

Sri Lanka: Trade unions back government austerity budget

W.A. Sunil, K. Ratnayake
26 February 2025

Sri Lankan President Anura Kumara Dissanayake, the leader of the Janatha Vimukthi Peramuna (JVP)/National People's Power (NPP), presented a budget on February 17, imposing the savage austerity measures prescribed by the International Monetary Fund (IMF).

Far-reaching measures include restructuring state-owned enterprises (SOE) that will destroy the jobs of 500,000 workers, slash wages and increase workloads. A holding company will be established to commercialise SOEs—that is, transform them into profit-making bodies and create private-public partnership companies.

Another key austerity measure dictated by the IMF is to suppress the growth of wages as part of slashing the budget deficit. Dissanayake announced a small net monthly wage increase of 8,250 rupees (\$US28) for state employees on the lowest grade, which varies by small amounts for higher grades. The increases have been split into instalments over three years beginning in April.

The private sector salary increase for this year is 6,000 rupees, increasing the minimum monthly wage to 27,000 rupees. These increases are in fact a sharp decline of real wages.

A levy on 64 food items including rice was imposed in late December as part of boosting tax income. Customs duties of around 300-400 percent have been slapped on vehicle imports, as well as taxes on various alcoholic beverages and tobacco as pre-budget measures.

In addition, the government will establish further Special Industrial Zones—that is, cheap labour platforms—sponsored by the state and private companies. Five are scheduled to be completed this year and funds have been allocated for three more.

Predictably, the leaders of the JVP-controlled trade unions such as the Ceylon Teacher Services Union (CTSU) have declared the negligible wage hike as a "victory" for workers. They are MPs, ministers and deputy ministers in the JVP/NPP government.

Opposition party-led trade unions have lamented that the JVP/NPP government has broken its election promise for a "significant wage hike." They are all silent about government's privatisation moves that will destroy hundreds of thousands of

jobs and slash working conditions.

They are also quiet about Dissanayake's announcement that the government is taking these austerity measures in order to begin repaying foreign debts amounting to \$US6 billion annually from 2028.

Priyantha Patberiya, national organiser of the Samagi United Trade Union Alliance—a front of all unions controlled by the opposition Samagi Jana Balawegaya (SJB)—said the NPP government has broken its promises to increase public employee salaries and resolve wage disparities. Declaring the government has misled the people, he declared that the unions would not hesitate to take "professional actions." He did not say whether any so-called "professional actions" were planned.

The Ceylon Teachers' Union (CTU), while supporting the government, postures as independent. CTU president Priyantha Fernando criticised the government for "ignoring" their demands for a wage increase. "The budget has shattered public servants' hopes for a better future," he said.

The CTU, however, is directly responsible for the low wages for teachers. In 2021, the CTU, along with the CTSU-led front of teachers' and principals' unions, shut down a 100-day strike of 250,000 educators, accepting one third of its wage demand agreed by the government.

Ravi Kumudesh, leader of the Federation of Health Professionals (FHP), wrote to Health Minister Nalinda Jayatissa last week that health workers' monthly earnings will be reduced by the new changes to overtime rates, introduced alongside the salary increase. The payment rate for holiday work has also been reduced.

Kumudesh warned that if discussions with the minister were not fruitful the FHP would be compelled to take "professional actions."

Other state sector union bureaucrats have issued similar statements, combining mild criticisms of the inadequate wage rise with empty threats. None has criticised the government's devastating privatisation plans.

As the country's social crisis worsens, strikes and protests of state employees have erupted over wages, jobs and other issues from early 2023. On July 8-9 last year, around a million public sector workers—development officers, surveyors, village officers, state administrative office workers and Samurdhi Bank

employees, educators, postal workers, farm inspectors and some health workers—took strike action to demand higher salaries. Retired workers also took part.

Just weeks later, on July 29, top JVP leader K.D. Lal Kantha publicly declared JVP-controlled trade unions would not call any more strikes, because it would create public hostility and undermine the party's presidential election campaign. He even branded such action as "reactionary."

Since then, not only the JVP unions but other unions have stopped calling any industrial action to fight the ongoing assault on the social position of the working class. The reason is obvious. All the opposition parties and the trade unions back the vicious IMF austerity agenda and are determined to contain and suppress any opposition by workers.

The private sector trade union leaders are the same. The majority of workers, around 6.5 million, are working in private businesses. Most are not in unions. The Employers' Federation of Ceylon has announced a meagre increase in the minimum monthly wage of 6,000 rupees this year and another 3,000 next year.

Anton Marcus, General Secretary of the Free Trade Zones and General Services Employees Union, declared that workers had expected a "substantial wage increase" and warned it was challenging as to whether workers accept this increase. What Marcus thinks is "challenging" is whether he can prevent a major outbreak of unrest among millions of poorly-paid free trade zone workers.

In the plantations, Ceylon Workers Congress (CWC) and other unions praised Dissanayake for announcing a 1,700-rupee daily wage for plantation workers and urged him to pressure the companies to pay up. In reality, the figure is not new. Last year the plantation companies had already rejected the 1,700-rupee daily wage mandated by the previous government. In addition, they set higher workloads.

All the plantation union leaders have served as government ministers in the past and closely collaborate with companies in acting as industrial police. They have a long record of sabotaging and betraying strikes.

Workers should recall what all the trade unions—whether aligned with the JVP, SJB, fake-left Frontline Socialist Party or that pose as independent—did during the April-July 2022 mass uprising.

Amid intense pressure from workers, the unions were compelled to call two general strikes, limited to one day, on April 28 and May 6. Millions of workers joined in the strikes across ethnic lines. However, the union apparatuses diverted the anger of workers into the dead-end of parliament and support for the demand of the JVP/NPP and SJB for an interim capitalist government.

By blocking an independent movement of the working class, they paved the way for the discredited Sri Lanka Podujana Peramuna to install the pro-US, pro-IMF Ranil Wickremesinghe as president, who negotiated a \$3 billion IMF

loan with harsh austerity requirements.

Workers should draw the necessary conclusions. They cannot rely on the trade union bureaucracies, who are nothing but the industrial police for the capitalist JVP/NPP government and international finance capital.

- All workers, in the private and state sectors, need a wage increase to compensate for the erosion of real wages. It must be indexed to the cost of living! Pensioners must receive a similar increase!

- No to privatisation or any other pro-market restructuring of SOEs which inevitably destroy jobs and wages! Instead, workers should fight to put all SOEs under the democratic control of the working class!

- Repudiate all foreign debts! The repayments must be used instead for social welfare programs to end the poverty that afflicts millions and to expand the state education and health services.

There is no solution to the present social and economic crisis within the capitalist system or the national state. We urge workers to fight for socialist policies based on internationalism.

Workers must take matters into their own hands by organising democratically-elected action committees, independent from all capitalist parties and the trade unions in workplaces, plantations and neighbourhoods. There is no place for union bureaucrats or capitalist politicians in these action committees.

A united international response is necessary to fight against the IMF-instigated attacks. In many countries such as Kenya and Zimbabwe, workers are in continuous struggles against the savage IMF austerity agenda. These struggles must be linked to those of workers around the world, including in the imperialist centres.

The Socialist Equality Party (SEP) in Sri Lanka has campaigns to unite workers in Sri Lanka across ethnic lines and national barriers. Action committees established in Sri Lanka need to join the International Workers Alliance of Rank-and-File Committees (IWA-RFC) and build it as a co-ordinating centre for international struggles.

The SEP is calling for a Democratic and Socialist Congress of Workers and Rural Masses, based on elected delegates from action committees, to spearhead the struggle for a government of workers and peasants committed to socialist policies.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact