

Election Bribes, Budget Reversals and Trade Unions

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Prime Minister Ranil Wickremesinghe managed to avert a major strike action, almost a general strike by several Trade Unions at the last minute by agreeing to reverse some budget proposals. The Sirisena-Wickremesinghe administration deserves a pass mark for averting a strike by a large number of public and private sector employees at this juncture, and an A* for getting itself into a situation which could have brought about a virtual general strike, after being in office for less than four months. Never before has a government faced the threat of being derailed after being in office for such a short period.

Election bribes in the run up to the Presidential elections included Health Care and Education allocations to be raised to 3% and 6% of GDP respectively which is to be applauded. Other key concessions promised were a monthly salary increase of Rs 10,000 for 1.3 million government servants, a monthly increase of Rs 1,000 for over half a million pensioners, a 200% increase in Samurdhi payments, a Rs 20,000 payment to pregnant mothers, 50% waiver on agricultural loans up to Rs 100,000, reduction of prices of in petrol, diesel, kerosene, gas and 13 food items, guaranteed price levels for paddy, potatoes, tea green leaf, rubber, fresh milk and concessions for city dwellers requiring relocation. Missing from the equation was the manner in which all these goodies were to be financed.

Now that both presidential and parliamentary elections are over, the 100 day program which lasted 221 days is history, and most of promised election bribes granted, it is payback time. It is time to balance the books. President Rajapaksa's offer of an electoral bribe of a salary hike of Rs 5,000 to every public servant was downright irresponsible. The promise to double the electoral bribe to Rs 10,000 by his opponent was doubly irresponsible. The key objective of both candidates was retention of the presidency by one and ascendency to the presidency by the other. Neither cared tuppence for the additional burden to the Treasury or how required funds to make good the promise would be found. The lack of foresight, vision and clarity of the manner in which the electoral bribe was announced and introduced caused public servants to demand that it now be added to their basic pay. Agreeing to this demand will result in the actual increase amounting to more than Rs 10,000 besides salary anomalies amongst some categories requiring further increases when addressing the issue. The increase of the vehicle emission tax which is payable annually from Rs 1,100 by 450% to Rs 5,000 makes one wonder about the sanity of those who prepared the budget. Did they honestly consider how they propose to sell such an increase to the public? Firstly, an annual increase in tax / levy of Rs 3,900 on vehicle owners applied across the board for small, medium and large vehicles alike, affecting a large percentage of the public was a non-starter. Secondly, a government needs to carefully evaluate their ability to implement budgetary proposals. Caving in when faced with opposition weakens the

government's hand, besides sending all the wrong signals. The signs are that this administration would not resort to the methods practiced by the Rajapaksa administration to stifle public opposition. Prime Minister Wickremesinghe accommodating the demands of unions could be interpreted as a sign of weakness and encourage strike action for unjustifiable reasons in the future.

Notwithstanding the politically expedient electoral bribes, the administration must be commended for at least taking note of the ever increasing public service wages and pension bill and make an attempt to affect course correction. The main culprits for the current status since independence are our politicians and successive governments. Government jobs have been doled out as political bribes and gratification way above required levels. The present public service amounting to over 1.3 million employees makes the government the single biggest employer. State pensioners make another half a million or more. Life expectancy having reached 75.3 years in 2011 and expected to reach 81 years by 2050 will continue to increase the state's ever increasing wages and pensions bill, our legacy to future generations. The proposal to start a contributory pension scheme for public servants is most salutary. Public servants have elicited an undertaking from Prime Minister Wickremesinghe that the scheme would be implemented for those joining the Public Service commencing 01 January 2016. It is hoped this administration will stand firm in this undertaking and make it a non-negotiable issue with new joiners. It is also hoped no changes would be promised or brought about before and after the next Parliamentary elections in 2020. It is time this country moved away from a Welfare State mentality.

Otto von Bismarck, the first Chancellor of Germany created the first modern welfare state based on a tradition of welfare programs in Prussia and Saxony. He did so with the support of German industry. The objective of these programs supported by industrialists was to stem the flow of immigrants to the United States where wages were much higher but welfare non-existent. German workers were needed by the German Empire. The Sociologist TM Marshall defined the Welfare State as "a distinctive combination of democracy, welfare and capitalism". Tom G Palmer, a Senior Fellow at the Cato Institute headquartered in Washington DC, in his book 'After the Welfare State' says, 'The welfare state is bankrupt. It's not just the ballooning government debt. It's the unfunded liabilities – trillions and trillions and trillions of dollars. It's the crumbling currencies of government's intent on "stimulating" their way to collapse. It's the erosion of moral capital – of personal responsibility, planning for the future, work, and savings. Now is the time to awaken the sleeping generation, the ones who are being handed the bill for generations of irresponsibility. It's time to prepare young people for After the Welfare State'. He further states "Free services" come at a price. When you give up your independence, you lose your freedom. Someone has to propose, not only "reforming" welfare states, but getting rid of them. It's time to challenge directly Otto von Bismarck's most lasting and poisonous legacy'.

The trade union movement in the country has degenerated to an extent it is a serious hindrance to development. While demanding rights way above what is reasonable, they barely recognize their duties. There is an urgent need for reforms. The Trade Unions Ordinance need to be rewritten to suit an industry based export oriented economy from the socialist ideology it was originally based upon and the welfare state mentality. Past experience indicate Prime Minister Wickremesinghe to be the most suited person to introduce reforms to the trade union movement. One of the basic reforms required is the streamlining of formation of trade unions and branches.

The CEB and NWS&DB have around 40 different unions in each establishment. The RDA has around 15 different unions. The management of these organizations spends a disproportionate amount of time holding discussions with different unions which can be spent more productively. Profession based unions within a given organization have to be done away with. Regular elections with secret balloting for office bearers every four to five years and a mandatory secret ballot with a two thirds majority in favor of strike action are also areas worth serious consideration. It is rumored the LPBOA who opposed newly introduced Lane Restrictions had considered strike action before complaining to the Human Rights Commission. Trade unions and associations are meant to improve and protect the rights of its members. But it should not be by holding the entire populace to ransom. They have no business opposing regulations brought about by the state for the good of all road users. Strike action on such issues should not be tolerated and regulations put in place to declare such acts unlawful with appropriate penalties for those acting against the law. Payment of compensation to those who lost their jobs in the 1980 general strike sends all the wrong signals. Compensation, if necessary, need be paid by trade unions who made them take to the streets and not by tax payers who in the first instance suffered due to disruption of public services. Let it also serve as a warning to those who resort to strike action. Rather than compensate those who lost their jobs in 1980, the government should seriously consider making it legally binding for trade unions to compensate their members who lose their jobs as a result of strike action in the future. It would no doubt encourage both union leaders and members to think deep before taking to the streets.

In the exercise of reining in trade unions and implementing unpopular measures in a nation used to receiving education (including books and uniforms) and healthcare free of charge besides the many heavily subsidized items including duty free and duty reduced vehicle permits, the government needs to focus on the need of the hour and not the next elections. Former British Prime Minister Margaret Thatcher won her first re-election bid in 1983 mainly thanks to winning the Falkland war. She won her second re-election bid in 1987 by which time, trade unions, especially the powerful coal miners' union had been reined in, and the British economy had improved substantially giving its people a better quality of life than in 1979 when she first took office. Current British Prime Minister David Cameron had to form a coalition government with the Liberal Democrats in 2010 due to a lack of a working majority in Parliament. His coalition government implemented some drastic changes to various welfare benefit schemes including the university education bursary. There was a public outcry and riots in the streets. There was much opposition to many reforms. However his government remained steadfast. His government's reforms eventually made the British economy stronger. Britain now has one of the strongest economies amongst the 28 EU member states. An appreciative British public voted Prime Minister Cameron's Conservative party to office once again in 2015, this time around enabling him to govern without a coalition partner. Food for thought indeed Mr Prime Minister.