Sri Lankan plantation unions shut down wage campaign to forestall government crisis

W.A. Sunil, Nanda Wickremasinghe
28 March 2001

The leaders of the major trade unions in the Sri Lankan tea and rubber plantations signed a wage agreement on March 15 to end a three-week satyagraha or protest action that was threatening to spiral into a major confrontation with employers and the Peoples Alliance (PA) government. The deal provided estate workers with a pittance and helped the government out of what was looming as a serious political crisis.

Under pressure from workers facing rising prices, the Ceylon Workers Congress (CWC) began the satyagraha on February 19 for a monthly wage increase of 400 rupees ($US4). In Sri Lanka, the trade unions for Tamil-speaking plantation workers function as political parties: the CWC is a partner in the ruling PA coalition and its leader Arumugam Thondaman is a cabinet minister. In making the wage demand, which was joined by the Joint Plantation Trade Union Committee (JPTUC) and Lanka Jathika Estate Workers Union (LJEWU), Thondaman insisted that workers only conduct a limited protest and continue to work.

In spite of the intentions of the union leaders, the satyagraha rapidly escalated throughout the plantation areas in the central hill districts. From February 20, workers in the plantations around Hatton, Badulla, Bandarawela, Welimada, Atampitiya, Uda Pussallawa, Yatiyantota and Nanu Oya began a go-slow campaign and wore black armbands. On February 25, another 10,000 workers in the Hatton area joined the protest and on February 28 about 1,000 workers in the Hatton and Bogawantalawa areas stopped work. On March 2, all shops in the town of Hatton closed down to support the plantation workers and were joined by school students.

On March 5, workers from Hatton, Bogawantalawa, Norwood, Upcot, Talawakele, Thotapola, Diyagama, Agarapatana, Batagoda and Maskeliya struck again and 10,000 participated in a demonstration in Hatton. On the same day, about 2,000 teachers and students belonging to the Upcountry Teachers Forum and the Upcountry Students Forum boycotted schools and marched through Hatton to back the striking workers. On that day, an estimated 100,000 workers throughout the plantation districts participated in a satyagraha from 3pm to 6pm.

The growing support for the protests panicked the government and union leaderships, who began to look for a way to shut down the campaign. The working class as a whole has been hit by sharply rising prices for basic commodities following the government's decision to float the rupee in January and the action by plantation workers threatened to trigger other wage demands. Reflecting the fears of the union bureaucracy, CWC leader R. Yogarajan warned in the March 10 issue of the *WeekEnd Express*: “Unless they (the plantation workers) are treated reasonably they will be forced into the waiting hands of radicalism.”

But the Employers Federation of Ceylon (EFC) flatly rejected the 400-rupee rise for estate workers, saying it would cost 1.5 billion rupees and directly affect profits. The EFC called off discussions on March 13 and its general secretary, Gotabhaya Dassanaike, appealed to President Chandrika Kumaratunga to crack down on the protesters. “They are attacking our superintendents and preventing products being transported to Colombo. The government must understand that law and order has been breached,” he said.

Reflecting the EFC's views, the *Daily Mirror* warned of “a Zimbabwe-type scenario,” in which workers occupied management offices and residences. The newspaper quoted an unnamed official as saying, “Nothing will happen unless the army is brought down here.”

The employers were clearly counting on the government to back its March 8 budget statement, which called for “people to refrain from demanding concessions at least for six months”. The budget appeal was part of the government's efforts to meet the IMF's requirements for a $400 million loan to cover the country's mounting balance of payments deficit and flagging foreign reserves.

Faced with the plantation workers' campaign, Kumaratunga at first tried to stall. She appointed a committee and said her ministers would look into the issue. Last September, when around a quarter of a million plantation workers struck for 10 days for the same 400-rupee allowance, the government was able to rely on the trade unions. When the Supreme Court granted an employers' application for an injunction against the strikers, the union leaders called off the strike. At that time, the government promised to establish a committee to investigate the matter, yet nothing came of it.

Threat to the government

But in the latest dispute, Thondaman confronted a potential revolt among the CWC membership. He was desperate for a concession from employers, no matter how small, to allow him to call off the campaign. With a good deal of empty bluster, he threatened to pull out of the government and call strike action if the union demand for a 400-rupee rise was not met by March 15. It should be noted that Thondaman is not only a cabinet minister but also the well-off owner of a large plantation.

Faced with the possibility of a plantation workers strike and the loss of its parliamentary majority, the government intervened to hammer out a deal between employers and the trade union leadership to end the protests. In doing so it could rely on the active assistance of the Lanka Sama Samaja Party (LSSP) and the Communist Party of Sri Lanka (CPSL), both of which are members of the ruling coalition and the pro-PA Plantation and General Workers Union, which is part of the Joint Plantation Trade Union Committee. The other trade union grouping—the Lanka Jathika Estate Workers Union (LJEWU) affiliated to the rightwing opposition United National Party (UNP)—offered no resistance.

The deal is a complicated one, designed to give the impression that workers have made gains without providing very much at all. Moreover, the agreement is binding for the next 15 months and rapidly increasing prices will further undermine wages.

Under an agreement reached last June, a tea plantation worker received 101 rupees as a basic daily wage, 6 rupees as a price-sharing allowance and a 14-rupee attendance allowance if he or she attends work for more than 90 percent of offered days. In practice, most workers—around 80 percent—were unable to meet the attendance requirement and so received only 107 rupees a day. Under the latest deal, the price-sharing allowance has been increased to 15 rupees and the attendance allowance decreased to 5 rupees—a net change of zero—and the attendance requirement cut to 75 percent of offered days. Most workers, who do not receive the attendance allowance, stand to gain an extra 9 rupees a day—roughly 1 US cent. Even this could fall if tea prices decrease allowing employers to cut the price-sharing allowance.

Rubber workers are worse off. Under last year's agreement, the daily wage rate was 98 rupees with an attendance allowance of 14 rupees. There was no price-sharing allowance as world rubber prices are low. Under the latest deal, the only change is that the attendance requirement has been cut to 70 percent of offered days. Many workers will receive no increase in pay.

There is considerable resentment among workers towards the union leaderships. Margin, a 41-year-old plantation worker from Thalwakele, told the *WSWS*: “When the CWC launched the satyagraha campaign we workers united and tried to develop a different type of struggle. As we came forward we noted that all the old trade union leaderships really function as our enemies. They betrayed the struggle.”

Over the last year, the nominal wage of plantation workers increased by 4.8 percent but in real terms, taking the average inflation rate of 8.7 percent into account, it has declined sharply. Even if it had been granted, the 400-rupee monthly allowance would barely have made up for price increases. The cost of living index, which stood at 2,437 points in February 2000, increased to 2,842 in February 2001. The real wages of the plantation workers have fallen by over 18 percent, from 136.6 points in 1993 to 111.7 points this February.

There are 1.2 million dependents who rely on the wages of about 300,000 workers which means the average monthly income available to feed, clothe and provide other necessities for each family member is about 600 rupees or about $US6. The price of all essential items increased drastically in January and February: a kilogram of red lentils went up from 35 to 65 rupees and a kilogram of rice from 25 to 35 rupees. The price of the lowest grade dried fish, which the plantation workers are forced to eat, is over 150 rupees per kilo—that is, more than a day's wage. As a result, most workers are struggling just to feed their families.

The Tamil-speaking plantation workers, who are descended from indentured labourers brought from south India by the British colonial rulers in the 19th and 20th centuries, are among the most oppressed layers of the Sri Lankan working class. Not only have wages declined but under the PA government the privatisation of the plantations was completed in 1995. An employers' spokesman said in a recent television interview that about 10,000 plantation jobs had been destroyed over the past five years. A high level of unemployment, particularly among young people, has been compounded by a deterioration in services such as education and health.

The latest betrayal by the CWC and other trade unions has added further fuel to what is already a highly volatile situation.