The record of the PA government

Sri Lanka plantation workers hit by declining wages and conditions after privatisation

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After just five years in office the People's Alliance government led by President Chandrika Kumaratunga faces widespread hostility as a result of its systematic attacks on the jobs and living standards of broad layers of workers as well as the urban and rural poor. Facing an election on December 21, Kumaratunga, with the assistance of her ministers and the labour bureaucracies, is desperately trying to salvage her image as the head of a “left” government.

Nowhere is her record more in tatters than among the predominantly Tamil speaking estate workers who are among the most oppressed layers of the working class. The Kumaratunga government completed the privatisation of the tea estates begun under the previous United National Party (UNP) governments, and when discontent arose, used the security forces to instigate a campaign of intimidation and terror in the estate areas on the pretext of preventing “infiltration” by the separatist Liberation Tigers of Tamil Eelam.

The two main trade union formations representing estate workers—the Ceylon Workers Congress (CWC) and the Upcountry People's Front (UPF)—previously backed the PA coalition. Longtime CWC leader S. Thondaman, recently deceased, held a ministerial post, and UPF leader Chandrasekaran was made a deputy minister. In the current elections, the UPF has been forced to abandon its support for Kumaratunga and announced on December 5 that it would back the opposition UNP candidate. The CWC has split into three factions, only one of which supports the PA government.

At the end of October, the Minister of Public Administration, Home Affairs and Plantation Industries Ratnasiri Wickramanayake told a public meeting that he had been "against the privatisation of the estates all along" because "they could be run at a profit." He added: "Most estates are presently running at a loss, while some companies even resort to fraud, like the non-payment of Employees Provident Fund."

His comments were a rather crude attempt to salvage the PA government's fortunes among estate workers by feigning concern for their plight. The minister, who presided over the final stages of the estate privatisation, is a notorious anti-Tamil racist and has personally led physical attacks against estate workers. Moreover, his reference to “losses” are a sign that even harsher measures will be introduced on the estates in a bid to drive up profits.

Any examination of the record over the last five years leaves no doubt as to why estate workers feel so deeply betrayed by Kumaratunga and her People's Alliance coalition. The PA government came to power in 1994 claiming to oppose the further privatisation of the plantations and promising to restore the conditions of plantation workers. In 1975, a “left” coalition government headed by Kumaratunga's mother, S. Bandaranaike, had nationalised the plantations.

But within months, the PA government had tossed out its promise and voted to complete the privatisation of the plantations begun under the UNP government in 1977. Its first budget statement declared: "To relieve the burden on the state and the people in providing funds to maintain the estates, the responsibility to run them profitably must be vested with private companies. The plantations which have become a burden on government's resources and unviable will be sold outright."

Previous UNP governments had at first decentralised plantation administration to nine and then 12 separate divisional boards. Then from 1992, the boards leased out estate management to private companies. Long-term leases (99 years) were awarded to 23 companies for a token annual payment of 500 rupees ($US7) per acre, with lease terms renewed every five years.

Under the PA government, companies could renew their lease agreements every 50 years, instead of every five years. Local and foreign companies were given the opportunity to buy up to 51 percent of plantation stocks. The government retained 19 percent of estate shares, 20 percent were floated on the open market and another 10 percent distributed to estate workers. But as all the shares were transferable it was inevitable that they would end up in the hands of big business. The policy received the full approval of the International Monetary Fund and the World Bank.

Privatisation resulted in a drastic decline in working conditions. One of the first conditions to be axed was the 300 days a year (25 days a month) guaranteed work, which had been won in 1989 after a prolonged struggle by workers. Previously estate workers had no monthly wage and they worked when required. As a result, the number of paid work-days differed from estate to estate averaging from 15 to 18 a month, and in some cases only 10 days.

Then an eight-rupee (10 US cents) cost of living allowance, won in 1993 as part of a collective agreement, was cut from workers' daily pay.

At the same time, companies set new targets and increased workloads. A female worker used to pick by hand between 13 to 15 kilograms of tea leaves a day. The target was increased to 18 kilograms. Even though workers were paid one and half times their normal rate for Sunday work, they were expected to pick 24 kilograms of leaves to compensate for the penalty payment.

New work methods and technology boosted productivity while slashing the workforce. This included the use of agro-chemicals and

equipment for weed control, harvesting and the pruning of tea bushes. Work in plantation factories has also been increasingly mechanised.

By cutting costs the employers were able to amass huge profits. In 1993 and 1994, the tea industry lost 1.4 billion rupees and 974 million rupees respectively. But in 1996 the industry returned a profit of 500 million rupees. Between 1995 and 1998 production levels rose annually from 246 million kilograms to 280 million with export figures increasing for this period from 241 to 272 million kilograms. Export earnings went from $US480 million in 1997 to $US780 million the following year. The Central Bank of Sri Lanka attributed the increase to the “high standard of management in the privatised estate companies".

Privatisation and the related attacks on wages and working conditions sparked widespread resistance by plantation workers. Several major struggles began to take the character of a revolt against the leaderships of the trade unions, who were closely tied to the People's Alliance government.

In September and October 1995, 17,000 workers of Uva West Plantations Ltd took strike action demanding a guaranteed 300 days of work a year and the registration of unemployed estate youths as future workers. The union leaderships initially opposed the strike and only entered the dispute, when it began to attract the support of other plantation workers, in order to gain control and shut down all industrial action.

In April 1996, Ceylon Workers Congress (CWC) plantation members struck for five days over the impact of privatisation. The CWC had previously attempted to channel discontent into token protests, such as prayer meetings. CWC leader Thondaman, then a government minister, openly declared that the union's objective was “to curb the growing discontent amongst the workers".

Although the CWC only covered 60,000 workers, a fraction of the total work force on the estates, the government feared that the strike would rapidly spread to other plantations and draw in urban workers, who had also been hit by privatisation. On April 4, the government declared an island-wide state of emergency to intimidate the strikers. Yet 600,000 plantation workers from all sectors joined the struggle. Deeply shaken the CWC leadership and the LJEWU (a UNP-controlled union) quickly struck a deal with the government and ended the strike.

Again on February 5, 1998, 600,000 plantation workers took strike action to demand the re-nationalisation of the plantation industry. After initially refusing to support the strike, the CWC and other plantation unions entered the dispute to restrict it to a wage demand and prevent a head-on clash with the PA government. Despite a campaign of state terror and thuggery, thousands of workers in Hatton and Maskeliya showed their determination to fight by organising street demonstrations.

After a secret meeting on February 13 with President Chandrika Kumaratunga, the CWC leaders directed workers to end their strike without any of their demands being settled. Thousands of workers maintained the strike for two more days but without an alternative perspective were finally forced back to work. Workers in Hatton, Maskeliya and Thalavekele, disgusted by the unions' betrayal, burnt effigies of union leaders and put up posters denouncing the sell-out.

The unions have refused to fight the PA government because they agreed with its program. On February 22, 1994 the CWC wrote in a letter to the Ministry of Plantations and Industry: “We entertain no reservations in the plantations being privatised-denationalised. But the terms and conditions of employment of the workers must be on the basis of collective agreement entered between the various companies and the two major trade unions...”

The CWC letter warned of “unregulated and uncontrolled workers struggles" that could arise due to the "management style" of the plantation owners. It pointed to a "pervasive sense of frustration, insecurity, disillusionment and industrial unrest” among plantation workers and raised concerns that opposition may "manifest itself in new modes of labor agitation.”

The concern had nothing to do with defending workers' interests but was aimed at guaranteeing the unions' position in the privatisation process. In fact, both the CWC and LJEWU have been central in brokering the deals that eroded workers' conditions. As a result, union membership has plummeted—in the case of the CWC, from around 325,000 to just 60,000 in 1997.

Whoever wins the election, plantation workers can expect a new round of attacks on jobs and working conditions. After a few years of high profits, the tea industry has again plunged into a serious crisis due to a sharp downturn with world tea prices. In the 12 months to May 1998, tea prices fell from 191.53 rupees a kilogram to 156.4 rupees. Exports over the same period dropped from 133.07 million kilograms to 131.8 million and export earnings tumbled from 25.6 billion rupees to 20.6 billion rupees.

With few exceptions, 10 percent of the tea offered at the Colombo Tea Auction remained unsold for the remainder of 1998. Sales of tea to Russia, one of Sri Lanka's largest markets, stood at 40 million kilograms in 1998, but a 50 percent depreciation of the Russian ruble against the US dollar resulted in a 10 percent fall in tea prices.

Another major factor effecting Sri Lanka's position is intense competition from other tea producing countries, including India, China, and Kenya. Between 1977-97, Sri Lanka's share in the world tea market remained constant at 22 or 23 per cent. Over the same period, Kenya's and China's market shares increased from 9 to 17 percent, and 10 to 18 percent, respectively.

In a statement issued at the beginning of this year, the Ceylon Planter's Association (CPA) warned: “Declining tea and rubber prices, additional tax and debt burdens and unviable wage formulas have plunged Sri Lanka's plantation industry into a crisis. Some urgent measures will have to be taken if the country is to avert a full-blown crisis that will have serious adverse effects on the economy.”

The CPA statement called for “a joint effort by the government, the companies and the unions” to overcome the crisis. The estate owners complained that 50 percent of production costs were wages and called for a cut to the pay rates in new work agreements due to be negotiated early next year. An estate worker is currently paid a paltry $US1.30 a day.

Whoever comes to power in the presidential elections, plantation workers are clearly facing a renewed assault on wages and conditions by management with the backing of the government and the trade union bureaucracies.