

# PM: STOP THE PAY PRESSURE

Star 29 MAR 1994

## Minimum wages will harm poor nations, Dr M tells West

By WONG CHUN WAI



**NEW DELHI:** Malaysia has warned Western developed countries against their attempts to push developing nations to have minimum wages for its workers.

Datuk Seri Dr Mahathir said while this might sound like a noble idea, it would erode the trade competitiveness of developing nations.

The Prime Minister said the idea of a minimum wage sounded good. But, he said, the cost of labour was lower in smaller nations because the cost of living was equally low.

Dr Mahathir said developed nations had the advantage of capital, skilled workers and technology while developing countries could only compete

with their lower cost of production.

He warned his G15 counterparts of the tendency of developed nations to push for a global minimum wages standard during the plenary meeting of G15 heads here yesterday.

The other leaders who took part in the discussions were Indian Prime Minister Narasimha Rao, President Suharto of Indonesia, President Robert Mugabe of Zimbabwe, President Abdou Diouf of Senegal and Nigerian President General Sani Abacha.

Foreign Minister Datuk Abdullah Ahmad Badawi told Malaysian newsmen at a briefing that Dr Mahathir expressed fear that developing nations would be wiped out in a trade

● TURN TO PAGE 2

# Workers may lose jobs, says PM

● FROM PAGE ONE

competition.

"This tendency has to be stopped, we wouldn't want to be subjected to any kind of pressure," he said.

Dr Mahathir, he said, explained that the imposition of minimum wages would not benefit workers if it finally led to the closure of factories in developing nations.

"Poor countries cannot pay wages to their workers because smaller nations cannot make profits now that they have to pay more wages. Ultimately, the workers lose their jobs," he added.

Abdullah said Dr Mahathir remarked that it seemed that developed nations believed that the right of workers not to work through strikes were more important than the workers' right to work.

"Today, the workers may be given lower wages but as the country's economy booms and companies make profits, the workers will get higher pay," he said.

Abdullah said he believed Dr Mahathir's message was an "early warning" to G15 members of this move.

"The danger is that we may get caught in the argument that this (minimum wages) is good for our workers if we pay them more but we know we cannot afford it," he said.

Abdullah said Malaysia did not want this imposition of minimum wage to become a trade conditionality finally.

"They may later say we cannot buy your goods unless you conform to this standard," he added.

Dr Mahathir also spoke at length on attempts by developed nations to link trade with human rights, democracy and environment issues.