

“public service” was somewhat broad, and had included an extramarital affair with a constituent. He was the *ninth* minister to resign since Major formed his current government in 1992, and the *fifth* because of what the British label “personal indiscretions.”

A far more damaging scandal, especially in the post-Barings climate, has been the government’s handling of the privatization of two state-owned electricity firms, PowerGen and National Power. Millions of Britons had bought shares in the firms, on the basis of government promises, outlined in a formal prospectus, that they would earn hefty profits. Right on the eve of the shares being traded openly on the British stock exchange, government electricity regulator Stephen Littlechild announced new price controls, triggering an immediate downward slide in share values. Some £3.5 billion in share values was wiped out overnight, and more than a million Britons lost money. Total share losses, according to the *Daily Telegraph* on March 11, are estimated to be £10 billion, “a fall equalling that in the stock market in the great crash of 1987.”

Government officials have admitted that some ministers knew that Littlechild was going to impose price controls. Yet they did nothing to report this knowledge to investors lulled into false confidence by the prospectus. Charges of “insider dealing” have been hurled against the Major ministerial team, both by opposition parliamentarians and by commentators in the British press.

What is happening with the manic British Thatcherite policy of “utilities privatization” should be a sobering lesson for those Americans who are being snookered by the Gingrich-Gramm Thatcherite mob into supporting similar approaches for the United States. Already on Feb. 18, a week before Littlechild revealed his intention to control prices, the London *Guardian* reported on a little-publicized decision that had been made by government minister Michael Heseltine, president of the Board of Trade, that allowed for “free bidding on the open market” for utilities firms, thereby removing all effective controls on who might buy such firms and putting the privatized utilities “up for grabs.”

Guardian writers Will Hutton and Nicholas Bannister warned: “Britain’s privatized water, electricity and gas companies are up for auction. Asset strippers, tax massagers, international conglomerates and the other tribunes of enterprise that constitute the ‘private’ sector are eyeing up Britain’s utilities. The provision of gas, electricity and water in Britain is set to become the by-product of a financial casino. . . . The government has, in effect, signalled it has no reason to object to any outside bid for a British utility. An open season has been declared.” Various tricks of “financial engineering” would henceforth take precedence over the supply of power to millions of British users. The two authors derided the whole “electricity privatization” policy as a “house of cards,” and stressed that privatization, overall, had “lost its glitter.”

Sri Lankan peace enters crucial phase

by Ramtanu Maitra and Susan Maitra

As a shaky two-month cease-fire between Sri Lanka’s rebel Liberation Tigers of Tamil Eelam (LTTE) and the government continues to hold, fresh efforts to resolve the decades-old sectarian conflict, which turned bloody in the early 1980s, have hit a sticky spot. There are clear indications that both parties are jockeying for political leverage by making charges aimed at putting each on the defensive. Currently, neither the Tigers nor President Chandrika Kumaratunga has shown any intent to concede on the issues brought up during the previous rounds of talks; at the same time, neither side is eager to abandon the road to peace unilaterally.

Although a lot more is at stake, the issues which have kept the two adversaries sparring include the Tigers’ demand that the Pooneryn military base, located at the heart of northern Sri Lanka, known as “Tiger country,” be dismantled. Other issues include the lack of communication between the two parts of the country, an embargo on essential goods imported from central and southern Sri Lanka, and night fishing in the Jaffna lagoon. While progress on these issues is a prerequisite for holding the next round of talks, the solution lies in resolving what degree of autonomy the government is willing to allow to the Tamils in northern Sri Lanka, and obtaining a commitment from the Tigers that they would abandon the path of violence and protect the unity and territorial integrity of the island-nation.

In a recent statement, the Tigers indicated that they are willing to drop the demand for “Eelam”—an independent Tamil nation separate from Sri Lanka—but said they would do so only if “alternate proposals that give the Tamils security and self-respect” are put forward by the government in Colombo. The Tigers issued this statement in early March when President Kumaratunga, the initiator of the peace process, was touring the war-ravaged east. The Tigers have surely noticed that the Tamil population, over whom they had a complete lock even a short while ago, is keen to pursue peace and are increasingly rejecting the Tigers’ violence. President Kumaratunga is exerting steady pressure on the Tamils to force the Tigers to give up the religion of violence and settle for peace to end the 11-year genocidal ethnic war.

Colombo has also sent signals that the new President wants to create a favorable environment for fruitful talks. In addition to sternly warning the Sinhala chauvinist-dominated Army not to make any move which could be interpreted as an effort to sabotage the delicate negotiations, she subsequently made significant changes in the Defense Ministry aimed at letting the Tigers know that her government is an unbiased negotiator. The Sri Lanka Army announced in late February that it is pulling back a strategic defense line to allow civilian traffic movement between northern Sri Lanka and the rest of the country.

Most significantly, Minister for Constitutional Matters G.L. Peiris, during his recent budget speech, said that Colombo would provide substantial devolution of powers, which means a significant amount of autonomy to the Tamils in the north—the first time that such a statement has been issued at that level. Equally significant are the repeated statements of President Kumaratunga, since she became prime minister in August after her People's Alliance won a majority in the parliamentary elections, in which she expressed her eagerness to begin the reconstruction of war-torn northern Sri Lanka. Calculated to win over the poverty-stricken Tamils residing under the guns of the Tigers, the President announced that reconstruction work will begin with a crash program in the Jaffna Municipal area.

The face of reconstruction

Under the first phase of reconstruction, the government plans to spend Rs. 5.5 billion out of a total package of Rs. 40 billion. A crash program Rs. 1.5 billion to fix the water supply, sanitation, power supply, and roadways has been worked out for immediate implementation. Reports indicate that Colombo has the money to go ahead with the crash program, and a very senior minister, Ratnasiri Wickrematunge, is now engaged in securing aid from donor countries and foreign institutional investors for the rest of the reconstruction money. However, most of the western donors are holding out, and saying the aid will follow peace, in essence supporting the Tigers' position. The Tigers, meanwhile, have refused to issue the final clearance required to launch reconstruction work. Reports from Colombo indicate that ships are waiting to be loaded with construction material and shipped to northern Sri Lanka. But the loading cannot be done until the Tigers agree to a starting date. However, the Tigers have no choice but to accept the reconstruction proposal in principal, and there is no question that the Tigers are feeling the heavy political pressure.

The political weakening of the Tigers, which has helped Kumaratunga make her moves, became visible in August when government officials came to open talks with the Tigers in Jaffna. The rousing welcome given to the officials by the Tamil population in Jaffna is a testimony that the Tigers have lost ground and that continuation of violence will not be approved by the Tamil population. Once Kumaratunga

grasped this "secret," pressure on the Tigers mounted.

Superficially, the Tigers appear not to have been cowed by the peace initiatives, but their recent blustering has been aimed at painting them as the preeminent seekers of peace. From his jungle lair somewhere in the north, Tiger chieftain V. Pirabhakaran charged Kumaratunga with "deception" and subterfuge. "It really astonished us that you are not showing any keenness to extend the present temporary cessation of hostilities into a permanent, durable cease-fire," he said in a letter made public through the Tigers' London office. They have also turned down an attempt by the President to involve a former French diplomat in the negotiations, using the excuse that he is no longer a French government employee and is Kumaratunga's friend. Pirabhakaran's letter is seen by some observers as a clear sign that the Tigers are also feeling international pressure: The United States and the European Union have recently urged both parties to begin political negotiations.

Tigers show further political weakening

Reports from the eastern province, where the Tigers have some control, indicate that they have met with representatives of other Tamil political groups, such as the Eelam Peoples Revolutionary Liberation Front (EPRLF) and the Tamil United Liberation Front (TULF). Former MP and EPRLF member Suresh Ramchandran has confirmed that Tiger cadres are suggesting that the two groups take a common stand. The Tigers' gesture to other Tamil groups, which it had set out to annihilate in the 1980s, is a major development indicating the former's political weakening.

The political heat which the Tigers are feeling cannot be resolved by guns, but, being a highly motivated organization, it remains to be seen how the Tigers react. Moreover, as expressed by Pirabhakaran in his letter, President Kumaratunga will not provide the Tigers with endless maneuvering room. There are enough indications that if the Tigers sabotage the peace efforts, President Kumaratunga is ready to declare a full-fledged war against them. The toughening of her stance has been sensed by observers. Former Air Force Chief Harry Gunatilake warned the Tigers: "The LTTE will be happy to drag its feet as long as there is no actual war. But the government will now have to seriously rethink its strategy." Gunatilake further advised them: "Think of the other option."

He continued: "It is clear that Chandrika [President Kumaratunga] has gone every inch of the way for peace. She has earned tremendous goodwill from the international community, but you must remember that they will not come and fight for you," Gunatilake said. His remarks came days after the recent tour in the east by junior Defense Minister Anuruddha Ratwatte, where he told the Army personnel that if the peace talks fail, "even I will get into my uniform and join you." A retired Army colonel, Ratwatte was not issuing an empty threat.