

# Sri Lankan government to privatise remaining factories in the war-torn north

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The Sri Lankan government announced on April 11 that it was preparing to sell off two Ceynor factories—the remaining state-owned enterprises in country's war-torn Northern Province—to the private firm North Sea. The privatisation is the outcome of a protracted process whereby successive governments—both the present Peoples Alliance (PA) and the previous United National Party (UNP)—with the assistance of the trade unions, have worn down the resistance of workers, slashed jobs and shut the operations.

The announcement was made by the Minister of the Northern Rehabilitation and Reconstruction—Douglas Devanada, who is also leader of the Eelam People's Democratic Party (EPDP). His other efforts at “rehabilitation,” amid the ongoing civil war against the separatist Liberation Tigers of Tamil Eelam (LTTE), include handing over a chemical factory and salt production sites—both previously state-owned—to private companies.

Whether or not any of these enterprises re-open will depend first of all on whether the private companies concerned calculate that they can make a profit. There will undoubtedly be fewer jobs and harsher working conditions. Moreover, the chemical factory and the salt making facilities are located near Elephant Pass which is still held by the LTTE after the army lost control last year.

The privatisation of these factories is part of the broader agenda of economic restructuring being insisted upon by the International Monetary Fund (IMF) and World Bank. Faced with mounting budgetary and monetary difficulties as a result of huge military spending and rising oil prices, the government is now accelerating the process to obtain the loans necessary to avoid a balance of payments crisis.

The two Ceynor factories are situated within areas declared to be “high security zones” by the armed forces at Karainagar, the major naval base, and Gurunagar, on the outskirts of Jaffna town. The Gurunagar factory produced fishing nets while the Karainagar factory manufactured fibreglass boats and processed prawns. They were built in the late 1960s and early 1970s with the financial assistance of the Norwegian organisation, NORAD.

Prior to the eruption of the war in 1983, Ceynor employed around 800 workers in its factories. But as the conflict worsened management systematically cut production and whittled away the staff, most of whom were casuals. By 1991, when the UNP government announced its intention to close the factories, the workforce had been slashed to just 100.

Management offered the remaining workers a small payout of 20,000 rupees under a so-called voluntary retirement scheme, which was supported by the Ceylon Mercantile, Industrial and General Workers Union (CMU) led by Bala Tampoe and the Ceylon Engineering Workers Union affiliated to Communist Party of Sri Lanka.

As the factory was shut due to the war, most workers accepted the money. But 26 CMU members rejected the union leadership's advice and turned to the Revolutionary Communist League (the forerunner of the Socialist Equality Party) for its help in waging a campaign to defend their jobs. A delegation travelled to Colombo and addressed the CMU leadership, insisting that the attack on their jobs was bound up with the broader issues of the war and the IMF's demands for economic restructuring.

Tampoe and the CMU leadership were hostile to any struggle to defend jobs precisely because it would have meant challenging the government's economic policies

and its brutal war to suppress the democratic rights of the Tamil minority. Because of the war, the workers were forced to leave the area.

Finally in 1998, the CMU stitched up a deal with management to pay each of the 26 workers half of their salary for the period from 1991 to 1998, and to retain them on half salary until they were re-employed. Eight of the 26 are currently employed on full pay.

Two years later, in the name of “rehabilitating the north,” the government is not reopening the factory but selling it off. While Devananda said nothing about the fate of the 26 employees, it is highly likely that they will all now lose their jobs.

In line with its original attitude, the CMU has already accepted the government's decision and the loss of the jobs. When asked by a CMU member at Ceynor, the union's secretary Jeganathan commented: “The CMU cannot do anything to stop privatisation. It is a political decision of the government and a matter of politics.” He offered to bargain for compensation.

None of the union's actions would strike most workers as particularly unusual. Over the last two decades, the trade unions have been notorious for their refusal to defend the most basic rights of workers and for their collaboration with governments and corporations in imposing the dictates of globally mobile capital onto the working class.

This case illustrates the extent of the degeneration. The CMU was originally built in 1928 as a white-collar union in the mercantile sector. After Bala Tampoe became its general secretary in February 1948, the union came under the influence of the Lanka Sama Samaja Party (LSSP), which at the time based itself on the principles of Trotskyism. In the 1950s and 1960s, Tampoe was known for his militant challenges to the political decisions of the government of the day. In 1963, he led a strike in the Colombo port that escalated into an all-island general strike and defied the government of Sirima Bandaranaike when it invoked its emergency powers.

Tampoe broke from the LSSP when the party abandoned its socialist principles and joined the Bandaranaike government in 1964. But he never drew the necessary political conclusions from the LSSP's betrayal and therefore remained wedded to an essentially nationalist outlook. Tampoe was picked up and lionised by various radical groups inside Sri Lanka

and internationally as a militant, a socialist and even a Trotskyist.

Today at the age of 79, he still holds his position as CMU general secretary and actively participates in major negotiations with the government and employers. But as its attitude to the Ceynor privatisation indicates, there is not a shred of revolutionary socialism left in the CMU's leadership which is thoroughly subservient to the requirements of Sri Lankan capitalism and the government.

It is not just 26 workers at Ceynor who are going to bear the direct consequences. The government is preparing, again at the insistence of the IMF and World Bank, to impose a far-reaching restructuring plan that will eliminate around 14,000 jobs at the Colombo port—one of the CMU's bases. As the time nears one can predict that there will be a bit of militant rhetoric from the CMU leadership as it tries to placate angry members. But the guiding principle will be the same: “It is a political decision of the government and we can do nothing to stop it.”

At Ceynor, with the support of the Socialist Equality Party, the 26 workers are preparing a campaign to fight to defend their jobs.



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