

PM: Be wary of tendency to impose minimum wage policy

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From Ahmad A. Talib

NEW DELHI, Mon. — Prime Minister Datuk Seri Dr Mahathir Mohamad today told his colleagues in the Group of 15 to be wary of tendencies in certain developed countries to instigate workers in developing countries to seek minimum wages for their labour.

He said the tendency to impose a minimum wage policy on a global basis could be counter-productive to the economies of the developing countries.

Dr Mahathir said the imposition of global minimum wage would inevitably raise production costs in developing countries and this

would erode whatever competitive edge these countries had when competing with their developed counterparts.

In a brief statement at the executive session of the G15 Summit here, Dr Mahathir said that under the pretext of championing the cause of

MORE REPORTS ON PAGE 23

workers, the developed countries would then be able to determine labour costs which were directly linked to production costs.

Briefing Malaysian newsmen here, Foreign Minister Datuk Abdullah Ahmad Badawi said the Prime Minister told his colleagues to

treat the matter seriously and give it due attention.

Dr Mahathir said this tendency was another protectionist attempt by developed countries to link trade with non-trade issues. The imposition of new conditions would further cause the disparity between developed and developing nations to widen.

He also reminded the G15 leaders of the other existing pressures imposed by the developed countries which linked trade to environmental and human rights issues.

Abdullah said Dr Mahathir urged his colleagues in the South to take a common stand against the tendency of linking trade with non-trade barriers.

"The Prime Minister's point on the global minimum wage can be interpreted as an early warning to all developing countries ... that one day they will link wages to trade, and this is a tendency we cannot rule out.

"Already, the developed countries are pushing hard linking trade to human rights and environmental issues," Abdullah said.

All six heads of governments attending the summit spoke at the executive session, which was held immediately after the opening ceremony. The leaders are from Malaysia, Indonesia, Senegal, Nigeria, Zimbabwe

PLEASE TURN TO PAGE 2, COL 1

Global minimum wage disastrous

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FROM PAGE ONE and host India.

Calling for a minimum wage policy might look as if these countries were being supportive of the workers in developing countries, but this would be far from what it appeared, Dr Mahathir said.

Abdullah said: "The Prime Minister reasoned that this cannot be to the advantage of the workers ... in the end their companies will be forced to close down and cease operations because their goods are no longer competitive."

Dr Mahathir said wages in developing countries were only relatively low compared with wages in developed countries after taking into account the lower cost of living in the developing countries.

Such lower wages, which led to lower costs of production, had been one of the major reasons enabling developing countries to attract foreign investments

needed for their domestic growth and economic expansion, Dr Mahathir said.

Developing countries were already handicapped by the lack of capital, technology, big markets by virtue of the big purchasing power of the developed countries and skilled human resources.

"If a global minimum wage is imposed, the result can be disastrous because the only competitive advantage of the developing countries would have been wiped out," Abdullah said.

Apart from the global minimum wage, Dr Mahathir also directed the attention of the summit to attempts to link trade with democracy.

He said it was crucial that the countries of the South combat these attempts, stressing that democracy must not only exist within nations but between nations as well.

President Suharto elaborated on the external debt crisis of the South, which he

had earlier touched on in his address at the opening ceremony.

The Indonesian leader said it was imperative that the question of debt top the global agenda as it was critical for the economies of the poorer countries in the South.

Zimbabwean President Robert Mugabe spoke on the need to restructure the United Nations and the Security Council to make them more effective in addressing the widening North-South economic divide.

Recomposing the membership of the Security Council would give developing countries some say in charting global policies on economic, security and development issues, he said.

He pointed out, however, that the South would need to consolidate its position in order to push for the UN reforms. The main problem, he added, was that developing countries were still not united on this issue.