

WAGES TOO HIGH

Fat salaries have not led to higher output, says Dr

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PENANG: The spiralling wages for workers have not led to a corresponding increase in productivity, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said employers were paying out high wages to their workers because of the labour shortage.

"Employers are also fearful of losing their staff to others," he told a press conference after chairing a weekly Cabinet meeting here yesterday.

Dr Mahathir said employers now had to offer fatter salaries to attract workers and said the trend should be stopped.

He said if it was allowed to continue, it would result in an increase in the cost of labour and would eventually lead to an uneconomical situation for the country.

Should this happen, he added, the final losers would be the workers themselves as their jobs would be at stake.

He said Malaysia now had one million foreign workers but they were not qualified for many jobs

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as they do not have the required skills.

"Local workers who are able to do the jobs are offered higher wages," he said.

Dr Mahathir said that in Penang, for example, there were 15,000 vacancies alone in the manufacturing sector while in the service industry, hotels were having problems getting workers.

He said if there was a parallel increase in wages and productivity, it would not lead to inflation.

On Cuepacs' demand of higher wages for its members, he said the Government would have to study the impact of a pay increase.

Dr Mahathir advised employers to be cautious of the situation but said that the Government was not stopping them from paying higher wages to their workers so long as there was also an increase in productivity.

He said the Government's long-term plan to resolve this problem was to increase the type of industries that did not require a huge manpower.

"We are looking at capital and technology-intensive industries," he said, adding that the skills of workers needed to be improved at the same time.

The setting up of the Penang Skills Development Centre in Penang, he added, was an example of how to improve the skills of Malaysian workers.