Reject management-union privatisation and job destruction program at Sri Lanka Insurance Corporation

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The Wickremesinghe government, in line with International Monetary Fund (IMF) dictates and with the crucial assistance of the unions, has placed the Sri Lanka Insurance Corporation (SLIC) and other state-owned enterprises on its privatisation-job destruction chopping block. The SLIC employs over 2,390 workers and currently registers about 12,000 million rupees ($US37.5 million) in annual profit.

On June 16 and 17, SLIC management and trade union leaders met to negotiate a voluntary retirement scheme (VRT) at a training institute owned by the MAS conglomerate at Thulhiriya, about 70 kilometres from Colombo.

After wine and dine sessions, the union bureaucrats agreed to management's VRS plan that will retrench at least half of the corporation's employees, in exchange for a meagre compensation. The scheme is the first step towards privatisation of the institution.

Those involved included officials from the Sri Lanka Freedom Employees Union, the Samagi Employees Union, the National Employees Union, the Podujana Progressive Union, the Inter-Company Employees Union, and four other unions that claim to be independent.

The first five unions are controlled by the Sri Lanka Freedom Party (SLFP), the Samagi Jana Balavegaya (SJB) the United National Party (UNP), the Sri Lanka Podujana Peramuna (SLPP) and the Janatha Vimukthi Peramuna (JVP). Like the SLPP and UNP, which are part of the Wickremesinghe government, the opposition SJB, SLFP and JVP and their respective unions are committed to the IMF austerity measures.

The VRS formula has now been displayed on the digital screens at SLIC's head office in Colombo. Employees who have served five years or less, which includes 247 workers, will not be paid any compensation. Those who have worked there for longer have been divided into different categories, according to their period of employment. They will be paid compensation for the remaining years till they reach the retirement age of 60.

On July 12, leaders of these unions sent a letter to the SLIC chairman stating that they agreed in principle with the VRS plan. The letter, however, called on the corporation to give retrenched employees shares in the institution and an additional payment of a half-month's salary per year for the period they had worked.

The unions' appeal for an increased retrenchment payout is a cynical manoeuvre. The bureaucrats are simply asking for a slightly higher price for the destruction of jobs that they have no right to sell.

Even if the VRS payments are increased, the scheme will not assist SLIC employees as claimed by the trade unions. Retrenched SLIC workers will quickly face an intolerable economic situation, their payouts eroded by inflation and countless additional expenses created by Sri Lanka's unprecedented economic crisis and ongoing international debt repayments.

While the aforementioned union bureaucracies directly participated in the June 16 and 17 negotiations with SLIC management, some so-called independent unions, which have SLIC members, did not attend. None of these unions, however, have publicly opposed the VRS plan.

The Wickremesinghe government has earmarked about 430 state-owned enterprises for "restructure." Many will be sold to investors, with others deemed "unviable" to be shut down. Hundreds of thousands of jobs will be eliminated in the process.

In March, the Sri Lankan cabinet of ministers approved its plan to sell shares in seven state owned enterprises, including the SLIC. Three consultancy firms were appointed to expedite the divestment process with the international financial corporation Alvarez and Marsal Holdings appointed to conduct the "restructuring" at SLIC.

While preparing its restructuring plans, SLIC management moved to suppress any opposition from employees. It banned all trade union work, including holding meetings inside its Colombo headquarters. This was aimed against workers themselves.

SLIC management suddenly ordered all workers to sign on via a fingerprint machine, even when they were leaving the premises during lunch, a practice previously not observed.

Sri Lanka Insurance Workers Union general secretary Divakara Athugala was forcibly transferred from head office to a remote area. Management claimed that the union was using the institute's email for trade union work—previously not an issue at SLIC—and accused him of giving information to the *World Socialist Web Site*. Naomi Hettiarachchi, from the same union, was told she would be transferred to another area for using the institution's email address for union work.

On June 6, hundreds of employees protested in opposition to the forced transfers of Athugala and Hettiarachchi. Leaders of the 15 trade unions covering SLIC workers called on protesters to halt their action. They then held discussions with management, later telling Athugala and Hettiarachchi they should apologise if they wanted their punishment to be revoked.

Earlier this year, on February 15, hundreds of employees demonstrated in opposition to SLIC's new collective agreement. Management responded by issuing warning letters to about 50 militant workers for "rallying inside the institute."

None of the SLIC unions took any action against management's repressive actions, thus preparing the ground for the imposition of the VRS plan and the destruction of thousands of jobs.

The SLIC unions are not alone in refusing to mobilise workers against management attacks. The same political role is being played by all Sri Lankan unions.

Workers' opposition has been mounting in recent months to the government's savage social austerity measures, including privatisation. While the union bureaucracies have called limited protests, these actions are designed to dissipate workers' anger, while promoting false illusions that the government can be pressured to change course.

As one insurance worker angrily told *World Socialist Web Site* reporters: "There is no such thing as trade unions now in the insurance corporation. All of them are fraudsters. The true story is that all the union leaders are thieves, working according to the wishes of management."

The role of the union bureaucracies at the SLIC is an expression of the historic decay of all nationally based trade unions. This is a global process. The working class cannot defend its jobs, wages and conditions through organisations that have been transformed in every country into appendages of big business and governments. Like their counterparts internationally, the trade unions are offering their services to lower labour and production costs and boost profits to make their countries more globally competitive than their international rivals.

SLIC employees should reject the management-union redundancy plan, oppose privatisation and defend all jobs. To take forward this fight, SLIC workers should take matters into their own hands by forming action committees under their democratic control, and independent of the trade unions.

SLIC employees should turn to workers in other state-owned sectors fighting privatisation and prepare to mobilise their combined industrial strength, including through strike action. The Socialist Equality Party (SEP) will provide every assistance it can to establish such committees, which will pave the way for uniting with workers in other sectors as well as with our international class brothers and sisters.

The Wickremesinghe government's brutal measures can only be defeated in a political and industrial battle to bring down the government and to take forward the fight for a workers' and peasants' government to implement socialist policies.

The SEP urges SLIC employees to contact us and discuss this program.

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To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact