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MEDIA RELEASE

Objectives of the October 26th change of government

The text of a speech delivered by the Hon. Prime Minister Mahinda Rajapaksa at the Prime Minister's Office on Sunday the 25th of November 2018.

Most venerable members of the Maha Sangha, Clergymen of all religions, People of Sri Lanka, and friends,

In my speech in Parliament on the 15th of November, I proposed to all political parties that we agree among ourselves to hold a general election to enable the people to exercise their sovereign right to elect a government of their choice. The JVP agreed but the UNP has been evasively saying that we should hold a presidential election instead of a general election. The problem is in the Parliament. Hence there is no need to hold a presidential election at this stage. No party obtained a clear majority at the general election held in August 2015. The UNP obtained 106 seats, the UPFA obtained 96. The difference was just 10 seats.

A UNP led government was formed only on the basis of an agreement entered into with a group of UPFA Parliamentarians. The UPFA group left the government on the 26th October. Thereafter several UNP Parliamentarians joined our ranks. Today, I am the leader of the largest group of MPs in Parliament. After the parliamentary elections of 1994, 2001 and 2004, Presidents D.B.Wijetunga and Chandrika Kumaratunga who held office at that time, invited the largest group in Parliament to form a government. On that basis, governments were formed by the People's Alliance in 1994, the UNP in 2001 and the UPFA in 2004.

What we did on the 26th of October was to form an interim government that would have lasted only until the conclusion of the general election that has already been declared, but temporarily put on hold by the courts. We never had any intention of running an administration through the government that has been formed at present. The whole country can see that only a few members of the Joint Opposition hold office in this government. That is because this is only an interim arrangement. I have been stressing ever since I took oaths as Prime Minister that our foremost aim was to go for an election in order to establish a stable government. However the objective of the other side is to revive the previous government and to rule the country for as long as possible without holding any election at all. That is the reason for the present political situation.

Some people ask me why I accepted office when there was less than 18 months to go for the next elections. I have heard members of the UNP saying that if I had been patient for another 18 months, I could have won the ensuing election with a two thirds majority. We did not form a government to continuously administer the country but to hold a general election. The President explained in his address to the nation that he appointed me as the Prime Minister only after things reached a stage where he had absolutely no other option. When the government is entrusted to me in such circumstances, I cannot in all fairness, shun the responsibility. This was not a question of political power. The fate of our country and the futures of our younger generation was at stake.

Furthermore if after everything was said and done, it was still we who would have to assume that responsibility anyway, there was much to be said for assuming office before further damage was inflicted upon the country. The President dissolved Parliament and paved the way for a general election. But the UNP filed action in courts and got the elections put off. If things had gone according to the gazette notification issued by the President, by now the elections authorities would have started accepting nominations. The UNP will continue to engage in disruptive activities until the Supreme Court decides whether anyone's fundamental rights had been infringed by the declaration of a general election.

The former finance minister claims that the economy is on a downward trend because of the change of government. The President invited me to take over the government precisely because of the collapse of the economy during the previous government. In such circumstances, what any democratic country would do is to hold a general election and have a new government elected to power. Because the President was in our government he knows how we handled difficult situations. We managed to find the money to fight the war. We managed to complete a large number of major development projects that no previous government had been able to get off the ground. We did not allow the people to feel the effects of the 2007 world food crisis. Even though the worst global economic recession since the 1930s took place in 2008, the people of Sri Lanka were not even aware that there was such a worldwide recession.

Even though the world prices of crude oil rose to levels never seen before or since during those years, we managed to minimise the fallout from the global oil crisis as well. Within a period of nine years, my government increased the US Dollar per capita income of the country threefold. The average economic growth rate during those years was 7.4%. The exchange rate was Rs. 131 to the US Dollar. The debt to GDP ratio was 70%. On the 9th January 2015 we handed over to the new UNP government an economically stable country. Four years later however the country is now in a perilous state. The most serious aspect of the economic crisis facing this country today is the foreign currency debt burden.

When I assumed office as President for the first time in 2005, there was a war in the country. However the economy was not in such a bad state as it is now. At that time too, the debt to GDP ratio was 90% but the proportion of foreign currency debt was not as high as at present. I made it a point to inform the people from time to time in writing, of the foreign

currency loans that the UNP government was taking through various sources such as Sri Lanka Development Bonds, Sovereign Bonds, Syndicated Loans, Currency swaps etc, because I knew that once we were back in power, this debt burden would be the biggest problem that we would have to face. Within a period of about three and a half years, the yahapalana government had taken a total of more than UDS 20.7 Billion in foreign currency loans alone. Due to this debt burden it will take a while to turn things around. It should be plain to everyone that those who are trying to revive the previous government and rule without holding elections, are incapable of turning this country around. It was they who destroyed the stable economy that we had created. This is why they are so reluctant to hold elections.

In 2006, after the war with the LTTE resumed, the people of this country, the trade unions, consumers, professionals, businessmen and all sections of the population made it a point to refrain from doing anything that would disrupt the war effort. It is because of that public support that we were able to end the war that no one else was able to bring to an end. I wish to request the people to extend to us the kind of support they gave us during the war, in order to get this country out of the economic crisis it is now in. This is the last opportunity we have. If our effort fails, this country will end up like Greece.

We will have to work on the assumption that there is a situation of national calamity with regard to the economy. We will have to put a stop to burdening the people with taxes on the one hand and then spending lavish amounts on importing vehicles for ministers, spending money on ceremonies and excessive amounts on foreign travel as the UNP government was wont to do. I have to make it clear that after the next general elections, we will have to appoint a suitable number of ministers so as to be able to have a stable government. Before everything else, this country has to have a stable government. However that new government will have to keep expenditure under strict control.

The President and the people of this country know that only we can extricate this country from the crisis it is in. After we assumed power in November 2005, we had to face many challenges. When we obtained a loan of USD 500 million from the HSBC in 2007 at the height of the war, the UNP surrounded the bank and told them not to give us that loan and if they did, the money would not be repaid under a UNP government. In April 2009 when the war was in its final stages, an IMF loan to which we were entitled as a member state was delayed.

At that stage, I spoke to a friendly Middle Eastern country and obtained a pledge of USD 500 million and we were able to work around that obstacle. Soon afterwards, Prabhakaran died, the IMF released the loan and we never had to take the USD 500 million that had been pledged by the friendly Middle Eastern country. The former finance minister says that the credit ratings agency Moodys has downgraded Sri Lanka. It would have been surprising if they didn't. In 2015 when we handed the country over to the UNP, all those ratings were going up. They started coming down only after 2015.

I have to say that there is a subtle political element in these ratings as well. In 2009, immediately after the war when our credit ratings should have gone up, we were downgraded. But the markets had complete confidence in our government and no one took any notice of the downgrade. The President entrusted the country to us because he knows that we have the capacity to meet such challenges as well. The UNP too is well aware of

that fact - which is why they speak to foreign journalists and diplomats on a daily basis in a campaign to convince the outside world that it is undemocratic to hold a general election. They know that if a general election is held and a government led by us comes into power, we will solve all these problems. The government that we will form together with the President will be a powerful and people oriented government.

It is now barely a month since the change of government on 26 October. What we have now is only an interim government. When a downward trend manifests itself, it is difficult to turn things around in a month or two. As the general election which would have enabled the people to elect a stable government has been delayed, it will take some time for a stable government to be formed. During this interim period, I request the people to stand by us and to participate in the effort to restore economic stability to this country. The people will remember that during our period of rule between 2006 and 2014, we took every measure possible to avoid imposing heavy burdens on the people. This is why we reduced the price of fuel and some essential foodstuffs soon after assuming office on October 26. We reintroduced the fertilizer subsidy and reduced taxes on agricultural incomes so as to reduce the burden on the people and to increase production.

The people living in this country are aware of the difference in the situation that prevailed before 2015 and after 2015. The Cabinet Spokesman of the previous government has publicly stated on numerous occasions that in 2015, the people had not voted for a change of government due to any lack of food and clothing. He said that the people voted for a change in 2015 for the sake of democracy. But after that change of government, the people ended up without democracy, without the right to vote and without food and clothing as well. Is that not what happened? The endeavour that we are engaged in now is Sri Lanka's last chance to come out of the crisis it is in. Let us all join hands to defeat the forces that seek to destroy this country by perpetuating their rule without holding elections.

May the blessings of the Tripple Gem be upon you.