

# Oppose Sri Lankan government's privatisation of state enterprises! Build workers' action committees to fight for jobs and wages!

**Socialist Equality Party (Sri Lanka)**  
**28 May 2023**

The Sri Lankan cabinet has approved a “reform policy” of state-owned enterprises (SOE) presented by the President Ranil Wickremesinghe, aimed at the privatisation or “commercialisation” of hundreds of state entities.

The sweeping restructuring of SOEs, which will devastate large sections of the working class, is one of the International Monetary Fund's (IMF) austerity demands to be implemented in the next six months in return for a \$US3 billion bailout loan.

Under the plan, the government is putting 430 SOEs on the chopping block, including 39 corporations, 218 companies along with 21 regional plantation companies and 173 statutory boards. Some of the enterprises will be sold to foreign or local investors, others will be merged, restructured or completely closed.

Minister Bandula Gunawardena told the media on May 17: “The aim of the policy is to transform [the SOEs]... to make them market oriented... [with] a cost-reflective policy” so as not to be a burden on the country and the budget. The aim of restructuring is to “create an environment... to draw domestic and foreign investments”.

More than half a million workers employed in these enterprises will be affected. Tens of thousands will lose their jobs and those who remain will face the slashing of wages, pension and working conditions and increased workloads. Millions of family members depend on these workers.

Moreover, the “cost effective policy” will mean the price of all goods and services will be determined so as to maximise profit, imposing further heavy burdens on workers and poor who are already suffering from hyperinflation and severe shortages.

At least 500,000 workers have lost their jobs, the proportion of people in poverty has risen from 13.1 percent in 2019 to 25.6 percent in 2022, and at least 32 percent of Sri Lankans now suffer hunger or near starvation. This severe social crisis is now set to worsen.

Key sectors such as the ports, electricity, petroleum, telecom, water supply and the drainage board, insurance and state-owned banks are among those targeted. About 150,000 impoverished workers in the 21 regional plantation companies are among those who will be hit.

Almost all these enterprises were established by the governments in Sri Lanka during the 1960s and 1970s as part of the policy of national economic regulation and import substitution and in response to workers' struggles against the exploitative conditions in privately-owned foreign and local companies.

As a result of their struggles, workers gained a degree of job security and improved wages and working conditions in some institutions. These gains have been substantially eroded over the past four decades as successive governments carried out extensive pro-market reforms including privatisations. Now the remaining SOEs will be sold off in a fire sale or restructured into profit-making bodies in preparation for privatisation.

Public education and health services remain but have been starved of funds and staff, while private operators have been allowed into these sectors. The IMF's demands include the further slashing of public education and health and the promotion of private investors.

The government and the capitalist media blame workers for the losses in state ventures, claiming it to be the result of excess labour, excessive wages and overtime work, and subsidised prices for consumers.

These are blatant lies. The IMF's devastating austerity measures being implemented by the government, with the support of all opposition parties, are a direct consequence of the deepening crisis of global capitalism that result in last year's loan default. International finance capital and the Sri Lankan ruling class are determined to impose the full burden on working people.

Yet the trade unions have said nothing about the privatisation plans announced last week. This is not accidental. The union apparatuses defend capitalism, covertly or overtly support the IMF austerity and act as an industrial police for the government and big business to contain and suppress the class struggle.

However, workers will not tolerate these attacks and will come into fight to defend jobs, wages and working conditions. They need to politically prepare.

The Socialist Equality Party (SEP) urges workers employed in these state enterprises to form action committees in their workplaces and neighbourhoods, independent of trade unions and all capitalist parties, to vigorously fight the restructuring plans. You cannot place any faith in the trade unions to save your jobs, wages, pensions and other rights.

The working class can only stop the savage austerity measures by mobilising its independent political and industrial strength to bring down the Wickremesinghe regime. The SEP calls for the building of a Democratic and Socialist Congress of Workers and Rural Masses based on delegates democratically elected from action committees to

advance this struggle.

The experiences of workers over the past few months demonstrate the urgency of these tasks.

A number of trade unions in the state sector called one-day protests that included strikes and demonstrations on March 1 and 15 as the opposition of workers developed against the government's austerity plans.

On March 1 actions were called by trade unions of professionals such as the Government Medical Officers Association (GMOA), the Federation of University Teachers Association (FUTA) and unions of health and electricity employees.

The March 15 walkout was organized by the Trade Union Coordination Centre (TUCC), a large collective of unions mainly controlled by the opposition Janatha Vimukthi Peramuna (JVP).

In both cases, the union bureaucracies deliberately limited the strikes and protests to the demand for changes to the new Pay-As-You-Earn income tax on workers' salaries. Not a single union opposed the far broader IMF's austerity agenda.

In fact, the GMOA, FUTA and other professionals' unions met with the IMF officials who were in Colombo in March. Last week a visiting IMF team again met with the trade unions behind the backs of workers.

Krishna Srinivasan, the IMF's Asia and Pacific director, told a media conference: "There is a broader recognition [including among union leaders] that the country was in crisis, ambitious reforms were needed, are needed, and they should be pursued in a way, in a comprehensive way".

The trade unions propagate the dangerous illusion that broad popular pressure will force the government to pull back from its austerity. Pseudo-left groups such as the Frontline Socialist Party and United Socialist Party back the trade unions and their treacherous role.

All of them defend capitalism and are just as fearful as the ruling class that the developing class struggles will develop into a revolutionary confrontation with the Wickremesinghe regime and threaten bourgeois rule as a whole.

What was the outcome of last year's mass uprising against the regime of President Gotabhaya Rajapakse? The trade unions backed by the FSP subordinated the popular movement to the call by capitalist opposition parties—the Samagi Jana Balawegaya (SJB) and JVP—for an interim government.

The unions and fake left were bitterly opposed to the SEP's campaign for the independent mobilisation of the working class, with the backing of rural poor, on a socialist program to fight against the government austerity.

As a result of the treachery of the trade unions, after Rajapakse's ouster, the ruling class was able to install the right-wing Ranil Wickremesinghe, who lacks any significant popular support, as president through an anti-democratic vote in parliament.

Wickremesinghe, has ruthlessly implemented the IMF's demands and resorted to police repression against any opposition. He has used essential service regulations to criminalise industrial action in key state sectors, including electricity, petroleum and the health service.

The government deployed thousands of troops and police to break up strikes by Ceylon Petroleum Corporation (CPC) workers against privatisation on March 28 and 20. Union leaders and workers have been sent on compulsory leave, yet the trade unions have not lifted a finger in opposition.

President Wickremesinghe repeated his mantra on May 21 at a public function: "The IMF has imposed tough conditions on us.

However, we have no other options." The opposition parties, the trade unions and the pseudo-left groups all agree on this fundamental point.

It is true that within the profit system, there is no alternative, which is why the working class needs to turn to a socialist perspective and fight to defend their rights on that basis. In calling on workers to establish independent action committees, the SEP has also advanced a series of demands around which they can fight:

\* No to privatisation or commercialisation or closures!

\* No to job, wage and pension cuts!

The demands must be part of broader struggle against IMF austerity policies and every attempt to impose the burden of the capitalist crisis on working people.

We say:

\* Nationalise all big companies, plantations and banks and all state-owned enterprises under democratic control of workers!

\* Repudiate all foreign debts for which the workers and poor are not responsible!

To defend democratic rights, the SEP calls for:

Abolish the widely hated executive presidency and repeal of all repressive laws, including the Prevention of Terrorism Act and Essential Services Act!

There is no reformist and nationalist solution to the unprecedented economic crisis in Sri Lanka which is an expression of the global breakdown of capitalism. The class struggles to defend basic social and democratic rights directly confront the profit system and the bourgeois state which protects the interests of the wealthy few.

This poses the challenge before the working class of overthrowing capitalist rule and establishing a workers' and peasants' government as part of a broader fight for socialism in Asia and internationally.

Building a Democratic and Socialist Congress of Workers and Rural Masses, based on delegates of action committees of workers and rural masses, is the way forward in advancing this struggle.

Internationally, working-class struggles are rapidly developing in country after country. In France, millions of workers have fought for months against the government's deep cuts to pensions. In the US and UK, workers are engaged in bitter fights to defend jobs, wages and working conditions. And as in Sri Lanka, workers in these countries face the treachery of unions.

The re-emergence of the class struggle internationally has already led to the emergence of independent action committees in a number of countries. It has created the conditions for the unity of Sri Lankan workers with their class brothers and sisters internationally by coordinating their action committees with the International Workers Alliance of Rank-and-File Committees, initiated by the International Committee of the Fourth International.

We urge workers and youth to join the SEP in order to fight for this program.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**