it is an undeniable reality that the vast majority of people in Lanka do not receive such an income. The government's own statistics on rising living costs show that an item that cost one Rupee in 2019 now requires 2.30 Rupees. The Rupee has depreciated by 120%. This shows how sharply the crisis has deepened for workers.

Against this backdrop, public sector wages have increased by only 81% since 2019. To match the cost of living and maintain 2019

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purchasing power, salaries ought to have risen by 120%. Similarly, private-sector employees have not received proper wage increases. The scale of pressure facing the Lankan working class is also evident through the escalation of other social issues. Poverty in Lanka has risen by 25%. A recent report by the Department of Census and Statistics highlights that birth rates and marriage rates in the country have declined.

Doubling the Pressure

To intensify this pressure, the two primary indirect taxes implemented in Lanka are Value Added Tax (VAT) and the Social Security Contribution Levy (SSCL). The VAT rate is 18%, while the SSCL is 2.5%, both of which apply to a wide range of goods and services. Furthermore, under the guise of recovering from the debt crisis, the Domestic Debt Restructuring (DDR) programme has paved the way for plundering all employee trust funds. This places another burden directly on workers.

Under this framework, while these funds are paid very low interest rates, the government pays up to 30% interest on certain bonds. Some of these bonds are set to mature in 2032. The government typically spends around 480 billion Rupees annually to service this interest. In stark contrast, the interest rates offered on fixed deposits across all banks remain at just 10% or 11%.

The Robbery of the EPF and ETF Funds

On 15 June this year, the Cabinet approved a proposal to merge the EPF and ETF, the two pension funds for private sector employees in Sri Lanka. Furthermore, the government proposes to transfer these two funds to a special structure established by the government, private-sector employees, and employers. These two funds were structurally established with different objectives. Therefore, merging them will eliminate both their original purposes and the actual benefits to employees. As previously mentioned, the first attack under the IMF loan conditions targeted the EPF and ETF funds. Consequently, private sector employees' retirement funds have shrunk by approximately 37.4%. Additionally, the interest rate on this fund is scheduled to be reduced to 9%.

When night shifts were permitted for women working in factories during the 1980s, it sparked a fierce debate. Due to the backlash driven by trade unions, the then President J.R. Jayewardene was forced to introduce those laws with strict conditions. Accordingly, calling female employees for night shifts required the explicit consent of the worker concerned.

Labour Law Amendments

At a time when every form of economic burden is being shifted onto workers, the NPP government is preparing to amend labour laws. Under the Ranil Wickremesinghe administration, Minister Manusha Nanayakkara attempted to introduce labour reforms under the guise of a 'Single Labour Law'. However, when the new government took office, it announced it would not introduce a single unified labour law. Instead, the government has announced that it will amend four existing labour laws.

Is This the Same 'Single Labour Law' in Disguise?

To understand this shift, it is useful to note that in 2025, India also passed four labour codes. The central government is currently attempting to have these amended laws passed by state governments as well. These laws comprise:

- The Code on Wages
- The Industrial Relations Code
- The Code on Social Security
- The Occupational Safety, Health and Working Conditions Code

India introduced these codes by consolidating and amending 29 central labour laws. A major criticism of these new laws involves the relaxation of retrenchment rules. Previously, workplaces with over 100 employees required prior permission from the Labour Commissioner before laying off workers or closing down; this threshold has now been raised, making it necessary only if the workforce exceeds 300.

Similarly, Lanka's proposed Single Labour Law required private-sector workers to give 28 days' notice before striking. In India, this rule has already been passed through labour reforms. Furthermore, laws regarding the recognition of trade unions have been drastically altered. The Indian legislation has also approved extending the 8-hour working day to 12 hours.

What Was Proposed in Lanka

It is no secret that employers in Lanka have long been lobbying for amendments to the Termination of Employment of Workmen Act (TEWA). Under current Lankan law, if an institution is to close down, it must give prior notice to both the Labour Commissioner and the employees. Subsequently, all employees must be compensated in accordance with a formula determined by the Department of Labour.

However, the Single Labour Law proposed that workplaces could be shut down without prior notice to the Labour Commissioner or employees, with compensation capped at just three months' pay. Under the existing framework, compensation is calculated using a formula that factors in

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both the period the employee has served and their remaining service period. Furthermore, the Single Labour Law amendment proposed creating the fund for this three-month compensation by increasing the Employees' Trust Fund (ETF) contribution by 1%.

The New Government's Agenda

Since taking office, the new administration has frequently spoken about ensuring justice for youth employed in various app-based gig economies and about integrating women into the workforce. In reality, however, they are preparing to exploit a moment when the bargaining power of the working class is weakened, turning it to the advantage of the capitalists. The government's discussion paper to the committee appointed to consider these new labour law amendments asks whether an 8-hour working day is still necessary, revealing the direction of these reforms.

The Termination of Employment Act

Under the Gotabaya Rajapaksa administration in 2021, the Basil Rajapaksa faction attempted to alter legislation so that existing national laws would not apply within the Port City. At the time, a primary argument raised by the JVP during parliamentary debates was that this would create a separate country governed by a distinct set of laws.

Furthermore, regarding the moves to abolish the Termination of Employment Act at the time, Anura Kumara Dissanayake stated that it violated labour rights. Yet, after the JVP-led new government took power, it issued a gazette on 12 July 2025 suspending a number of acts for four specific companies. The Termination of Employment Act was among those suspended.

In response, trade unions, including ours, took legal action, arguing that such acts cannot be completely abolished under the Port City Act. On 26 January 2026, a fresh gazette notification was issued, specifically repealing the relevant clauses of the Termination of Employment Act. If this amendment is implemented, it amounts to the complete abolition of the Act. Consequently, there is no reason to trust that labour rights will be protected under the other proposed labour amendments.

Calling Women for Night Shifts

The new government has amended laws to allow women to be called in for night shifts in certain sectors. Night shifts are detrimental to both men and women. While a slogan demanding an outright ban on night shifts may not be necessary, it is vital to recognise the context in which these amendments are being introduced.

When night shifts were permitted for women working in factories during the 1980s, it sparked a fierce debate. Due to backlash from trade unions, the then-President J.R. Jayewardene was forced to introduce those laws under strict conditions. Accordingly, calling female employees for night shifts required the explicit consent of the worker concerned. The new law contains no such provision.

Moreover, the previous stipulation that night shifts should not exceed 10 per month has been omitted from the new amendment. Additionally, under the old law, a female supervisor had to be present during night shifts, and employers were mandated to provide transport, including drop-offs at the end of the shift in the morning. The new amendments make no clear mention of these provisions.

About a year ago, an incident was reported where a female doctor at the Anuradhapura Hospital was sexually assaulted whilst leaving work, despite being provided accommodation near the hospital. Following that incident, the Government Medical Officers' Association (GMOA)—a powerful trade union—called a strike, turning it into a national issue. Conversely, a junior staff member at a hospital in Matara faced similar abuse, yet the incident failed to spark any national discourse. These cases underscore the vital importance of robust labour laws and collective organisation.

The Trade Union Trap

Most trade unions in Lanka remain trapped in the cycle of isolated strikes and the illusion of 'independent' unionism. Getting caught in these traps destroys the potential for all trade unions to operate under a unified front. Many unions merely attempt to save their own skin by limiting struggles to their specific grade or profession. The government exploits this fragmentation to counter labour struggles.

Furthermore, calling strikes without a clear political rationale strips them of their moral authority. Trade unions must see through these conspiracies. Consequently, unions must strive to overcome this crisis by forging a clear, unified front. Otherwise, the Lankan working class will inevitably fall victim to this grand betrayal. ■

Single Labour Law proposed that workplaces could be shut down without any prior notification to the Labour Commissioner or the employees, with compensation capped at just three months' pay. Under the existing framework, compensation is calculated using a formula that factors in both the period the employee has served and their remaining service period.

Challenges of Socialist Movement in the Face of Imperialism

Leninist Idea on Imperialism

Currently, one of the great debates within the international communist movement is how to characterise contemporary imperialism. To have a clear understanding of the subject, it is necessary to demarcate the field from 'leftist' and 'rightist' interpretations that, unfortunately, enjoy a certain popularity. A correct understanding of contemporary imperialism will help us fight US imperialism, the main enemy of the people, more effectively. The Leninist theory of imperialism, distorted by revisionists of the most varied shades, constitutes a great contribution by Vladimir Ilyich Lenin to the development of scientific socialism. The main work in which the Russian revolutionary addresses the problem is titled “Imperialism: The Highest Stage of Capitalism.” In this work, Lenin determines the main economic traits of imperialism. They are:

1. The concentration of production and capital reaches such a high level that they give rise to monopolies, which play a decisive role in economic life.
1. The fusion of banking and industrial capital gives rise to finance capital and the financial oligarchy.
2. The export of capital, unlike the export of goods, acquires special importance.
3. International monopoly groups are formed that divide up the world among themselves.
4. It culminates the process of territorial distribution of the world among the Imperialist powers.

We cannot understand the Leninist theory of imperialism without understanding that, at this stage of development, the world inevitably divides into a handful of oppressive nations, while the vast majority of nations remain under the dependence of these imperialist countries. Lenin asserted that imperialism meant the overcoming, by capital, of the milestones of national states, as well as an expansion and aggravation of the national yoke on a new historical basis. We now experience it in the Middle East, Eastern Europe, South America and Asia. According to Lenin’s theory, the main basis of imperialist war is the economic decay of the main imperialist countries and inter-imperialist contradictions.

The Challenge to U.S. Economic Hegemony

Following World War II, the global economy functioned under the Bretton Woods system. This framework pegged international currencies to the U.S. Dollar, which, in turn, was backed by gold reserves held at Fort Knox. However, ...P15

the fiscal demands of the Vietnam War led the United States to print currency in excess of its gold reserves. Sensing this instability, nations like France began redeeming their dollar holdings for physical gold.

Faced with a depletion of reserves, President Richard Nixon unilaterally severed the link between the dollar and gold in 1971, an event historically known as the "Nixon Shock." Consequently, the U.S. Dollar transitioned into a fiat currency, deriving its value not from a physical commodity, but from the "full faith and credit" of the U.S. government.

The 1973 oil embargo quadrupled energy prices, severely destabilising the U.S. economy. To preserve the dollar's global relevance, it required a new "anchor." In July 1974, Treasury Secretary William Simon negotiated a landmark secret agreement in Jeddah with the Saudi Royal Family. The deal comprised two critical pillars: Security Guarantee: The U.S. pledged to ensure the survival of the House of Saud through advanced weaponry, missile defence, and direct military protection. The Quid Pro Quo: In exchange, Saudi Arabia agreed to price and settle all oil exports exclusively in U.S. Dollars, rejecting all other currencies, such as the Yen or Pound Sterling. As the world's leading oil producer, Saudi Arabia's commitment forced the entire OPEC to follow suit by 1975, giving rise to the Petrodollar system. This converted the dollar into a formidable geopolitical tool. By controlling the SWIFT messaging system, the U.S. gained the ability to monitor and obstruct global financial transactions, effectively weaponising the dollar through economic sanctions. Today, the geopolitical landscape has shifted; China has overtaken the U.S. as the world's largest oil importer. Seeking to mitigate the risks posed by its primary strategic competitor, China launched the Shanghai International Energy Exchange in 2018 to facilitate oil purchases in Yuan, thereby leading to the emergence of the "Petroyuan." This development marks a new phase in the challenge to dollar dominance.

Furthermore, the BRICS bloc, comprising Brazil, Russia, India, China, and South Africa, and recently expanded to include Iran, Saudi Arabia, and the UAE, has accelerated efforts toward de-dollarisation. The 2022 freezing of $300 billion in Russian central bank reserves served as a catalyst, signalling to the world that dollar holdings are essentially "permission-based" assets rather than sovereign property. In response, central banks worldwide have begun pivoting away from the dollar toward physical gold.

While reports of the formal expiration of a "50-year U.S.-Saudi agreement" in June 2024 may be technically overstated, the functional reality is changing. Crown Prince Mohammed bin Salman (MBS) has indicated an openness to accepting diverse currencies, including the Euro and Yuan, for oil settlements.

The most significant technological threat to dollar dominance lies in Central Bank Digital Currencies (CBDCs). Project m Bridge, a collaborative venture between China, the UAE, Thailand, and others, utilises blockchain technology to enable direct, peer-to-peer cross-border settlements. This system bypasses both the SWIFT network and New York-based intermediary banks. If successful, it would strip the United States of its ability to monitor global capital flows or enforce unilateral sanctions.

In summary, U.S. economic hegemony is facing a systemic challenge. As its financial leverage wanes, the United States appears increasingly reliant on its military preponderance to maintain its global standing. This tension is the main catalyst for the current era of imperialist conflict.

The Pivot to Military Dominance

As American imperialism, built on economic, political, and military hegemony, is unable to halt its economic decline, the inherent contradictions of capitalism have deepened. The share of value-added manufacturing in high-income countries fell from 78% in 2000 to 51% by 2021, while the share of low and middle-income countries rose from 22% in 2004 to 48% in 2023. According to a 2024 World Bank report, China's share of the world economy rose from 9% in 2004 to 29% in 2023, while the United States' share fell from 25% in 2000 to 16% in 2021.

Despite boasting of a trade war with China and repeatedly declaring a strategy of strengthening the national economy and production, the United States has increasingly relied on its military and political power rather than on economic competitiveness to maintain global dominance. Amidst this rhetoric, NATO expanded further into Eastern Europe, while the U.S. trade system in Asia was reinforced. The military apparatus is being strengthened through renewed bilateral and multilateral agreements, such as the AUKUS trilateral security partnership (Australia, the UK, and the US), the US-Japan-South Korea trilateral agreement, and the QUAD alliance (the US, Australia, Japan, and India). The U.S. further consolidates its dominance by maintaining over 730 foreign military bases. Contrary to Trump's initial claims of ending the war in Ukraine, it has instead evolved in new directions. While the U.S. abets a genocide in Gaza to maintain Middle Eastern hegemony, its attack on Iran on June 22, 2025, has demonstrated that the United States has not altered its pattern of military interventionism.

A multi-polar World

Today, we face a world shaped by this multipolarity. The emergence of China as a dominant economic power, coupled with Russia's consolidation as a formidable military power, has altered the international landscape. As China and Russia expand their economic and military capacities, the door has opened to a new global ...P16

balance of power. In this context, the United States relies on its two remaining pillars of strength: the hegemony of the Dollar as the global reserve currency and its extensive network of overseas military bases. Currently, the United States is deploying these two assets as its strategic 'trump cards' to maintain its influence. The desperate attempts of the US-led imperialist camp to maintain hegemony are manifest across two fronts:

1. The Economic Front: Manifested through economic sanctions, trade wars, and tariff disputes.

2.The Military Front: Spanning from Ukraine and Palestine to Venezuela.

The nexus between these fronts is undeniable. The war in Ukraine is linked to the mineral deposits of Eastern Europe, while the conflicts in the Middle East and the aggressions against Venezuela are driven by the quest for control over global oil reserves. We are witnessing a systemic attempt by established imperialist powers and emerging global players to re-divide the world. In this volatile multi-polar landscape, contradictions are transient, and the lines between "friend" and "foe" blur as alliances shift with dizzying speed.

Our Strategy

How must the global Left and the international communist movement intervene in this rapidly shifting system of contradictions? This question demands a rigorous, dialogic approach, one that sharpens our response and clarifies our strategic direction.

Our strategy focuses on:

- •National Unification: Uniting parties from diverse leftist traditions with progressives, democrats, social activists, and militant people's organisations within Lanka, to strengthen collective action and sharpen our political response to imperialism.
- • To defeat imperialist designs in the Indo-Pacific, prevent regional power struggles from escalating into a third world war, and stop Sri Lanka from becoming "another Israel" in South Asia, we, the Frontline Socialist Party, propose a robust regional cooperation framework.
- • Global Anti-Imperialism: Strengthening a global anti-imperialist mass movement as a precursor to a new type of Internationalism.
- • Strategic Synthesis: Bridging the programs of the working class and progressives in imperialist centres with the revolutionary movements of the periphery.
- We must formulate answers to the question of how these distinct struggles can be integrated into a single, cohesive global plan. We call upon all stakeholders to direct this dialogue toward a definitive political agenda for liberation. ■

International Workers' Day 2026

FLSP Parade