Sri Lankan government proposes tiny wage rise to deflect plantation workers’ unrest

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On February 8, a Sri Lanka wage board approved an utterly inadequate wage rise for estate workers proposed by the Rajapakse government in collaboration with the plantation unions. It consists of an increase in the daily wage to 1,000 rupees ($US5.09), comprising a 900-rupee basic wage and a 100-rupee allowance.

While union and labor ministry representatives, who hold a majority on the board, voted for the proposal, the Employers’ Federation of Ceylon (EFC), Sri Lanka Tea Factory Owner’s Association (SLTFOA) and the Regional Plantation Companies (RPCs) voted against the tiny increase.

The Ceylon Workers’ Congress (CWC), which is part of the Rajapakse government, the National Union of Workers (NUW), Democratic Workers Congress (DWC), Upcountry People’s Front (UPF) and the Lanka Jathika Estate Workers Union (LJEWU) all participated in the wage board meeting.

While the board’s decision is pending because of the objections of the plantation companies, the labour commissioner told the media that the wage increase will be gazetted because it was a government-determined proposal. The commissioner, however, is due to hold another discussion with the plantation company representatives on March 1.

The Rajapakse government made the proposal, not out of any sympathy for the low-paid workers but to defuse growing opposition over the surging cost of living and growing poverty.

The government fears that a major pay fight in the estates will draw in broader layers of the working class facing similar attacks. Sporadic strikes and protests over low pay and increased workloads continue to erupt in the plantations (see: “Eight Sri Lankan plantation workers arrested in company-police attack”).

On February 5, around 200,000 estate workers participated in a one-day national strike. The walkout won broad support from teachers in estate schools and small traders in the plantation districts.

The plantation unions have hailed the wage board’s pay rise decision as a ‘victory.’ This is a lie. CWC leader Jeevan Thondaman, who is currently Rajapakse’s minister of estate infrastructure, along with other estate union leaders who have served in previous governments, serve the interests of the plantation owners.

The unions’ initial demand of a 1,000-rupee basic daily wage, which was first made in 2015, is grossly inadequate due to sharp increases in the cost of living. In comparison with 2015 figures, the real wage of agricultural workers, according to the Central Bank data in 2019, has dropped by about 16 percent.

While plantation workers have participated in numerous strikes and protests since 2015 to demand a 1,000-rupee basic daily wage, these struggles have been consistently betrayed by the unions. In December 2018, hundreds of thousands workers went on strike for 11 days over this demand. The unions, led by the CWC, sold out the strike agreeing to a 700-rupee daily wage.

Many estate workers have voiced their anger and concerns about the latest proposed pay increase.

As one female worker Ushananthini, from Gartmore Estate in Maskeliya told the WSWS: “The cost of living has increased terribly since we first asked for a 1,000-rupee wage. Even if we were paid 1,500 rupees per day it would not be enough to meet ends. And if we do get a small wage increase, they [the companies] will use it to increase our workload. According to some news reports, the companies want to reduce our working days to just 13 a month.

“We will not accept it and even if it the increase is implemented we will oppose it. I’m an NUW member but all the trade unions are useless. They only come to see us during the election time and that's to get our vote with false promises."

The Rajapakse government with the assistance of the unions wants to "restructure" the Sri Lankan plantation industry, including by dismantling some estates and diverting tea production into more commercial crops.

Plans are also being prepared to further develop the tourist industry and boost garment production using cheap labor. This so-called restructuring will see further attacks on jobs and social rights. While specific details have not been released, future plans along these lines were indicated in last November's annual budget.

The Regional Plantation Companies (RPC) have consistently and vehemently opposed the latest wage increase proposal. According to Planters' Association (PA) spokesman Roshan Rajadurai, almost 200 objections to the increase have been filed by RPCs, small holders, factory owners and others.

Instead, the RPCs are proposing two wage formulas, both based on driving up productivity. The first, a so-called revenue-share system, is for workers to be given a plot of land with a certain number of tea bushes and provided with fertiliser and agro-chemicals. Workers must maintain the bushes and harvest the leaves. They would receive an income from the sale of the leaves, following the deduction of expenses for the fertiliser and other supplies provided by the plantation companies.

The other RPC proposal is for plantation employees to work three days for a 1,000-rupee daily wage and for three days at 50 rupees per kilo of plucked tea leaves, or 125 rupees per kilo of extracted rubber milk (in the rubber plantations).

Opposing the wage board's latest pay rise proposal, PA spokesperson Rajadurai declared that the payment of 1,000 rupees was "unsustainable" and claimed that the industry had "no capacity to earn the additional 12.5 billion [rupees] needed" to pay for the increase.

If the RPCs were compelled to accept the new wage proposal, he added, "we will cut the coat according to the cloth, and if we cannot fertilise we won't… [and] a vast majority of people will suffer eventually."

In other words, thousands of workers will lose their jobs and those that remain will face increased workloads, longer workdays and the abolition of the limited social rights won in previous struggles.

In fact, the RPCs, with government and union support, have already implemented the revenue-share system in some estates, as well as increasing workloads and cutting wages in others.

While the RPCs claim that a higher wages increase would drive up the cost of production, export earnings by tea and rubber companies increased during 2020 despite the impact of the COVID-19 pandemic.

According to the January export development board report, tea export income increased by 6.78 percent in comparison to 2019 while rubber and rubber finished product export income increased by 6.22 percent in the same period.

Plantation companies in Sri Lanka maintain a network of brokers and export companies in their own right or through joint ventures with giant multinationals, such as Unilever and Tetley, which manipulate world market prices in order to maximise profits.

Wherever they happen to live, plantation workers are among the lowest paid and most heavily exploited workers in the world.