

SEE SRI LANKA'S NATIONAL CRISIS FOR WHAT IT IS

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Over the past fortnight, [Sri Lanka has witnessed an escalating political crisis](#), with a standoff between President Maithripala Sirisena and the Parliament. After the shocking and undemocratic appointment of Mahinda Rajapaksa as Prime Minister, the suspension of Parliament, and then its dissolution on November 9, Mr. Sirisena announced snap elections.

Significantly, the Supreme Court on Tuesday suspended the dissolution of Parliament until December 7. While the power struggle will continue, it is to the credit of the democratic regime change in January 2015, ironically led by Mr. Sirisena, that Sri Lanka's governing institutions have resisted the authoritarian power inherent in the executive presidency.

Looking back, Sri Lanka's liberal democratic turn in January 2015 was too good to be true, particularly when authoritarian populist regimes were steadily rising the world over. Mr. Rajapaksa, who further entrenched the executive presidency including by removing its two-term limit and later manoeuvred the impeachment of a Supreme Court Chief Justice, was dislodged by a broad array of political forces. That major democratic victory for Sri Lanka, in turn for the West, India and Japan, was met with relief over the removal of the China-leaning Rajapaksa and the normalisation of foreign relations.

The Sri Lanka crisis deepens

In this context, Mr. Sirisena re-joining Mr. Rajapaksa has once again sparked the reductive analysis of power play over Sri Lanka involving China, India and the U.S. in the Indian Ocean. Such lazy analysis fails to consider the political consequences of prolonged and flawed neoliberal policies and political-economic changes. Moreover, feeding into the frenzy of the international media seeing developments through a hollow geopolitical lens, the Sirisena-Rajapaksa camp claims that the sale of Sri Lanka's assets to China and India and the Free Trade Agreement with Singapore over the last few years by the United National Party (UNP) led by ousted Prime Minister Ranil Wickremesinghe have undermined sovereignty and triggered an economic crisis.

For some time the Rajapaksa loyalists have been stoking fears of international intervention — this xenophobia has been mobilised to consolidate power. In 2015, Mr. Sirisena claimed his major achievement was rebuilding global relations severed by Mr. Rajapaksa's 10-year tenure. Today, Mr. Sirisena is loudly echoing strident nationalists, over protecting Sri Lanka from international agendas.

Avoidable crisis: on Sri Lanka's political crisis

The UNP claims to have a monopoly on Western friendship and bringing in foreign investors. It paints a picture of international isolation and a Western aid strike if Mr. Rajapaksa returns, but does not reflect on how its own policies have led the country here.

This trend plays out differently within Tamil politics. Narrow Tamil nationalists in Jaffna and the Tamil diaspora see the emergence of an anti-West government as an opportunity to mobilise international opprobrium. They continue to dream of international intervention, ignoring local realities and political dynamics.

These fears of external intervention and trust in international support are more for ideological

manoeuvring. In reality, it is national politics, power consolidation and negotiations with external actors which have determined Sri Lanka's international relations.

Sri Lanka's tensions with external powers — except for the Indian debacle in the 1980s — have rarely led to punitive measures and damaging sanctions. Nevertheless, confrontational rhetoric has helped nationalist governments mobilise popular support.

The country's decade-long contentious engagement, on war-time abuses, at the UN Human Rights Council is a case in point. While the U.S. mobilised resolutions to rein in Mr. Rajapaksa, who was tilting towards China and Iran, he politically gained from the condemnation in Geneva, projecting himself as a defender of war heroes from international bullies.

Sri Lanka's deteriorating balance of payments and external debt problems are also pertinent. While there is much talk of the debt trap by China, in reality, only 10% of Sri Lanka's foreign loans are from China.

Close to 40% of external debt is from the international markets, including sovereign bonds, of which an unprecedented \$4.2 billion in debt payments are due next year. Here the International Monetary Fund's (IMF) vocal position in relation to its agreement with Sri Lanka from June 2016, and the rating agencies' projections on Sri Lanka are crucial to roll over loans. Ultimately, the flows of such capital have little to do with diplomatic relations, but depend on national stability and strength, including the political will to ensure budget cuts and debt repayment.

During his earlier stint in power, Mr. Rajapaksa called the bluff of international economic isolation after a most horrendous war. Despite Western opposition, with authoritarian stability, he had few problems mobilising loans from the global markets and international agencies such as the World Bank, and for that matter an IMF Stand-By Arrangement.

Sri Lanka's economy is not immune from global forces. However, changes to the global economic order, rather than the instrumental moves of any one global power, are what trouble the island nation.

Declining global trade with increasing protectionism has foreclosed possibilities of export-led development. And that reality has completely escaped Sri Lanka's neoliberal policymakers, whether from the UNP, or earlier under Mr. Rajapaksa.

Next, while the U.S. Federal Reserve for some years has been preparing to increase interest rates resulting in Western capital from emerging markets flowing back to the metropolis, measures to contain capital flight were not taken.

It is no coincidence that the political troubles escalated with the deteriorating economic situation a few months ago. It is only after the mounting balance of payments problems that restricting imports — taboo for Sri Lanka's economic establishment — became a reality, and even ideas of restricting capital flows were considered. The economic crisis, once acknowledged by the government, brought to the fore long-simmering concerns over neglect of the rural economy, particularly in the context of a protracted drought. The political fallout of restricting fertiliser subsidies to farmers, policies of market pricing of fuel and the rising cost of living delegitimised the government.

The backlash against neoliberalism coming to the fore with the global economic crisis of 2008, and the emergence of authoritarian populist regimes shaping global politics were bound to affect Sri Lanka. The dangerous rise of a strongman leader such as Mr. Rajapaksa has little to do with the manoeuvres of external powers. Rather, the political ground of Mr. Rajapaksa's popular

appeal is shaped by the systematic dispossession of people with cycles of neoliberal crises.

While many of Sri Lanka's neoliberal policies, including trade liberalisation, privatising medical education, sale of sovereign bonds and the controversial port city-cum-international financial centre in Colombo, were products of the Rajapaksa government, today the Rajapaksa camp claims to guard Sri Lanka from a neoliberal attack on sovereignty. While Mr. Wickremesinghe was shameless in promoting free markets and finance capital, the economic vision of Mr. Rajapaksa is of a populist variety with the same substance.

It is credible economic alternatives with a democratic vision that will arrest the slide towards authoritarian populism. During this time of crisis, the prevalent discourse of international interests deflects such alternatives. The UNP and its allies should be challenged on their blunders with the economy and failure to find a constitutional-political solution, including the abolition of the executive presidency. The Sirisena-Rajapaksa alliance, which is likely to peddle again the war victory and international conspiracies with Sinhala Buddhist majoritarian mobilisations, has to be challenged on principles of democracy and pluralism. The debate in Sri Lanka limited to personalities, corruption and geopolitics needs to shift with the public putting forward powerful demands of democratisation and economic justice. Otherwise, the thin wall of defence provided by the Parliament and the courts could crumble, and the deepening political and economic crisis may pave the way for authoritarian consolidation.

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