A Marxist is Sri Lanka's new leader. So, what now?

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The island nation's new president Aruna Kumara Dissanayake could pose geopolitical challenges for India.

Sri Lanka's new president, Anura Kumara Dissanayake, rode to power on two major electoral planks that aimed to completely change the island nation's political system and adopt a strong anti-corruption approach.

Long before Dissanayake was sworn in as Sri Lanka's 10th president on September 23, the National People's Power (NPP), a coalition of 28 political parties, including the Marxist Janatha Vimukthi Perumana (JVM) which he heads, had focused on reforming the public health services and address housing shortages.

Dissanayake's stand during the electoral campaign was pro-working class and anti-political elite. He favoured revising the tax structure and base, with a renewed focus on agriculture, manufacturing and the IT sector. More importantly, he asserted that should he win the election he would dissolve parliament within 45 days and call for fresh general elections.

In a stunning result, Dissanayake, who goes by the moniker "AKD", secured 42.3 percent

of votes after the electoral race went to a second tally on September 22.

None of the other three presidential candidates in contention – out-going president Ranil Wickremesinghe, Sajith Premadasa and Namal Rajapaksa – could secure a clear 50 percent majority in the first round which led to a second phase in which the 55-year-old Dissanayake came up trumps, ending the seven-decade long dominance of the political elite.

This is the first time in Sri Lanka's history that no candidate could secure the 50 percent majority mark. Voting was concluded on September 21 with a record number of 38 candidates and a 75 percent turnout.

This presidential election, which followed the paralysing economic crisis of 2022, was primarily contested on the question of economic recovery, debt restructuring and a call for a change in the domestic political apparatus.

There is no doubt that the '<u>Agralaya</u>' or people's uprising two years ago helped Dissanayake. However, with a new dispensation in Colombo, a major question that looms large is the new government's stand towards Beijing and New Delhi.

India or China?

Dissanayake will have to contend with the twin challenge of dealing with India and China given the level of investments and the stakes both countries have in the island nation. Past Sri Lankan governments showed a clear leaning towards China, which changed the geopolitical dynamics for India.

With the Hambantota port on a 99-year lease to a Chinese company, Beijing was able to gain access in the Indian Ocean region. This, coupled with the regular docking of Chinese "spy ships" at Sri Lankan ports, turned the geopolitical situation increasingly sour for India.

Even as India expressed concerns about the presence of Chinese ships on its waters and Sri Lanka subsequently agreed to stop welcoming them, it later asserted that it could not single out only Chinese vessels.

In August this year, both Indian and Chinese ships docked at Colombo port simultaneously, underscoring their attempts to display their strength and influence.

Some reports claimed that Dissanayake's Marxist leanings would push him closer to Beijing. However, his party and he have consistently asserted they are keen to engage with India as well as other major powers who will help the Sri Lankan economy.

In a statement, an NPP executive committee member said "our party or our leader wants to engage with India" which is "our neighbour and a superpower" and that the JVP was invited by New Delhi for an agriculture summit.

Dissanayake's threats

While the same statement asserted that Dissanayake would "deal with all the major powers to stabilise the Sri Lankan economy", the JVP leader made statements aimed at ending a business deal signed with the Adani Group for a wind power project, describing it as corrupt and unfavourable for Sri Lanka.

Additionally, Dissanayake was vocal about not supporting implementing the 13th Amendment and opposed investigating war crimes during the civil war between Sri Lankan forces and the LTTE.

Following the 2022 Sri Lankan economic meltdown which forced then-president Gotabaya Rajapaksa into exile for 50 days, Wickremesinghe established an interim government. The Wickremesinghe regime imposed stringent austerity measures to stabilise the economy. This move and a \$US2.9 billion bailout package from the International Monetary Fund (IMF) helped Sri Lanka stabilise inflation and show some growth. But this came with the caveats of major government and policy reforms.

This led to <u>higher taxes and a rise in poverty</u> but there were positives. Under Wickremesinghe, Sri Lanka managed to restructure its debt with creditors such as India and Japan although it still owes \$US36 billion to external creditors. One is Beijing, to whom it has to repay \$US7 billion.

The election results reflect people's disapproval of the stringent measures. As for the IMF bailout, Dissanayake has said that he is interested in renegotiating rather than scrapping it altogether.

Dissanayake's statements could well complicate matters for New Delhi. The Sinhala-Tamil politics will continue to cast its shadow on the Indian government's policies towards Colombo. This, along with a likely revisitation on the issue of Indian investments will create uncertainty for New Delhi.

Given the way Sri Lanka was pushed into a debt trap, the new government will need to adopt a more balanced approach. The huge debt owed to China and the Chinese investments are realities, but they are key pointers to the way they have challenged Sri Lankan sovereignty and pushed the island nation towards an economic crisis.

How the new government in Colombo will balance domestic issues and the foreign debt will certainly unfold in the months to come.

What is certain is that the change in Sri Lankan politics, the reverses in Bangladesh, the ongoing civil war in Myanmar and the installation of a pro-China government in Maldives a few months ago portend grim geopolitical realities for New Delhi.

Gunjan Singh is an Associate Professor at Jindal Global Law School, O.P. Jindal Global University, Sonipat, Haryana.

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