Sri Lankan unions accept budget cuts

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The Sri Lankan trade unions have accepted the austerity budget delivered by President Mahinda Rajapakse on November 22 and abandoned even their limited wage claims. As required by the International Monetary Fund (IMF), Rajapakse slashed the budget deficit from 8 percent to 6.8 percent —the biggest cut in 19 years. He did so by maintaining a freeze on public sector salaries, imposing tax increases on essential goods and services, and further cutting price subsidies.

The unions had made pay demands just before the budget as part of their efforts to contain the growing anger within the working class over the government's relentless attacks on living conditions. By freezing wages while driving up the cost of living, the budget has deepened the social crisis that has only worsened since the end of the protracted communal war against the Liberation Tigers of Tamil Eelam (LTTE) last year.

The National Trade Union Centre (NTUC), affiliated to the Janatha Vimukthi Peramuna (JVP), presented a budget proposal for an 8,000-rupee ($US71) increase in monthly salaries for public and private sector workers. Later the NTUC revised the proposal to 9,000 rupees, saying inflation was rapidly rising.

The Trade Union Confederation (TUC), a public sector union grouping, called for a 2,500-rupee monthly increase. This was nothing but an appeal to Rajapakse to fulfil his promise during the presidential election in January to increase public and private sector salaries by 2,500 rupees.

Rajapakse, however, flatly rejected both proposals. In the budget he announced increases in allowances that amount to about 1,000 rupees extra per month for public sector workers. He made no request for the private sector to grant any increase.

During the budget debate, Labour Minister Gamini Lokuge falsely declared that private sector salaries had already increased by 20 percent recently. In reality, the minimum wage was only raised by this amount for new recruits. The increase amounts to around 1,150 rupees a month (the base salary for new private sector recruits is only 5,750 rupees a month). Even this increase will be delayed until next September for garment workers and until July for others.

Rajapakse's rejection of the wage claims exposed the illusion spread by the unions that the government could be pressured into granting concessions. Just before the budget, NTUC president K.D. Lalkantha declared that if the government was unable to provide a substantial pay hike, a general strike was inevitable. Lalkantha was not threatening to organise a general strike, but was warning the government that a social explosion was in the making.

After the budget, Lalkantha soon made clear that the NTUC would not initiate any struggle at all. He told a November 25 press conference: "[I]f the employees of the private and the public sector are ready to resort to a general strike, we are ready to give the leadership with the support of the trade unions affiliated to the JSS (the Jathika Sevaka Sangamaya, controlled by the right-wing opposition United National Party, or UNP)."

When the WSWS contacted NTUC convener Samantha Koralearachchi last week, he attempted to save face. "The government has cheated the workers," he said. "However, we have decided to give a little time (to the government) as the budget debate is going on. We will discuss action after that." He did not elaborate what the "action" would be.

TUC leader Saman Ratnapriya made similar remarks when questioned by the WSWS. He added: "We are discussing the issue. But there is no any decision yet on what to do and when." The trade unions controlled by the ex-radicals of the Nava Sama Samaja Party (NSSP) are

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collaborating with this trade union front. United Workers Federation leader Linus Jayathilaka said they would meet with the TUC and other unions during the next week and decide what action to take.

The government has frozen wages since 2006, first demanding that workers sacrifice for the war effort against the LTTE. When wage struggles nevertheless erupted, Rajapakse accused workers of assisting the LTTE, and the unions quickly called off all industrial action.

After defeating the LTTE, the government had to obtain a $2.6 billion loan from the IMF to avert a foreign exchange crisis. In return, the government pledged to implement austerity measures, slashing government expenditure while making concessions to big business and foreign investors.

The unions, including those associated with the opposition JVP and UNP, have continued to block any industrial and political campaign against the Rajapakse government. In November last year, the JVP and UNP unions were compelled to call limited strikes of oil, power, port and water workers amid rising discontent. As soon as Rajapakse banned the industrial action under the wartime emergency laws that remain in force, the unions immediately shut down the campaign.

Anger is growing among workers against both the government and the unions. This week, the WSWS spoke to a cross-section of workers.

Sivaram, a tea plantation worker from Ragala in Nuwara-Eliya district, said: “Like others, I hoped that people would benefit after the war. But the prices of essentials have gone up, while our salaries are lagging. What can we do with a salary of 285 rupees per day? The trade union leaders and management claim that we get 405 rupees per day after [last year’s] collective agreement. To get that, we would have to do more than 24 days [a month]. Which estate offers 24 days’ work?”

Sivaram was referring to the agreement imposed last year by the Ceylon Workers Congress (CWC), which is part of the government’s ruling coalition, along with several other unions. “The opposition trade unions said that they were against the agreement and called on workers to rally behind their unions. Now almost all of them are with the government. Union leaders claimed they joined the government to help us. I don’t see any benefit for us, but they are receiving many benefits,” he said.

Commenting on the budget, which dramatically lowered business taxes, a female school teacher said: “Even before the budget speech, the president said he couldn’t grant a pay hike because the government had planned development projects. This is a pro-rich budget. All the concessions are for them and all the burdens are for the poor. Look at the tax concessions that the super rich received!”

Asked about the unions, she said: “Our union (the Ceylon Teachers Union) called on us to lobby the Colombo Zonal education office to demand our salary arrears. The director told us there were no allocations from the central government. Now the union is silent.”

A Balapitiya government hospital worker in southern Galle district commented: “My monthly salary is 11,700 rupees. I have two children and they are unemployed. How can I manage a family on this meagre sum? Many of my colleagues are living with severe difficulties. Workers thought that the government would grant what it promised during the election. The allowance that has been offered is to cheat us. There is no point of talking about unions. They don’t fight for us.”

A retired public employee expressed his anger. “We have been given only a pittance of 300 rupees,” he said. “It is a cynical disgrace for us. Many people have told me that we were foolish to vote for this government. Why have they increased defence expenditure heavily after ending the war?” He suggested that the real reason was to deal with working class discontent. “It seems that the government is preparing to face big struggles,” he said.

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