

# TOKEN STRIKE IN THE PLANTATIONS - THE AFTERMATH

**A**lmost the entire workforce in the plantations, both Sinhala and Tamil, with the exception of the small number belonging to the SLFP controlled Sri Lanka Nidahas Estate Workers Union, participated in the token strike from 22nd to 26th April 1996. Halfway through the strike, the Upcountry Peoples Front decided to pull out of the strike but most of its members disregarded this decision.

The main demand of the strikers was the payment of the balance Rs. 8/- due to them from July 1993. The Ministry of Plantations Industries denied that the workers were entitled to the wage increase while the privatised companies reiterated their position that they cannot afford any wage increases at present.

On the third day of the strike, the CWC took strong exception to a statement made by Minister of Plantations Industries Ratnasiri Wickramanayake that, if the unions persisted in strike action, there was a possibility of withdrawal of a welfare package put forward by him, including a wage increase of Rs 2.76 that would raise the present daily wage of Rs 72.24 to Rs 75/. This was construed by the CWC as a threat to the workers and their right to trade union action; as a protest they decided to move a vote of no confidence against the Plantations Minister in Parliament, with sections within the SLFP opposed to the Minister of Plantations Industries reportedly playing a prominent role in this move. Perhaps Minister Thondaman was aware that trade Union agitation alone, however effective, would not produce the desired result in the face of the intransigent attitude of the Ministry of Plantation Industries and the privatised companies on the one hand and a public opinion always antagonistic to the aspirations of the plantation workers on the other.

Minister Wickramanayake took up the position that this was a dispute between the unions and the plantation companies. He avoided getting involved in the dispute but, as Minister of Plantation Industries, attended a meeting the CWC leader Minister Thondaman had with the President where she wanted Minister Wickramanayake to negotiate with the companies. His role was merely that of a broker. He deplored the CWC's move to bring a vote of no confidence against him; while he was prepared to face the challenge, he questioned the propriety of this move which he described as a blatant violation of Cabinet responsibility.

The no confidence motion shifted the debate from a trade union dispute to a complex political issue, providing yet another opportunity to the press to highlight fissures within the Peoples Alliance and to continue their attacks on Minister Thondaman. However, the PA government with its wafer thin Parliamentary majority, could not but take note of this development.

It was against this background and with a view to defusing the crisis that the President met Minister Thondaman on 6th May 1996. Minister Thondaman stated that the meeting had taken place in an atmosphere of cordiality and that the President had promised to call another meeting in a week's time to discuss two crucial issues: the economic demands of the CWC and the differences between the CWC and the Plantations Industries Ministry. At the same time she had impressed on him the need for withdrawing the no confidence motion against Minister Wickramanayake.

The second meeting was held on 13th May at which both ministers were present. Just prior to the meeting the CWC had written to the Secretary General of Parliament asking him not to proceed with the no confidence motion for the time being.

## Independent Committee

**A**t this meeting, Minister Thondaman realised that neither the President nor the Minister of Plantation Industries were fully apprised of the discussions that took place between him and the government prior to privatisation. After apprising them of the understanding that payments would be made of Rs. 12/- in January 1993 and Rs. 8/- in July 1993, he suggested that an independent committee be appointed to go into all aspects of the case and submit a report within one month. This was agreed to and two members for the committee were identified at this meeting itself. Minister Thondaman's later request to include a nominee from the CWC on the Committee did not find acceptance with the President.

The members of the Committee, appointed on the next day i.e 14th May, were G. Weerakoon, Advisor, Ministry of Labour and Vocational Training as Chairman and H.P. Abeysekera, Member, Industrial Court Panel and T. Sambasivam, Retired Deputy Director General, Sri Lanka Tea Board as members. Their Terms of Reference were:

1. To ascertain the legal entitlement of a wage increase of Rs 8/ per day for workers of the state owned plantations ( 23 RPCs, JEDB and SLSPC),
2. To ascertain whether any or all of the 23 RPCs, the JEDB and the SLSPC are in a financial position to absorb a wage increase, if there is a legal entitlement,
3. To ascertain whether any of the existing wages boards are applicable to the workers in the state owned plantations,

4. To ascertain whether the workers of the state owned plantations are entitled for a cost of living allowance (COLA) and whether such allowance is justifiable,

Another term was later added on the request of the CWC:

5. To ascertain whether there is any record of any agreement to the effect that the cost of living allowance granted to the lower grades of employees in the public, local government and corporation sectors should be paid to the workers of the state owned plantations and whether the allowance in question should be extended to these workers.

## Committee's Report

The Committee's report, submitted on 19th June 1996, has not been made public. From reports in the press and inquiries from the CWC, it is understood that the Committee has dismissed the claim that the workers of the privatised companies had legal rights to a wage increase of Rs 8/. It had also reported that the plantation companies were not in a financial position to absorb any wage increases, that workers employed by these companies should be covered by the appropriate Wages Boards and were not entitled to a cost of living allowance. The Committee is also understood to have found no record of any agreement to the effect that the cost of living allowance granted to the lower grades of employees in the public, local government and corporation sector employees should be paid to plantation workers in privatised companies.

From all accounts it appears that the members of the Committee have missed the wood for the trees. They had failed to take into account the circumstances under which the wage increases of Rs.4/ in 1990 and Rs 12/ in 1993 were granted to the workers in the two state-owned plantation corporations that were privatised. At that time, there was a great deal of opposition to the government's proposal for privatisation; this was spearheaded by the entire plantation workforce and supported by sections of the SLFP leadership. To resolve this issue, the government had protracted negotiations with the CWC and agreement was eventually reached that the CWC would extend its cooperation to the privatisation programme on condition that there would be no change for the worse in wages and working conditions, that the ownership of line rooms would be vested in those presently occupying them and that 10% of the shares in the privatised companies would be distributed among the workers as was accepted practice.

Minister Thondaman was confident that the government would honour its undertaking and therefore ignored the demands of other plantation trade unions for a tripartite agreement between the unions, the private companies and the government before they agreed to privatisation.

After privatisation, private companies and the government went back on most of these undertakings. While they got substantial concessions from the government by way of waiver of export taxes etc. the companies failed to pay the balance Rs.8/ wage increase.

The CWC has raised strong objections to the findings of the Committee and its arguments. Among others, they had drawn attention to the omission of a vital sentence in a quotation from a cabinet paper submitted by the then Prime Minister on the subject of this wage increase. The Committee had this quotation:

It is recognised that there is a case to increase the cost of living allowance paid to the plantation workers and remove the present disparity. However, it is not possible to do this immediately in view of the present crisis faced by the plantation sector. It may be possible to do so over a period of three to four years if prices improved and the cost of production is reduced by increasing the productivity of the estates. At present the government is injecting monthly around Rs 400 million through the state banks to keep the two corporations afloat. In this background it is difficult to accommodate substantial increases of either allowances or wages.

The CWC has claimed that the following operative sentence at the end of this para has been omitted by the Committee:

**Notwithstanding this constraint it is felt that the relief granted to the public servants in the budget be extended to the workers in the two corporations.**

If this assertion is true, it would cast serious doubts on the objectivity and impartiality of the entire report and leave the impression that a document has been prepared to support the stand taken up by one minister against another. The manner in which the Committee has dismissed the circular issued by the Plantations Restructuring Unit to the private companies on this subject (quoted below) also tends to confirm this view.

## Prior Consultations

Prior to privatisation, there had been extensive consultations between the Treasury, Ministry of Public Administration and the Plantations Restructuring Unit on this subject. The outcome was a circular issued on 27th November 1992 to the Managing Agents of the privatised companies by the Chief Executive Officer of the Plantations Restructuring Unit that "labour should be granted a wage increase of Rs 12/ per day from January 1993 and a further Rs 8/ from July 1993 and the cost of living increase should be frozen from November 1st, 1992 i.e the October wages paid in early November will include the cost of living allowance but the November wages paid in December will not."

The fact that the cost of living allowance payable to the workers in the privatised companies was frozen from November 1992 and a wage increase of Rs 12/- was granted from January 1993, indicates a general understanding that the 1993 budgetary allowance of Rs 500/ for the lower grades in the public, local government and corporation sector employees would also be applicable to workers in the privatised plantation companies. Of course, this would have been more explicit if it had been embodied in a collective agreement as asked for by the majority of plantation trade unions.

It is reported that the companies had subsequently objected to the Rs 8/ payment on the plea that their finances were not in a position to bear this extra cost and that, in any case, being private sector enterprises they were not under any legal obligation to abide by government directives for wage increases. The Committee had endorsed this view of the plantation companies.

It is understood that the minimum wages of plantation workers outside the privatised companies computed in terms of the cost of living related index have increased by Rs 21.60 from 1.1.1993 to 1.6.1996. If the cost of living allowance for the workers in the privatised companies had not been frozen in November 1992, these workers would have been entitled to this increase and their daily wages on 1.6.1996 would have aggregated to Rs 81.84 and not Rs 72.24 (including the Rs 12/ granted in January 1993) which they were receiving in July 1996.

It is now nearly 3 months since the April strike was concluded. The workers have not received any benefits so far and they are restive. There is no way in which another strike could be launched immediately. In this situation, Minister Thondaman was apparently convinced that he cannot expect any fair deal from the government. He therefore had no alternative but to resume negotiations with the companies. He began by asking for a further increase of Rs. 10/- which was announced in the 1995 budget; this would have raised the minimum wage to Rs.90/-.

The private companies must be well aware that there is justification in the demand of the Union for a wage increase, especially after the recent announcement by the Commissioner of Labour that the Wages Board for the Tea Industry had announced a minimum wage of Rs. 80.52 from July 1996. With the recent increase in the prices there is also no longer any justification for denying this demand. This fortuitous combination of circumstances - and good sense on the part of the unions and the companies - has now led to an agreement for a wage increase of Rs 10.76 bringing the daily wages to Rs 83/ from 1.7.96. This is to be reviewed at the end of 1977.

This wage increase is to be part of a Collective Agreement to be concluded between the two major plantation trade unions i.e the CWC and the LJEWU and the privatised companies. It is to include, besides wages, provision for life insurance and health schemes, mobility of labour, a price-wage supplement etc. There would no doubt be widespread protests against Minister Thondaman's decision to delink wages from the cost of living index and freeze it till the end of 1997, particularly at a time when there are threats of runaway inflation. Much will depend on the terms of the proposed Collective Agreement and the attitude of the private companies to the plantation workers which has hitherto been frankly authoritarian and feudal.

The decision of the private companies to increase the wages of the plantation workers to Rs. 83/- even before the finalisation of a collective agreement may, if both parties seize the opportunity, mark the beginning of a new era of cooperation in place of the strife which has hitherto characterised the relationship between them. The initiative for this needs to be taken by the management of the plantation companies.

They should recognise in the first place that labour is not the only element in the cost of production or the most important as widely believed and that the present plight of the tea industry is due to inadequate investment for replanting old teas with high yielding clones. They need to adopt better agricultural practices, produce value added teas and above all undertake innovative marketing strategies in the competitive beverage market. Managements also need to grow out of their authoritarian attitudes towards the plantation workers and recognise that these workers represent human capital which needs to be nurtured.

The trade Unions can also play a major role in this new relationship by cooperating with the management in improving productivity and ensuring mobility where necessary.

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*There will never be a really free and enlightened state until the state comes to recognise the individual as a higher and independent power from which all its own power and authority are derived.*

*Henry David Thoreau*