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MAHINDA RAJAPAKSA

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**Speech made in Parliament by the
former President Mahinda Rajapaksa
at the 2018 Budget Debate
on 16.11.2017**

Honorable Deputy Speaker,

The fourth Budget of the Sirisena-Wickremasinghe Partnership Government which is now nearly three years old, has been presented by the Hon. Minister of Finance, Mangala Samaraweera as his 'mangala' or maiden Budget. At the outset, I thank you, for giving me the opportunity to express my views on that Budget.

This year, there has not been an economic review in the Finance Minister's Budget speech. As you know, it is generally, the practice of a Finance Minister to provide an overview of the economy in his Budget speech, along with references to the relief measures and incentives given to the people by the government, as well as the successes achieved by the Government. I am sure you remember that I did so during the period of nine years in which I held the responsibility as the Minister of Finance in Sri Lanka. That was also the practice followed by all other Finance Ministers who held that position before me. However, this time around, believe the Finance Minister did not do so, because, in actual fact, there are no successes or positive achievements or benefits that accrued to our economy or the people that are worth mentioning.

Why is that? Can the government claim that new jobs were created? Or that education and health were improved? Or that farmers were given benefits? Or, could they at least claim that they were able to supply petrol in time? When they are unable to claim any successes, can we blame the Minister of Finance who in his wisdom has thought it fit to keep mum, rather than attempt an impossible task?

Taxes already doubled, and likely to be raised further in the near future to please the IMF

Hon. Deputy Speaker, although the Hon. Minister Mangala Samaraweera was unable to say anything positive about any economic or other benefits that were enjoyed by the people, he was of course able to claim, with great pride, one significant successes of this Joint Government! That is, that this Government was able to increase Government Revenue as a percentage of the Gross Domestic Product from 11.5% in 2014 to 14.2% in 2016. In fact, the Minister of Finance boasted with great satisfaction, that the tax money so grabbed was an increase of 41% in Rupee terms.

He also waxed eloquent about the intention of the Joint Government to increase Government Revenue to a percentage close to 15% of GDP by 2017, and in the process to enhance Revenue by another 13% in Rupee terms!

He further stated that in the medium term, the Government Revenue would be further enhanced by a massive amount to reach a staggering 20% of GDP by increasing income tax, goods and services tax, excise levies, customs duties, fines, public charges, etc.

While he was making those statements, I am sure the people of our country would have been greatly disappointed and dismayed at the impending tax tsunami, with their hopes dashed and belts tightened. At the same time, however, I also believe the officials of the IMF in Washington would have been toasting their success at being able to convert the Sri Lankan Government to a docile and obedient follower of their establishment.

What is meant by enhancing Government Revenue ?

Hon. Deputy Speaker, what is meant by the statement that Government Revenue would be enhanced? How does Government Revenue increase? Who gives money to the Government so that Government Revenue is increased? To answer these questions and to understand the reality, let us take a look at the Budget Summary which shows the Revenue and Expenditure of the Government.

When we do so, what we observe is that the Government Revenue consisting of the taxes collected from the people and businesses is due to double in 2018 from that in 2014. That Summary shows that during that period, the amount of Taxes on Income will increase from 2014 to 2018 from Rs. 198 billion to Rs. 375 billion; Taxes on Goods and Services from Rs. 616 billion to Rs. 1239 billion; Foreign Trade Levies from Rs. 236 billion to Rs. 420 billion; and Total Taxes from Rs. 1050 billion to Rs. 2034 billion. This shows that the total amount of taxes paid by the people and entrepreneurs of our country to Government in 2014, will double, when compared to the total amount of taxes to be paid in 2018 to this Joint Government.

Hon. Deputy Speaker, it is clear that this coalition government seems to believe that it as a big achievement to increase Government Revenue by imposing more and more taxes and fines on the people, while also unconscionably increasing the charges for public services, thereby robbing the people of their hard-earned money. In fact, whenever the Hon. Prime Minister and his insensitive followers speak about the progress of the country's economy, they never fail to claim that increasing the Government's tax revenue, is their single biggest achievement.

What is reflected by this endless grabbing of the people's money? Isn't it that the money earned by the innocent people of this country through their sweat and tears is being snatched by this Joint Government, under some guise or another?

What has this Joint Government done with the increased taxes ?

Hon Deputy Speaker, let us now consider as to what development works have been carried out by this Joint Government with the money shamelessly taken from the people? Was one power plant constructed? ; One Port built? One airport improved? One expressway completed? One new bridge created? Was one new job created? One new Free Trade Zone for use by entrepreneurs established? Was the garbage at least removed in time? I don't expect replies to any or all these questions I am asking from this Government, because the people of our country already know the answers.

Although nothing was done for the benefit of the people, the President and the Ministers brought hundreds of new vehicles for themselves. Even without a war, a rickety old war-ship was bought at a price almost equal to the price at which the Mattala Airport is to be sold. In addition, the government had to pay an excess interest of about Rs 145 billion due to the biggest fraud in the history of Sri Lanka, the Central Bank bond scam which was carried out by them in broad daylight. A massive compensation of Rs. 15 billion had to be paid on account of the suspension of orders for aircraft of the Sri Lankan Airways. A further compensation of Rs. 21 billion had to be paid as damages caused by the arbitrary suspension of the Port City Project, which the Government settled by with a sleight of hand by providing an additional five-acre block of land out of the land being filled, to the Chinese Construction Company. In addition, due to the enormous devaluation of the Rupee occasioned by the short-sighted economic and fiscal management of this Government, a sum of Rs. 426 billion was added to the debt burden of the country in 2015 and 2016.

Today, the economy of our country is in the grip of a massive economic crisis due to large scale corruption, malpractices and wastage, and no strategy to emerge out of such an economic morass has been presented either in this budget or even in many "Visions", or what I would call "hallucinations", placed before the country at least five times in the past 2 ½ years by the President and the Prime Minister. The country is moving from crisis to crisis. The people, professionals and citizens of our country, working in every field are narrating their tales of woe on the

street; they are demanding solutions; they are staging protests. But, there is no leader to hear them. The leaders of the country are engaged in passing the buck to one another, blaming each other, and levelling charges against me and the previous administration. But, such responses will not solve the people's problems, and the people have realized that truth now.

Hon. Deputy Speaker, although this Government is unable to solve the problems of the people, it is extremely clever at suppressing, humiliating, attacking and putting all those who present their problems and make demands, into jail. By now, this so-called "good governance" regime has dragged almost all segments of the public on to the road attacked them mercilessly and put them behind bars. A large number of people including Buddhist monks and Members of Parliament have been treated with baton attacks, tear gas attacks and high-pressure water canon attacks. Thousands have been jailed in keeping with the philosophy of His Excellency the President and the Prime Minister. It is truly ironic that this treatment has been meted out to the traditional "Penta-force" of "Priest, physicians, teachers, farmers and workers" which forms the backbone of a Government headed by the Party President of the SLFP established by the Hon. S.W.R.D. Bandaranaike.

Selling and alienating the resources of the country for a pittance:

Hon. Deputy Speaker, let me now speak about another facet of government that this government is extremely capable of. That is, to sell the strategic resources of our country for a mere pittance. As an integral feature in that effort, this Budget has now made it possible for foreigners to buy the limited lands in this country with no hindrance whatsoever. Already, it is well known that the right enjoyed by the youth in countries like Australia and New Zealand to buy lands in their own country at reasonable prices, has now been blocked almost totally because of foreigners buying lands in their countries at progressively high prices. Similarly, very soon in our country, it will be inevitable that our youth too will not be able to buy lands and properties at reasonable prices, due to the escalation of land prices as a result of the demand for land by foreigners.

Not only that, it is very clear to us that already the policy to sell and alienate the strategic resources belonging to our people and future generations, such as the ports, air-ports, communication frequencies, power plants, coastal belts, air space, large scale commercial lands, state corporations and state banks, at highly depressed prices, has commenced in earnest' Some sales have already been done in secret, while in the case of others, plans have been made. Sadly, the leaders of this government are engaged in such surreptitious acts without caring two hoots for public objection or opinion. In all these under-handed activities, they are ably-assisted by certain high ranking pro-government police officers, who are working in close collaboration with them, in unleashing repressive actions against people who are opposing these illegal actions. However, I wish to warn all concerned that we have details of this type of illegal assistance by the errant law enforcement

officials, and I kindly ask them to put a stop to this criminal course of action immediately.

Hon. Deputy Speaker, the true heirs to the strategic resources of our country are our people, their children and the children of their children. The respective governments are mere trustees of such resources, and the trustees have no right to sell or divest resources under their trusteeship. Therefore, all should keep in mind that a government elected for a term of five years has no power to alienate such assets belonging to the people in this manner without the consent of the people.

In this regard, I would like stress the point that, if there are any 'sales' or 'auctions' or 'leases' effected by this Government to the detriment of Sri Lanka or the overall economy as a result of such divestment activity without the consent of the people, action will be taken by the people of our country in the future to have such assets restored their true owners once again. We would also like to remind the foreign investors who are involved in such "buying", "leasing" and "renting" activities today, to keep that in mind very clearly.

A "Review of the economy from us, to fill the gap left by the Finance Minister

Hon. Deputy Speaker, I already told you that a Minister of Finance generally presents his Budget by initially doing a Review of the Economy by way of an introduction. As that was not done by the Minister of Finance of this Joint Government, I also explained the possible reasons why he may have chosen not to do so. In fact, when we look at the extremely precipitous situation into which our economy has fallen today, it is no surprise that he was reluctant to undertake such an analysis.

However, since it is customary that a comprehensive analysis is done in order to set the stage in a budget debate, I believe the Opposition has the responsibility to address that shortcoming. Therefore, I now propose to make a brief analysis of the basic macro- economic fundamentals and other key elements of our economy, during the period of nearly three years of this government.

Who pushed our country into today's "Debt Trap"?

Hon. Deputy Speaker, I intend to begin this analysis by examining the indebtedness of our country. I do so first because whenever he speaks, the Hon. Prime Minister Ranil Wikremesinghe says that his extremely honest, "good governance" regime inherited an unbearably huge mountain of debt from us. He also says that his government was able to overcome the impending critical situation through sound management of the economy.

Today, I expect to prove with facts and figures, that both these statements are as true as his "Volkswagen story" that this entire country is aware of.

In the modern world there is hardly any country, enterprise or an individual, which does not resort to borrowing to fund economic activities. Therefore, what is important is not the amount of loans raised or taken, but the ability of the country, enterprise or individual concerned, to repay such loans from future cash flows and earnings. That is why a bank makes an analysis of the income details of an individual, both present and expected, when the individual goes to a bank to obtain a loan. In this fashion, while a person's ability to repay a loan is measured relative to his income, a country's ability to repay its loans is measured in relation to its Gross Domestic Product.

On 1st January 2006, just after I took over the government, the Public Debt of Sri Lanka stood at Rs. 2,222 billion; and relative to the GDP, prevailing at that time, the indebtedness (Debt to GDP ratio) was as high as 91%.

By the end of 2009, the Public Debt of Sri Lanka had increased by Rs. 1,939 billion up to Rs. 4,161 billion. A considerable portion of that increase in debt had been spent for the successful management and conclusion of the armed conflict.

Thereafter, during a period of five years from the beginning of 2010 up to the end of 2014, the Public Debt had increased by Rs. 3,230 billion and stood at Rs. 7,391 billion by the end of 2014. During that period, we all know that there were massive infrastructure development projects carried out, relative to the amount borrowed. Among such projects were new airports, ports, water supply projects, expressways, provincial and rural roads, hospitals, schools and government buildings. There was also a tremendous infrastructure development programme that was carried out after the war with the application of large scale public investments in the North and the East. In addition, a sum of around Rs. 750 billion was invested on road development across the country. The outcomes of all these public investments were clearly visible in the practical Balance Sheet of the country, with new assets shining before the eyes of the public.

Overall, during the period of nine years from 2006 to 2014 under my Government, Sri Lanka's Public Debt increased by Rs. 5,169 billion. At the same time, we were also able to achieve a sharp increase in our GDP from US \$ 24 billion in 2005 to US\$ 79 billion in 2014: an increase of over three-fold! As a consequences, we were able to reduce the all-important Public Debt to GDP ratio from 91% that existed as at the end of 2005, to 71% by the end of 2014.

This proves the irrefutable fact that Sri Lanka's ability to repay its loans turned out to be considerably better and stable by the end of 2014 instead of being caught up in a debt trap, as claimed by some of the politicians today.

At the same time, as importantly, we were able to gradually reduce the interest rates prevailing in the country, and therefore we could comfortably manage the debt position of the country, without difficulty and with growing confidence.

Public Debt of Sri Lanka	Rs. billion	Public Debt/ GDP
1st January 2006	2,222	91%
31st December 2014	7,391	71%
Increase during the period of 9 years of Rajapaksa administration	5,169	(20%)

Hon. Deputy Speaker, the Central Bank Reports also reveal that, during the period from 1st January 2015 to 30th June 2017 which marks the first 2 ½-year administration of the Sirisena-Wickremesinghe administration, Public Debt in Sri Lanka has increased by Rs. 2,773 billion: from Rs 7,391 billion to Rs. 10,164 billion.

Although there has been a reluctance on the part of the Minister of Finance to mention these vital facts and figures in his statements, the most dangerous outcome of this Sirisena/Wickremasinghe increase is that, during this period the ratio of Public Debt to GDP has recorded a very sharp increase as well: from a comfortable level 71% on 1st January 2015 to a critical level of 85% by 30th June 2017.

This increase suggests that indebtedness in Sri Lanka has now reached a dangerous zone, and we are now truly caught up in a “Debt Trap” of perilous proportions.

Public Debt of Sri Lanka	Rs. Billion	Public Debt/ GDP
1st January 2015	7,391	71%
30th June 2017	10,164	85%
Increase/(decrease) during the 2 ½ - year Sirisena /Wickremesinghe administration	2,773	14%

Therefore, it will now be very clear to all of us that it is the Sirisena-Wickremasinghe government that has plunged our country into a Debt Trap, and they alone are responsible for the mess that has arisen from such situation.

Hon Deputy Speaker, the damage caused by this government to our economy and our country, by reversing the improving Public Debt position which had been managed well by our government for 9 years, is a crime of serious proportions. The fundamental mistake that led to this crisis was the increase of public expenditure to unbearable levels for their political expediency and gain. Thereafter, they deliberately, unnecessarily and unscrupulously, caused the increase of all interest rates payable on Treasury Bills and Bonds through the terrible Bond Scam. Through these two acts, a severe blow was dealt to the prudent Debt management of our country, pushing the entire country into this severe debt trap, before our very eyes.

This Public Debt increase between 1st January 2015 to 30th June 2017 under the present government is, by far, the largest increase ever recorded in the history of our country during a period of 2 ½ years.

This amount of debt of Rs. 2,773 billion is also equivalent to 86% of the total amount of loans obtained by our government during the 5 years from the beginning of 2010 to the end of 2014, during which period, a tremendous amount of work was done. But, as we all know, despite such massive loans that have been taken by this government, there have been no infrastructure facilities that have been built, that could be seen and felt by the general public. Leave alone large scale development activities, there is no development work even at the rural level visible to the naked eye.

Hon. Deputy Speaker, as you may recollect, Hon. Ranil Wickremesinghe and his followers regularly levelled charges against us, saying that we obtained billions of rupees as loans and constructed the Hambantota Port, Norochcholai Coal Power Plant, the Mattala Airport, several expressways, and other such projects. However, today, those assets are at least visible physically on the ground, for him and his band of auctioneers to sell, lease, and rent.

However, has there been even a small swimming pool, a small generator or even a foot-path that has been built with the massive loans obtained by the Sirisena – Wickremasinghe government? Therefore, what we have to ask them is: What happened to all that money? Has anybody swallowed up that money like the money that was swallowed up by the bond scam?

Hon. Deputy Speaker, I would like to pointedly tell this corrupt and impotent Sirisena – Wickremesinghe government today: it is you who pushed Sri Lanka's debt position into a dangerous trap; it is you who increased the overall interest rates of our country for the personal benefit of certain leaders of your government; it is you who caused a sharp increase in the country's indebtedness by devaluing the Rupee; and it is none other than you who ensnared our country in a Debt Trap through the policies followed by you.

There is a hidden motive for the new bank tax:

Hon. Deputy Speaker, as we now know, the Minister of Finance introduced a new tax of Rs. 2 on every Rs. 10,000 transacted by banks of our country, claiming that such sum is to get the country out of the "debt trap".

According to experts in the banking field in our country, the State Banks in particular will be heavily burdened weakened as a result of this tax. Consequently, the experts believe that the hidden motive of this tax is to deliberately weaken the State Banks, and thereafter use that weakness to condemn the management of the banks in order to propose the privatisation of such banks. Given the past sordid conduct of this Government, it is quite possible and reasonable to believe that the government will carry out such a devious plan, and therefore we too are highly apprehensive about this tax.

The main reason to entertain such a doubt is that it would hardly be possible to repay even a tiny part of the debt with the money expected to be raised through this tax, as claimed by the Minister of Finance. In fact, even if the entirety of the Rs. 20 billion expected to be realized through this tax is utilized, it will take 139 years to settle the Debt of Rs. 2,773 billion obtained during the period of this Joint Government! Only in that background, who are the persons this government is trying to hoodwink, with these silly jokes?

Economic growth has seriously declined: Per capita income stagnant:

As shown in the 2016 Central Bank Report, during the 5 years 2010-2014, Sri Lanka was able to maintain an average economic growth of 6.8% per year. Relative to that level of significant growth, the economic growth during the last two years had declined by about 33%, to an average of 4.6% per year.

Further, although last year's average growth was reported as 4.4%, experts charge that the actual growth was only 2.2%, as the officially reported growth was calculated in a manipulative and dishonest way. These facts show that the growth rate of the country during 2015 – 2016 had declined seriously.

Similarly in 2005, the GDP of Sri Lanka was reported at US \$ 24 billion, while the per capita income was stated at US\$ 1,242. However, due to the rapid economic development during the 9 years from 2006 to 2014, the GDP of the country recorded an unprecedented increase up to US\$ 79 billion. Also, the per capita income recorded an increase by US \$ 2,581 in that period up to US\$ 3,821, with a phenomenal average growth of around US\$ 287 yearly.

In sharp contrast to this position, the per capita income during the 2 years 2015 and 2016 had increased by a miserable US\$ 14 only, thereby recording an average annual increase of about US \$ 7. Accordingly, on that basis, the per capita income of the country reached just US\$ 3,835 by the end of 2016.

These irrefutable facts and figures prove that this government has been unable to make any impact on the average income levels of the people of this country, even after 2 years in power.

Hon. Deputy Speaker, it is now abundantly clear that, as a result of the continuous implementation of short-sighted economic policies by this government, investors are scared; business credibility and confidence is badly damaged; public officials have been paralysed on account of the unlawful activities of Police Units such as FCID which are manipulated by politicians; interest rates have risen sharply because of the bond scam. Therefore, it is very likely that Sri Lanka will not experience any change in the growth rate even in the foreseeable future due to these and many other reasons.

Inflation and cost of living sky-rocketing once again:

Hon. Deputy Speaker, it is a well known fact that our government was able to maintain inflation at a comfortable level around mid-single-digits continuously for over 6 years, by the end of 2014. This showed that despite massive global shocks, our government was able to maintain stability in the prices of goods and services, mainly due to the sound macro-economic management of our government.

As a consequence, interest rates too were maintained at stable levels with single digit interest rates being recorded on all government securities from three-month treasury bills to thirty-year treasury bonds. That stability provided a great boost and strength to economic development, and also helped increase the level of trust and confidence of local as well as foreign investors, in our economy.

However, since the beginning of the administration of this Joint Government of self-acclaimed economic pundits, this favourable position has turned upside down, due to unwise actions of their own making. These pundits were unable even to make proper use of the advantage presented to them by the sharp decline in oil prices in the world market at the time of taking over the government. In fact, although inflation declined almost automatically from 3.3% to 0.9% in 2015 as a result of that oil-price decline, these economic osthars unfortunately deprived themselves of the opportunity for a possible decline in interest rates based upon that advantage, because of the mega bond scam.

In 2016, inflation has once again risen gradually, making the entire country experience the considerable pressure in cost of living. We can now see a sharp upward trend in inflation in 2017, with inflation recording a high of 8.6% in October 2017.

These developments suggest that, inflation will go beyond 10% soon. If so, by the end of 2017, as a result of the harmful economic policies followed by this Joint Government, it is inevitable that inflation in the country would have trebled from that prevailing in 2014 and consequently, a dangerous burden will be heaped on the people's lives.

The Bond Scam the biggest-ever fraud in Sri Lanka, has engulfed the entire country:

Hon Deputy Speaker, I think we should also speak about the biggest fraud ever committed in the history of Sri Lanka, although the Minister of Finance shows a natural and understandable reluctance to talk about it.

By now, as everyone accepts, all interest rates in the country have gone up artificially and fraudulently due to this fraud. In fact, all the experts who gave evidence at the Bond Commission confirmed that position. The former State Minister of Finance of this Joint Government, Hon. Lakshman Yapa Abeywardene himself, has stated that the total direct and indirect loss caused by this Bond Scam has exceeded Rs. 1,000 billion. Not only that, it is very clear to us now that the adverse effects of this fraud have had an impact on almost all other macro-economic factors as well.

Hon. Deputy Speaker, as you know, my government collected a sum of Rs. 1,050 billion only from the people through all taxes in 2014. In that regard, I need not say something anew about the development activities we undertook with that money. In addition to that sum, this Joint Government expects to recover a further sum of nearly Rs. 1,000 billion (or Rs. 984 billion to be exact) from our people in 2018. Thereby, the total tax revenue in 2018 is expected to be about Rs. 2,034 billion.

That increase of about Rs. 1,000 billion, is basically equal to the amount of the Bond Scam loss suffered by the government. This indicates that the two “good governance” partners, on their own admission, have already conceded that the bond scam loss is even more than the entirety of the new tax revenue expected from the people next year.

Instead of creating new employment, people have even lost the existing jobs:

Hon. Deputy Speaker, one of the most important characteristics of any economy is its ability to create jobs and employment. When this matter is considered, according to Central Bank data, what transpires is that the number employment, as recorded at the beginning of 2015 was 8,424,000, while at the end of 2016, the number employed was recorded at 7,948,000. Therefore, it is clear that during those two years, number the employed in our country had declined by 476,000. I see this decline in the number employed coupled with other setbacks in the economy, as a serious set back which suggests a major crisis is awaiting the general public of our country, in time to come.

In such a background, it is really a shame that a certain political of party of this Joint Government is publishing large numbers of full-page colour paper advertisements claiming that 400,000 new employment opportunities have been created by this regime! What a farce!

The country's external Balance of Payments: from plus to minus:

Hon. Deputy Speaker, another important variable in a country's macro economic indicators is its external Balance of Payments. During our period in government, this macro economic variable was managed diligently and professionally, and positive progress was recorded in 2014, as well as in the previous years.

In fact, in 2014, we were able to make record a positive Balance of Payments of US \$ 1,369 million, even while the price of a barrel of oil was over US \$ 80.

However, in sharp contrast, in the years 2015 and 2016, foreign investments collapsed because of the short-sighted policies of this government; export income declined and this Joint Government was unable of reduce the trade deficit, despite the decline of the price of a barrel of oil, to between US \$ 28 and 60: remittances from the Middle East declined. Therefore, even though several international sovereign bonds amounting to many billions of Dollars were issued during those two years at very high interest rates, the cumulative Balance of Payments deficit was still nearly of US \$ 2 billion.

As a result of these unfavourable developments, the value of the Sri Lankan Rupee was subject to considerable depreciating pressure, and as it was probably vital to increase the falling exports, the government had to enter into the now-infamous GSP+ agreement, which subjected the country to 27 controversial and humiliating conditions which would be very unfavourable to our country in the long run. I think, we shall all experience the adverse impacts of those conditions before long, and I believe the time has now come to initiate a wider discourse on that issue as well.

Where are those much-talked-about foreign investors?:

Hon. Deputy Speaker, the Central Bank reports reveal that our government was able to gradually increase Foreign Direct Investments flowing into the country from 2006 to 2014; in fact, FDI's had increased from US\$ 272 million in 2005 to US \$ 1,635million in 2014.

However, even while such investments were flowing in, the leaders of this Joint Government were boasting that they would bring about ten-fold increase in FDIs since the investment inflow of our Government was far too little. They were also boasting at that time that they would not be able to control the continuous flow of investments into the country from the USA, India and Europe immediately after they assumed power. That was the enormity of the investments they talked of. Without stopping at that, they also said they would stop Chinese investments, and termed China an "Economic Hit-man". They said that the Norochcholai Power Plant is a white elephant which was always breaking down, and inquired whether

the Expressways were for the people to eat. That is how they insulted and belittled the investments that came into this country during our time. Going to further extremes, immediately after they came to power, they stopped the US \$ 1.4 billion Port City Project inaugurated jointly by me and the Chinese President Xi Jing Ping, while levelling various allegations against all the stake-holders of that project. They stored paddy at the Mattala Airport and dismantled and threw away the tables and chairs at the terminal buildings; they continuously insulted and scolded various local and foreign investors and entrepreneurs; they hauled many top investors and businessmen to the FCID and cross examined them for hours on end; they bullied investors and called out their names in Parliament and even intimidated their family members.

By doing all this, these irresponsible leaders damaged the investment environment in the country resulting in a massive collapse of FDI which was, until then, flowing smoothly into the country.

Today, although the President, the Prime Minister and Ministers, accompanied by their children and hundreds of supporters are roaming around the globe in search of foreign investments, so far they have not been able to attract any significant new investments into the country, other than those that were started during the time of our government.

At the same time, the lies uttered by the leaders of this government too are now beginning to haunt them! For example, these leaders were gleefully shouting almost every day in 2015, that the Volkswagen Company of Germany was coming into the country through a massive investment, and that a large factory would be set up at Kuliyaipitiya to build cars. They claimed that 25,000 youths would be found employment in that factory. They even issued job applications forms to innocent men and women of that area, to consider them for selection for those jobs. But now, it has been proved to the entire country that all those claims were outright lies, and today the poor youth have realised that the so-called Volkswagen investment was a massive hoax unleashed by those disgraceful leaders. In the meantime, our people in general, have realized in ample measure that sound economic management cannot be based on a foundation of utter falsehood.

Foreign reserves have dwindled to alarming low levels:

Hon. Deputy Speaker, the volume of foreign reserves in any country, reflects its ability to face international economic and financial shocks. Accordingly, our government was able to increase the foreign reserves of Sri Lanka to US\$ 8.2 billion by the end of 2014, by systematically increasing the then-prevailing low value of US\$ 2.7 billion at the beginning of 2006. Such foreign reserve in 2014 was also equivalent to 5.1 months' of imports, which was another achievement that won the confidence of many investors.

In sharp contrast, due to the immature and reckless management of this important macro-economic variable by the economic managers of the Joint Government, foreign reserves of our country have deteriorated sharply. Central Bank Reports point out that, as a result of that deterioration, our foreign reserves had sunk to a level of US \$ 7.3 billion by the end of 2015 and to a level of US \$ 6.0 billion by the end of 2016.

Reports in 2017 also indicate that foreign reserves now stand at a level as low as US \$ 7.0 billion, even after accounting for substantial loan inflows in foreign exchange due to several large volume international sovereign bonds. Therefore, we cannot see any sign of escaping from that precarious situation in the foreseeable future, since the international strength of Sri Lanka has been weakened to a considerable extent, by this reckless government.

As of today, the irony of this saga of foreign reserves is that the foreign reserve target for 2020 of this government as agreed with the IMF is the same reserve value as reported by us in actual terms in 2014! This itself shows that the expectation of these Joint Governments' economic wizards is to somehow reach the reserve value we had established during the period of our government, after a period of 6 years!

The Sri Lankan Rupee: devalued, battered, and under pressure:

Hon. Deputy Speaker, during the 9 year period 2006 – 2014, the Sri Lankan Rupee depreciated against the US dollar, at an average of 3.3% a year. This devaluation is the lowest recorded during a period of 9 years in the entire history of Sri Lanka after the liberalization of the economy in 1977. Further, the depreciation of the Rupee against the US\$ in 2014 was a mere 1%, which too confirms that the Sri Lankan Rupee was at a very stable level by the end of 2014.

However, a situation which is totally different to that stable state, has been experienced under this Joint Government, in that, during a period of less than 3 years from 8th January 2015 to 10th November 2017 the rupee has already depreciated by an enormous 17%!

The Central Bank has also stated that due to this depreciation, Sri Lanka's Public Debt has increased sharply, in 2015 by a massive Rs. 286 billion, while in 2016, by a significant Rs. 141 billion.

Needless to say, if this depreciating trend continues unabated, over the next year or so, it is certain that Sri Lanka will find it extremely difficult, or even impossible to face and/or overcome the escalating Debt Crisis the country is embroiled in at the moment. Similarly, it will be very difficult to deal with the resultant foreign exchange deficit, or to control the fast-increasing interest rates environment as well.

The Economy has now lost its ability to face external shocks/crises, Sri Lanka has down-graded in its international credit rating:

Hon. Deputy Speaker, Sri Lanka faced major international and local economic challenges during the period of 9 years that ended in 2014. The most-severe food crisis, the worst-ever oil crisis, the most-widespread bank crisis, and the most-serious financial crisis were all reported during this period. Many countries in the world suffered serious setbacks, and some economies collapsed. However, Sri Lanka was able to face all those crises and able to cushion the adverse impacts of such crises, so that our people were not exposed to the ill-effects and damages of these crises. That is because, we, as a government identified the responses, necessary and implemented the required Counter-measures to nullify the ill-effects and risks.

At the same time, we also faced massive local economic challenges as well. We encountered many issues when we were engaged in the debilitating conflict that lasted 30 years. Further, immediately after we successfully ended the conflict, we had deal with the challenges of rehabilitating the people affected and rebuilding the war-torn areas.

At that time, many may remember as to how, when we were making efforts to raise an international loan, certain so-called Yahapalanaya leaders of today, surrounded international banks and declared that such loans would not be repaid, if and when they came to power! We faced all these challenges directly and overcame them. At the same time, we stabilized the economy, and ensured the well-being of our people, and their future prosperity.

Hon. Deputy Speaker, at that time we did not lament that we cannot repay loans; we did cry that we have no money to give benefits to our farmers, Samurdhi recipients and other's we did not dance to the tune of international bodies; we did not betray the country for commercial advantages. Instead, we channeled our energies and strengths for the development of the country, thereby winning the confidence of international investors. While doing all that, we carefully steered the economy of the country without allowing the ripple effects and shocks to be transmitted to the stakeholders in the economy. We also did not allow the global pressure to trickle-down to the people; we also did not prune down the people's benefits.

By way of appreciating and approving our course of action, the international credit rating agencies classified Sri Lanka with a gradually upgrading type of credit rating, with either a "positive" or a "stable" outlook, notwithstanding the global tensions.

Unfortunately for our country, under this government, even without any serious global challenges, and despite the fact that the world oil prices have remained at its lowest level in about 20 years, this government has not been able to maintain

the credit rating of the country, even at the 2014 level. As a result, the credit rating of Sri Lanka has been down-graded by all rating agencies who have also changed their outlook on Sri Lanka to 'negative'. This irrefutably proves that the economic deterioration in Sri Lanka, has been recognized internationally as well.

Fiscal Deficit rises further: Auditor General refuses to express opinion on the Government accounts:

Hon. Deputy Speaker, after the end of the 30-year terrorist conflict in 2009, our government was able to reduce the Fiscal Deficit on a gradual basis, commencing 2010. Accordingly, we reduced the budget deficit to a percentage of 5.7% of GDP, in 2014.

However, that trend was reversed in 2015 and although the budget deficit was reported as 7.4% as per government statements, it was stated by the Auditor General that it actually was 10.5%. Not only that, for the first time in our history, the Auditor General reported that he is unable to even express an opinion on the Accounts of the Government of Sri Lanka for the year 2016. Although this is an extremely serious charge, nothing has been said or done so far by this Joint Government which came to power claiming to usher "good governance".

A serious setback in international rankings:

Hon. Deputy Speaker, I am now compelled to place another very serious matter before you. That is, to inform you about the massive degeneration of the condition/level of Sri Lanka during the last 2 ½ years, according to various international classifications.

As we all know, various international institutions and multi-lateral organisations report the prevailing comparative level of each country, each year, according to the level of its performance in various activities and functions. In that regard, I think it is appropriate to pay some attention to the level of Sri Lanka that prevailed in 2014, and that which prevails now in 2017.

When we do so, these are the results:

- Rule of Law Index - Although Sri Lanka was placed at the 48th position in 2014, by, it has crashed to the 68th place.
- Economic Freedom Index – Although Sri Lanka was placed at the 90th position in 2014, by now it has moved down to the 112th position.
- Ease of Doing Business Index – Although Sri Lanka was placed at the 89th position in 2014, it has now moved down to the 111th position

- International Competitiveness Index– Although Sri Lanka was placed at the 68th position in 2014, it has now moved down to the 85th position
- Human Development Index - Sri Lanka has been able to remain in the same 73rd position, both in 2014 and 2017.
- Perception of Corruption Index – In 2014, Sri Lanka was ranked 85th during the period of our government, that was labelled by the Yahapalanaya activists as being highly corrupt. However, in 2017, under this Joint Government which was shouting at the top of its voice that they would usher “good governance”, the rank has crashed to the 95th position.

Further, although in 2014, Sri Lanka was placed in the first or second among the South Asian countries, the above mentioned classifications, by 2017 it has fallen to the third or fourth positions.

Whither Sri Lanka ?

Hon. Deputy Speaker, it is clear by the analysis I have presented so far, that the economy of Sri Lanka has now crashed to a very dangerous and critical level.

This pathetic situation can be compared to a situation where a ship is drifting aimlessly in the great ocean in a dangerous storm without any proper control. To make even worse, this ship is being commanded by two inept captains, who are afflicted with corruption, rancour and hatred, while also openly conspiring against each other. In such a situation, anyone will understand that it is extremely difficult for the passengers on board to have any hope of survival, let alone prospering.

Hon. Deputy Speaker, it will now be clear to everyone that all macro-economic factors I have been referring to all this time are heading, not towards the desired direction but in the opposite direction. It also appears that our country is in the grip of a vicious cycle, and if we wish to be escape from that cycle, we will have to direct our macro-economic variables along the correct path with a proper focus. It is very clear that the cohort of people who control the economy of this country at present, have neither the vision nor the ability to do so. It is evident that these leaders are dragging the economy and the political structure of our country towards a deep abyss, and unless our country is freed from this vicious cycle, it is possible that our country will be doomed before long.

That is why, these corrupt and inept rulers should be sent home very soon. That task is in the hands of the people of our country and it is clear to us that they are

now prepared to do so, with great enthusiasm. Because this government has already felt that pulse of the people, it has been postponing the local government elections in this country for over two and a half years now, under some guise or another.

At the same time, the entire country also loathes the attempt of this government to postpone the Provincial Council elections, through another deception in September 2017.

Therefore, I must warn this Joint Government that although these crafty and dishonest leaders may be able to keep the people's aspirations at bay temporarily through such gimmicks, this Joint Government will not be able to suppress the upcoming tide of public opinion, and before long, on whatever date an election is held, the people's aspiration will come to the fore. At that time, the collective will of the people will be clearly experienced by these Leaders. When that happens, the newly emerging group will be able to provide solutions to the burning political issues of our country, as well as revitalize the economy. Till that time, I earnestly urge all those who love this country to extend their valuable assistance and co-operation to send this government home.

I must also mention that there are large numbers of people who love our country, even amidst severe pressure and suppression, and who are willing to extend their generous support to us. I express my sincere thanks and respect to all of them.

Hon. Deputy Speaker, whenever our country has faced indomitable challenges, we have always been able to march forward with the blessings of the Triple Gem other deities. Therefore, I wish that all of us be abundantly blessed to enable us to salvage our motherland from the deep abyss into which she has been pushed by these corrupt, inconsiderate, unwise and selfish leaders.

Hon. Deputy Speaker, I thank you very much for giving me this opportunity.