

Sri Lankan president's bogus wage increase for plantation workers

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On January 14, President Gotabhaya Rajapakse's office issued a media release declaring that the president wanted the minimum daily wage of tea plantation workers increased to 1,000 rupees (\$US5.50), starting on March 1.

The announcement was immediately hailed by Ceylon Workers Congress (CWC) leader Arumugam Thondaman, a cabinet minister in the new government, who claimed that it fulfilled a promise made by Rajapakse during last year's presidential elections.

Rajapakse's announcement is a patent fraud. The president and his Sri Lanka Podujana Peramuna (SLPP) minority government, who are preparing a snap general election sometime in April, are sitting on a social time bomb, with rising working-class opposition over low wages and the high cost of essential items. Key sections of the working class, including the tea plantation workers, have been involved in a series of wage struggles over the past 18 months.

Rajapakse's pay proposal is a crude attempt to diffuse the mounting anger of plantation workers over wages and win their votes in the forthcoming election. He hopes to win a two-thirds parliamentary majority for the SLPP and push through legislation to establish authoritarian methods of rule.

Rajapakse declared last November that if elected he would ensure that plantation workers' daily wage would be lifted to 1,000 rupees. While he hoped this would win him plantation workers' votes, Rajapakse only secured 36 percent of the votes in the Nuwara Eliya district where large numbers of plantation workers live.

Estate workers—the majority of them Tamil-speaking—are hostile to Rajapakse and fully aware of his brutal role as former President Mahinda Rajapakse's defence secretary during the bloody war against the separatist Liberation Tigers of Tamil Eelam. Plantation workers, particularly youth, were subjected to systematic state victimisation during this period.

Rajapakse's proposed increase comes nowhere near plantation workers' demands during their indefinite national strike in December 2018. They wanted their 500-rupee basic wage doubled to 1,000 rupees, with additional increases in pensions and other benefits.

The CWC and other plantation unions betrayed the strike, calling it off after 11 days and then signing a collective agreement in January 2019 that increased the daily basic wage by just 200 rupees, which along with additional allowances, took it to 750 rupees. The plantation companies also included their obligatory monthly payment to the Employees Provident Fund, to falsely claim that the daily wage of the plantation worker was increased to 855 rupees.

Using this bogus figure, the media is falsely reporting that Rajapakse's 1,000-rupee daily wage involves a 145-rupee or 17 percent increase on the "current 855-rupee daily wage."

Sri Lanka's 22 major plantation companies, and the Ceylon Employers' Federation (CEF) which represents them, immediately opposed the new pay proposal. This would cost nearly 6 billion rupees annually, the CEF claimed, and have a "disastrous impact" on the "unprofitable" tea industry.

However, after separate discussions last week with the Sri Lankan President's Secretary P.B. Jayasundara and Plantation Industries Minister Dr. Ramesh Pathirana, the CEF agreed to come up with an "alternative" pay rise model.

On Sunday, CEF plantation sector chairman Roshan Rajadurai told a meeting that "no decision" had been taken on the pay issue but that if a "productivity-based system" was implemented workers could earn "more than a 1,000 rupees a day." The "productivity-based system" is part of the tea industry's demands for expansion of its "revenue sharing model," which the unions endorsed in last year's pay deal.

Under this scheme, plots of around 1,000 or more tea bushes are allocated to a worker and his family to maintain and harvest. Workers' hard-won social gains, such as pensions and other benefits, are eliminated. The worker and his family are paid a portion of the income from the tea bushes, after the companies deduct their costs and profit margin. Workers have rejected this exploitative, cost-cutting system in several estates where it has been implemented.

Some companies have also started introducing digital identity cards and electronic weighing machines to drive up production. Last year, 10 days after Rajapakse was elected president, almost 5,000 plantation workers from the Up-Cot area near Hatton went on strike against these methods. The strike action was betrayed by the trade unions.

Sri Lankan plantation workers face an international chain of capitalist exploiters. Plantation companies constantly demand higher productivity and lower production costs in order to compete with other tea-exporting countries, such as Kenya and India, in the world market.

Claims by Sri Lankan plantation companies that they are running at a loss are false. Many companies gain windfall profits because they also operate as tea auctioneers and exporting businesses. In 2018, for example, the average auction price of tea was about 580 rupees a kilogram, while the export price was 850 rupees.

While plantation workers are paid a pittance, senior tea industry directors receive massive salaries. In 2017, for example, the annual remuneration of the three executive directors of Kelani Valley Plantation was 35 million rupees (about \$US200,000) (see: "Sri Lankan plantation companies reap huge profits while attacking workers' wages and conditions").

At the same time multi-national corporations such as Unilever, which control the international tea market, earn huge profits after buying from the client export companies in the tea-producing countries.

Along with the CWC, other plantation unions have endorsed Rajapakse's so-called pay rise proposal. The "1,000 movement," which was initiated by the Frontline Socialist Party and other pseudo-left groups, are also promoting the president's bogus pay rise proposal as good coin.

Chinthaka Rajapakse, a spokesman for the "1,000 movement," offered the organisation's support, telling the media that "if the government is serious not only about increasing daily wages of workers but also ensuring

that the tea industry will be stable in the long run, it has to make a number of interventions."

In other words, workers can win their demands and improve their living standards only if the government intervenes to ensure and maintain industry stability. This is impossible under the capitalist system in which profits are extracted from the labour of the working class.

Like all other corporations, the tea industry fights to maximise its profits and maintain its market share in competition against its global rivals. The most successful companies are those that ruthlessly drive down all labour costs, including wages and other hard-won benefits (see: "How giant tea companies exploit Kenyan plantation workers").

Underpinning all the official propaganda about Rajapakse's wage proposal are long-held preparations for a major restructuring of the Sri Lankan tea industry to drive up productivity and unleash a full scale assault on plantation workers' wages and conditions.

Workers can only confront and defeat this attack by mobilising independently of the trade unions and in unity with their class brothers and sisters around the world on the basis of a socialist and internationalist program.

The Socialist Equality Party (SEP) is the only organisation that advocates this perspective. It fought for this during the plantation workers wage strike in December 2018, calling on workers to build their own action committees independent of the trade unions. Abbotsleigh Estate workers powerfully responded and established an action committee during the national strike.

The SEP urges plantation workers and other sections of the working class to establish their own action committees in preparation for the future struggles that lie ahead.

The author also recommends:

Tea plantation workers need a global strategy
[1 May 2019]

The international significance of the Sri Lankan plantation workers' strike
[17 December 2018]



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