

Anger grows over rising prices in Sri Lanka

Our reporters
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Sri Lanka's official annualised inflation rate skyrocketed to 28 percent in March, up from 24 percent in February. Prices for essential food items are soaring—the inflation rate for food and beverages reached a staggering 37 percent—while transport prices and housing rents followed with 24 percent and 11 percent respectively.

Over the past three months, the Colombo Consumer Price Index (CCPI) has jumped by 487 points, from 5,955 in December to 6,442 in March, and the impact is sharply eroding the living standards of workers, the rural poor and students. People are particularly angry because the price of rice, the main staple food in Sri Lanka, has nearly doubled since January last year, causing immense hardship. Worse conditions lie ahead. The government has admitted that bread prices could rise to 100 rupees by the end of this year, a threefold increase.

Nervous about the rising discontent, the government asked India to supply rice stocks. However, India has curbed exports of 40 items, including rice, because of shortages and rising inflation at home. The Colombo government then turned to Pakistan, but received a similar response, and has now sent the trade minister to Myanmar to ask for imports from there. According to the United Nations, Cambodia, China and Vietnam have also restricted exports.

These difficulties highlight the global character of the crisis, with prices for rice, flour, milk powder and other essential food items, as well as oil, rising at unprecedented rates. The UN under-secretary-general for humanitarian affairs, Sir John Holmes, warned a conference in Dubai this week that escalating prices would trigger protests and riots in vulnerable countries. He said food prices had risen globally by an average of 40 percent since the middle of last year.

Several factors produced by global capitalism are driving the shortages and price hikes worldwide. These include the vast urbanisation taking place in China, India and other countries formerly dominated by small farming, the diversion of land and crops to produce bio-fuels, and widespread speculation in food and other commodities. In its latest World Economic Outlook, issued this week, the International Monetary Fund stated that because of the losses hitting financial markets, investors were pulling funds out of financial assets to buy metals, oil and food staples.

In Sri Lanka, the situation has been exacerbated by huge increases in military spending after the government of President

Mahinda Rajapakse plunged the island back to war in 2006. Around 167 billion rupees (\$US1.5 billion) has been allocated for defence expenditure this year, a 20 percent increase from the budget presented last November. To pay for the war, the government has increased taxes, borrowed at high interest rates and run the printing presses. All of these measures have pushed prices higher.

WSWS correspondents spoke to workers, students and youth about the increasing cost of living. They expressed deep discontent and hostility toward Rajapakse's government for imposing the burden on ordinary people.

Plantation workers are among the worst affected. Most of them still live in very small line rooms built during British colonial rule and are not provided with even basic facilities. Now their families have started to skip one meal a day.

Subramaniam from Strathdon Plantations in Hatton said: "Under Rajapakse, prices have increased three-fold. We went on strike in December 2006, demanding the doubling of our daily wage to 300 rupees (\$US 2.7). At that time, one kilogram of flour cost 22 rupees, a kilo of rice was 25 rupees, one litre of kerosene oil was 32 rupees, and a coconut cost 12 rupees. See the change now! These prices are now 75, 80, 80 and 45 rupees respectively.

"This government is spending millions of rupees on war every day. If the war were stopped, a lot of the problem would be solved. I know that the prices of oil and flour are increasing on the world market. But when there is a 5-rupee increase globally, we get a 10-rupee increase. Workers want to fight against this oppression and improve their living standards but there's no leadership."

Jatheesan, 48, a father of four children from the Panmoor Estate at Hatton, said: "I just can't imagine my family's future under this unbearable cost of living. These days we don't have three meals a day like we did before. If growing children don't get proper meals they become sick, and I can't work without proper meals continuously. If we become sick, there are no medical facilities available. We have to travel to another estate, which is six kilometres away.

"Trade union leaders speak and give interviews to the media, claiming that the plantation sector welfare system has improved very much, but it has gone from bad to worse. We get only 200 rupees per day. Very rarely do we get the attendance allowance of 120 rupees—unless you work for 25 days you don't get it.

Just imagine what you can buy for 200 rupees a day for a family.”

S. Kaliammah, a retired female worker, explained that a 400-gram packet of milk powder now sold for 275 rupees, up from 190 rupees in January. Plantation families were compelled to dilute the milk powder with more water. She showed us the conditions inside a line room, built in 1912. It had no proper water facilities and no toilet. “We haven’t seen any improvement in living standards during our lifetime, other than it is getting worse,” she said.

Workers in the free trade zones are faring little better. About 50,000 workers, mostly female, are employed in the Katunayake Export Processing Zone. Fear has spread that the US economic slowdown will impact on their jobs because the US is the largest market for Sri Lankan garment exports. Workers at two Jaqalanka factories did not receive their full salaries in January and the two operations closed down in early February, throwing about 1,400 people out of work.

Nishanthi, a young female employee of the US-owned Smart Garment, told us: “I have been working for one year. When I started, my basic salary was 6,200 rupees (\$US59) per month. As a result of a strike last December, we gained a 1,500-rupee increase. If we do overtime we can earn some more, but then our working hours lengthen to 12 hours. Our attendance allowance is cut if we take leave.

“I share my house rent of 2,000 rupees [a month] with another colleague. For cooking we use kerosene oil, the price of which has gone up several times last year and this year. Prices of rice, soap, biscuits, milk powder, clothes and other things have gone up by two- to three-fold compared to a year ago. We can’t have a proper meal.

“We have had to stop consuming many things, including milk powder. We can’t buy clothes as we did earlier. With difficulty, I deposit 1,000 rupees in a bank account for my child every month, but we can’t think about the future.

“I voted for the present government, hoping it would do something for the poor. The Sri Lanka Freedom Party [SLFP—the main partner in the ruling coalition] and the United National Party [UNP] have ruled the country successively but nothing has been done for the poor.

“I agree that the war is contributing to the increased prices for essentials. And there is no economic development that we can feel. The war must be stopped—its victims are poor people. We can’t even travel by bus due to fear of the war. What we need is a peaceful society that has affordable prices for the working people.”

L.S. De Soyza, a railway worker from the Ratmalana Industrial Zone on the outskirts of Colombo, said his take home pay was 7,000 rupees monthly, after deductions for loan repayments. He has three children, only two of whom are employed. He pays 800 rupees for rent, 1,000 rupees for electricity and 1,200 for the telephone bill.

“I have debts of hundreds of thousands of rupees to banks

because I use credit cards and overdrafts to bridge my family’s monthly expenditure. The better part of my salary goes for food. Not enough is left to cover other expenses such as transport and clothing.”

Soyza said that while the government insisted price increases were due only to world market changes, the prices of locally produced food items were also going up.

He explained: “I am not a supporter of the war. There are so many injustices happening to the Tamil people. They are denied jobs and management positions. This ethnic issue cannot be solved through war. I think the government is fooling the Sinhala masses by promising a victory.”

Soyza is disgusted with the trade union leaders in the government-owned railway service. “Some leaders say they are trying to get wage increases. But others such as the JVP [Peoples Liberation Front, a Sinhala chauvinist party] leaders are supporting the government and praising it for launching the war. I do not see any of the old parties fighting to improve the living and social conditions of working people.”

Indika, a final year art student at Colombo University, said students were struggling to cope up with rising prices.

“I have to spend 30 rupees per day for travelling. I take breakfast and lunch from the university canteen because it is given at a subsidised rate. For those two meals I now have to pay about 50 rupees. In 2005, a plate of rice and curry, with two or three vegetables, and fish, meat or egg, was 13 rupees. Now it is 25 rupees. They are going to increase it to 30 rupees. It is still not a good meal and the quantity is not enough.

For stationery and photocopying I have to spend at least 1,000 rupees per month. Poor students like me receive 2,500 rupees [a month] as financial assistance but that is not even enough to cover essential expenditure. Many students are forced to do part-time jobs and we have no time or money even to see a film.”



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