

comparability from one census to the next. The postindependence censuses also suffer from inconsistencies. They show a decline in the proportion of the work force engaged in agriculture, hunting, forestry, and fishing from 52 percent in 1953 to just over 45 percent in 1981. The proportion of the work force engaged in manufacturing remained steady over the same period, at 10 percent. The largest increase was in services, including commerce, banking, and finance. The proportion of workers in this category rose from 11.2 percent in 1953 to 15.7 percent in 1981. There was also an increase in construction, from 1.9 percent to just over 3 percent. Transport, storage, and communications increased from 3.5 percent to 4.8 percent over the same period. All such figures should be regarded as tentative and subject to revision.

Demographic and educational changes after independence altered the composition of the work force as much as economic development. Rapid population growth brought additional workers into the job market every year and lowered the average worker's age. The growth of the economy was too limited to provide opportunities for the new workers. Similarly, the extension of education qualified many thousands of youths for jobs that did not exist. This fact has been particularly true for women, who in the 1980s made up about 25 percent of the labor force despite equal access to education.

Government Labor Policies

During the nineteenth century, labor legislation dealt with the large plantations, and more general labor laws were passed only in the closing years of colonial rule. In 1941 the government enacted the Wages Boards Ordinance, the first comprehensive piece of legislation regarding the payment of wages, the regulation of working hours, and sick and annual leave; the ordinance also empowered the government to establish wages boards for any trade. The boards are composed of an equal number of representatives of workers and employers and three appointees proposed by the commissioner of labor.

Ordinances of 1942 and 1946 required all factories to be registered and established minimum standards for health and safety. The laws also gave the commissioner the right to send inspectors to the factories and to judge whether a plant was meeting minimum standards. The Shops and Offices Employees Act of 1954 extended the provisions of the factories legislation to small shops.

The Maternity Benefits Ordinance, as amended in 1957, entitled a woman who worked in a factory, mine, or estate to full compensation for a period of two weeks before her confinement and for six weeks afterward. The employee must have worked for the

employer 150 days before her confinement to be eligible to receive the benefits.

The Employees Provident Fund, established in 1958, provided a national retirement program for the private sector. The Provident Fund required an employer to contribute 6 percent of total earnings and an employee to contribute 4 percent of earnings exclusive of overtime pay. Participation in this plan grew quickly, and in the 1980s most salaried workers in the formal sectors of the economy were members. Government employees had their own pension plans.

Although legislation protecting the health and welfare of workers was extensive, enforcement was inconsistent. The government departments charged with enforcement were chronically underfunded in the late 1980s. Moreover, many labor regulations were suspended in the investment promotion zones. Most labor legislation also did not apply to rice farming and other economic activities carried out informally.

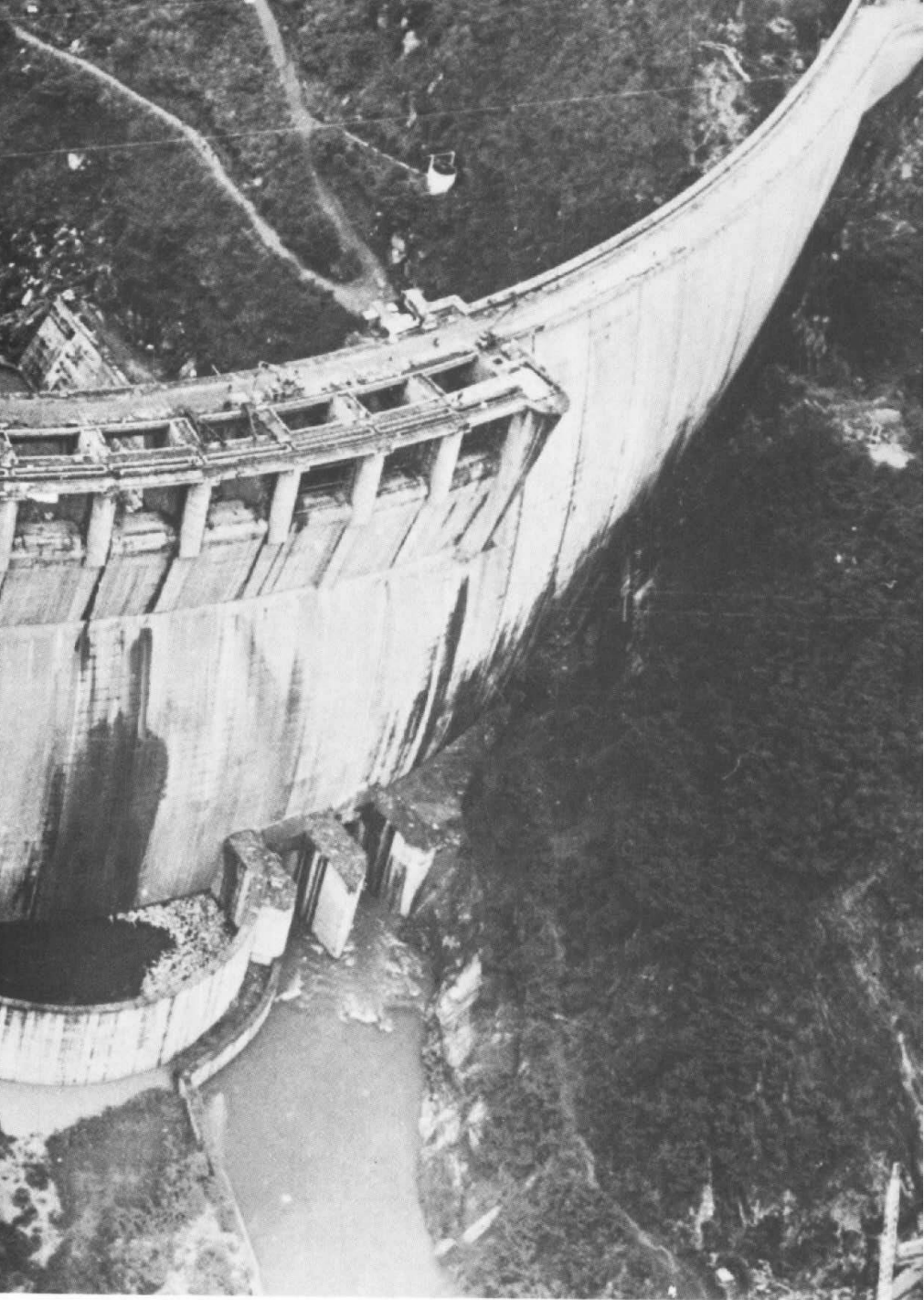
Working Conditions

Working conditions varied greatly according to the type and size of employment activity in the 1980s. The Factories Ordinance of 1942 established guidelines for industrial safety and sanitation and made each factory liable to government inspection. Because this ordinance and other similar legislation has not been enforced consistently, workers frequently protested their working conditions. In the 1980s, strikes and boycotts often took place because of inadequate meals at factories that had their own lunchrooms or because of the lack of other facilities.

The Factories Ordinance prohibited work for women between 9:00 P.M. and 6:00 A.M. In the years after independence, a further series of laws restricted the employment of women and children to designated time periods and places. A 1957 law, for example limited working time for women to nine hours. Other laws prohibited women and children from working underground, in mines, for example.

Unemployment has been a problem since the 1960s, especially for young people, but the statistics available in 1988 were not very reliable. Observers estimated that unemployment increased from around 12 percent of the labor force in the early 1960s to 24 percent in the mid-1970s. Unemployment fell back to around 12 percent in the first few years after the economic liberalization that began in November 1977, but it was again on the increase in the mid-1980s. According to official data, in 1987 the labor force consisted of around 6.2 million persons, of whom 5.4 million, or 87 percent,





*Victoria Dam approaches completion, Accelerated Mahaweli Program
Courtesy Embassy of Sri Lanka, Washington*

were gainfully employed, but these figures understated unemployment, which the Ministry of Finance estimated at 18 percent in late 1987. All of these figures excluded persons said to be underemployed or partially employed, conditions that were prevalent in the rice-farming sector and in some of the urban-based service activities. The extent of labor underutilization, was believed to be much greater than indicated by the statistics for unemployment.

In the mid-1980s, sectors, such as tourism, that were sensitive to the security situation suffered job losses (see *Tourism*, this ch.). Migration to the Middle East, which also provided jobs in the early 1980s, was also on the decline, although still of substantial importance. In 1987 observers estimated that 100,000 Sri Lankans worked and lived in the Middle East—particularly in the small oil-rich states of the Arabian Peninsula, where wages for comparable work were much higher than in Sri Lanka.

A representative index showing changes in the general level of wages was not available in the late 1980s. Wages were low compared with those paid in developed countries, even in the unionized sectors, and incomes were unevenly distributed. Some indication of wage movements can be gained from the indices of minimum wage rates. These more than doubled between 1978 and 1986, but inflation probably kept their value little changed in real terms. The only price index, the Colombo Consumer Price Index, was based on data gathered in Colombo and was widely believed to understate inflationary increases, especially for the lower wage earners. It recorded an increase of 8 percent in 1986. Although this rate was considerably higher than the 1.5 percent increase recorded in 1985, it was low compared to the two-digit rates that prevailed during the 1978–84 period.

Low wages in the formal sector were partially offset by overtime payments, increments, bonuses, and other incentive programs, which often added considerable supplements to salaries. A five-day work week was standard in the 1980s. Sri Lanka had a large number of public holidays; twenty-four were celebrated in 1985. These included twelve full moon days, which are of religious significance to Buddhists.

Labor Relations

The labor movement was large and politically active in the 1980s, although it suffered a loss of influence after 1977. Urban strikes began in the 1890s and increased in number after World War I. The first major labor organization, the Ceylon Labour Union, was formed in 1922. In the 1930s, the legislature passed a series of laws, including the Trade Union Ordinance of 1935, to regulate the

unions. This law made it mandatory for trade unions to register with the government and to keep political and labor funds separate. After World War II, the unions represented a large proportion of the labor force, especially in Colombo and on the large plantations. The leadership of nearly all trade unions has come from the English-educated elite.

Union membership in 1988 was subject to fluctuations because of competition among unions affiliated with different political parties and because of personal rivalries among union leaders, as well as a fairly rapid turnover of unions. The unions have traditionally been strong in the state sector, especially rail and road transport, the ports, and the government clerical service. In 1983 observers estimated that about 1.8 million workers, or just under one-third of the gainfully employed labor force, were union members. Membership was fragmented into over 1,000 unions. Many of the unorganized workers were small farmers and rural laborers.

Before 1977 many unions were affiliated with the Marxist parties, especially the Trotskyite Lanka Sama Samaja (Ceylon Equal Society Party), but in the late 1970s and early 1980s the influence of the Jatika Sevaka Sangamaya (National Employees' Union), which was affiliated with the ruling UNP, increased greatly, and it became the single largest trade union. This organization was especially strong in the state sector, and it had a reputation for intimidation, violence, and discrimination against Tamils. Another important trade union was the Ceylon Workers' Congress, which represented a large proportion of the Indian Tamil estate workers. After 1977 it was politically allied with the government, but it nonetheless used the political turmoil after 1983 to bargain for better working conditions.

Labor disputes were arbitrated through a variety of state agencies, but these agencies have not prevented frequent and costly strikes. Plantation strikes have been most common, involving as many as 477,000 workers (in 1949) and as many as 1.12 million lost workdays (in 1966). In the remainder of the private sector, the most turbulent period was in 1962 and 1963, when over 1.28 million workdays were lost by strikes. In 1970 new highs were reached, with 143 strikes and the loss of 1.31 million workdays. In the mid-1970s, when many trade unions pledged not to strike in return for substantial concessions, the number of nonplantation strikes fell dramatically, although plantation strikes increased. Since 1977 the unions in the nonplantation sectors have been in apparent decline, in part because of changes in the nature of the work force. Most employees of the new textile factories in the free trade zone were young, unmarried women doing shift work, who did