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Mahathir-salary

SALARY INCREASE MUST GO WITH HIGHER PRODUCTIVITY, SAYS PM

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PULAU PINANG, July 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today any salary increase for workers in the country must go with higher productivity to check inflation.

He was asked by reporters after the weekly Cabinet meeting here to comment on a salary claim by Cuepacs.

Dr Mahathir said the government would study the claim and determine its impact and whether it can entertain the request.

He said the government was concerned over a drastic increase in salary which was not tied to productivity.

He said the salary increase now was high, not because of an increase in productivity but owing to a shortage of manpower. -- more

Mahathir-salary 2 (last) Pulau Pinang -

"As we are short of workers, the private sector has to offer high salaries to attract workers or prevent workers from leaving for other jobs.

"If this continues, the cost of manpower will rise so much that it will be no longer economical to establish industries in Malaysia. At that point, our industrialisation process will stop and our economy will no longer grow," he said.

When this happens, he said, those who set off the salary increases will find that there are no more job opportunities and will become unemployed.

There is great shortage of manpower, he said, particularly in the services sector, and added that in Pulau Pinang for example there was a shortage of 15,000 workers in the manufacturing sector alone.

"We do not stop a salary increase if it does not cause a rise in the cost of production. Whatever system we use, the basis should be that the salary increase must be tied to rise in productivity," he said.

Dr Mahathir said the government approach was to increase the number of capital-intensive industries or those which utilise technology which requires few workers. -- Bernama

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