



Exclusive  
Interview with

## PROFESSOR KANCHANA N RUWANPURA

In a sense it is because I was so inspired by the *aragalaya* (and for me still on-going and percolating in different forms) that fleeting conversations I had with others scattered across countries and continents, which made me reach out to academic colleagues involved in the Zambia debt justice campaign and learn from them how to mobilise ourselves (i.e. Sri Lanka) globally. The global dimension was important because according to the United Nations Development Programme (UNDP), there are at least some 54 countries undergoing debt distress. I knew Sri Lanka was not alone. I also knew that after the 2nd World War, Germany's economic miracle was built on debt relief, with the London Debt Agreement writing off half of Germany's borrowings – and so there is historical precedent. Should countries in the global South be any different? I thought not. In many ways it is the spirit of the *aragalaya* that motivated me to work with others on this initiative together.

**A look at the countries facing a crisis or already in a crisis shows that for the most part these countries score very low in the corruption index. Is an economic crisis the logical outcome of corrupt governments and elites in emerging economies?**

There is a connection between corrupt governments, corporates, elites, and business establishment (multiple actors that sustain sleaze) in emerging economies that have a significant role to play in the global debt crises – and in Sri Lanka too this holds true. However, we need to go further than limiting our critique to Sri Lanka's dysfunctional political economy or that of other countries. The debt crisis is also a logical outcome of the corruption of global capitalism itself. Several leading economists (Joseph Stiglitz, Jayati Ghosh, Dani Rodrik, Guy Standing, Jeffrey Sachs, Ishac Diwan) have all been intervening in global debates on the financialization of capitalism, how this leads to predatory lending by international financiers and the risks they take should not be passed onto countries and low-income groups (especially) in the global South. Coupled together with this global landscape is the inability of bilateral

**How did you get involved in the debt justice initiative? What motivated this?**

For me mid-2022 in Sri Lanka was an inspirational moment. The *aragalaya* (people's struggle) really showed the civic mindedness of people collectively coming together to upend the status-quo. This collective strength was stimulating. I know there are raging debates in Sri Lanka, with those that say the *aragalaya* was a failure because an illegitimate and unelected President came in place. The latter is true but to me this is a limited reading of a significant historical episode in the country. I would say that it is a watershed moment that we need to build upon.

From thousands of miles away – between Sweden and Scotland – the *aragalaya* was a catalytic time of Sri Lankan expressing a collective sense of civic consciousness (despite the fault lines, fractures and fissures that also persists). It is the hope that the *aragalaya* instilled that we need to work with.

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and multilateral institutions to uphold Equator Principles – i.e. the need to avoid lending to corrupt political regimes. If they do, then these loans qualify as odious debt, which should not be passed onto the people; corrupt politicians should be held accountable instead. The corruption landscape then is interconnected and far more complex and multi-layered. Civic conscious citizens hence need to prise these global-local connections apart to have more critical awareness of the risks associated with assuming that the International Monetary Fund, the World Bank, Asian Development Bank or a bilateral lender is a force for good.

**Sri Lanka's current fluid political situation is posing significant uncertainty to the economic recovery path. What should be the role of political leadership in implementing reform plans and overcoming the economic crisis whilst upholding democracy?**

The fluid political situation is a challenge to much needed social, economic, and political transformation in the country – system change is what the *aragalaya* is clamouring for. At a very basic level, the answer to this should be straightforward to anyone that values democracy, accountability, and transparency. The country, first and foremost, needs to hold elections and have in place a parliament and head of state that has political legitimacy; then there is a need to abolish the Executive Presidency. Simply put, we

need to go beyond the local elections.

Having mentioned that – to me, Sri Lanka's debt crisis is severe. I personally do not think any one local party is in a place to readdress the country's crisis through a standard tool kit. From this rather special regional location of Scandinavia (and even Scotland for that matter), where proportional representation leads to healthy parliamentary coalitions, Sri Lankan politicians (of all hues) need to mature and do so fast, go on crash courses (if need be) on coalition politics and come up with a common minimum programme that puts the well-being of people at the helm. We may even then be in a place to work towards a social democratic social contract and regain from the perilous place the country is in.

**Within an International Monetary Fund (IMF) framework, what types of measures can we expect to be in place to mitigate the impacts on the poor and vulnerable people? And, are these measures sufficient?**

From my understanding of the IMF programme, the response to addressing increasing poverty and inequality – let us not forget the latter – is cash transfers. However, Sri Lanka's IMF Policy Advisors themselves acknowledge that the country's cash transfers programme is problematic and ensnared in patronage politics. Given those very specific ground realities, I anticipate poverty and inequality in Sri Lanka to

increase in the coming years. It is what we see happening elsewhere; a point that Yanis Varoufakis made about Greece at the RIUNIT public seminar. In other words, the IMF measures are insufficient and do not address fundamentals – or do so (property and wealth tax, for instance) with a delay of more than one and half years (2025). In contrast, cost recovery pricing for essentials – fuel, electricity (for instance) – is already instituted without attentiveness to the regressive effects of such price hikes on both the people and the economy. The impact on SME factories with price hikes for electricity is overlooked; fishing communities face bleak prospects with increases in diesel prices – and this has an impact on livelihoods, poverty, and inequality. People-centric policies are lacking. Investing in our education and health sector is a must but the path to get there is less clear. The programme also does not appear to even address earnestly the grave climate challenges unfolding around us; the constraint posed by environmental change is neglected.

**Power and sway of member countries at the IMF is allocated according to the financial contribution they make to the IMF. Would it be fair to say that the IMF is not a democratic institution?**

I am going to use this chance to make a plug for a book by a junior scholar – Jamie Martin, who is an Assistant Professor at Harvard University; a historian by training, he

has written this recent book, *The Meddlers*. He draws out in this book how international institutions that were set up after the world wars gifted extraordinary powers to Europe and the United States (still colonial masters at this point) to enforce austerity, independent central banks and intervene in domestic policies of other countries. Since power and sway is determined by financial contribution – to quote the question – and the policies that come out of the IMF almost always keep former colonised countries in place (i.e. low-income, lower-middle income), it would be fair to say that the IMF is not a democratic institution.

More worryingly, in its current guise, the IMF appears more interested in protecting the interests of financial creditors than the sovereign rights of nations. This is problematic for a multilateral institution, funded by public funds of countries worldwide (including you and I, the reader). In short, all the evidence underlines how the IMF is less focused on basic principles of natural justice. We should all be rightfully indignant about this injustice that further pushes low-income groups into extremes. By prioritising global financiers, we end up eroding the social floor of the country – which ends up hurting all of us and ruptures any sense of societal cohesion, social compact, social justice, and equity. Democracy is undone in every sense.