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Give top priority to raising productivity

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NOW that the economic recovery is under way and our international image is improving, the Government could give more priority to resolving some of the following continuing national concerns.

A national minimum wage for Malaysian workers has been a bone of contention between the Malaysian Employers Federation and the Malaysian Trade Union Congress for an unnecessarily long time since its inception in 1949.

I believe the Malaysian economy has reached sufficient maturity and resilience to narrow the gap between the leaders of the employers and the unions on this vital issue.

Leaving wages to market forces is a good solution, only if the market is perfect.

But we all know that market forces cannot be trusted entirely to work efficiently.

There are a lot of abuses in the market system and therefore, nowhere in the world is the market allowed to be absolutely free, without at least minimal regulations.

That is why Malaysia chose selective exchange controls to insulate ourselves against the market forces that sought to destroy our economy.

So some employers should not use the arguments of insisting on the operation of market forces when they in fact profit from the Government's protection against the serious abuses of the market.

If indeed, as the MTUC president Senator Zainal Rampak claims that there is exploitation of some Malaysian workers who are paid only RM240 a month, then it's unfair.

He also states that many more workers earn between RM350 and RM380 per month.

This is obviously not a living wage.

Especially in the towns where one has to meet high rental, transport and even food costs.

The executive director of the Malaysian Employers Federation Zain Majid has asked the MTUC to fix the correct minimum wage.

I do not think this is the sole responsibility of the MTUC.

It should be a cooperative effort of the workers, the employers and the Government in what Prime Minister Datuk Seri Dr Mahathir Mohamad rightly calls a smart partnership for national progress.

It might be difficult to specifically decide on a statutory enforceable minimum wage at this stage of our economic developments, for arguable reasons.

However, we should seriously consider fixing a minimum living wage at least as a guideline for the determination of wages by market forces.

In this way the worker and even the employer will be able to ensure that they get and give a fairer deal to Malaysian workers.

A decent minimum living wage should not be difficult to determine.

We know the poverty line wage levels in different parts of Malaysia.

So why not fix a minimum living wage at least for the lower income groups.

I would think that a living wage of about RM500 per month will be pragmatic, acceptable and affordable, for full time employees.

However, I believe that there must be at least two preconditions.

Firstly, we have to reduce the unskilled foreign labour force in our

country.

Otherwise, cheap foreign labour can undermine any policy to have a living wage and create artificially low wages.

Secondly, all the key players i.e. the Government, the employers and the unions must pledge to promote the implementation of this minimum living wage on a voluntary basis.

Those employers who do not subscribe to this pledge should be asked to show cause.

They should also be shown the Government's displeasure in the approval of licences and in the provision of the Government's wide range of services for these companies to expand their business.

Only small family companies could be excluded from observing the minimum living wage guidelines.

A living minimum wage should be accompanied by a monthly wage.

It is unfortunate that we still have daily rated workers in our plantation estates in Malaysia.

Estate workers and others have also been fighting for monthly wages for a very long time.

The rubber industry was a major foundation stone of our economy.

Its owners and operators gained so much wealth on the back breaking work of thousands of workers of all Malaysian races over a hundred years.

However, even now after the plantation industries have made so much profits our estate workers of all races have still not been put on a decent monthly wage basis.

How can we talk of a caring society?

What do we mean by Smart Partnership if the owners of estates can think only about profits and not enough about the real welfare of their workers.

This indifference to workers would undermine the caring society concept envisaged by Vision 2020.

Here again many of our employers have used foreign workers to depress the wages and welfare of Malaysian estate workers.

Thus, they have prevented them from getting their well deserved monthly wage.

If the rubber industry and the socio economic welfare of our workers are to be safeguarded, it is timely that a monthly wage be introduced as soon as possible.

About RM1.1 billion will be paid out as salary increases for public sector employees, RM600 million will be given to civil servants and another RM492 million will be awarded to employees in five statutory bodies.

The latest is that Government pensioners too will be given special payments of RM600 each, amounting to RM210 million.

But it is a pity that the Government left out pensioners above the grade of Super Scale `C'. After all they too served who now stand and wait!

Regardless of the forthcoming general elections, it is only fair that civil servants, especially those at the lower levels, should get salary adjustments, to keep up with rising food prices.

The tax paying public will not generally grudge the public servants a fairer and more comparable wage to their private sector counterparts.

However, it is also reasonable to ask whether the lower level employees of the public service are fair to the public.

We continue to hear some horror stories of long delays, long queues and too many instances of indifferent counter services.

Even privatised entities like water, electricity and telecommunications services, amongst others, suffer from the same malaise and low productivity.

Most people cannot understand why the Government cannot be much more

severe on the public servants who do not do an honest day's job in serving the public.

The Government will get a bad name and project a poor image of itself, if its slack employees are allowed to carry on being inefficient, despite public calls for improvement in productivity.

The Government could therefore tighten its supervision and crack the whip on public servants who do not serve the public efficiently.

Much more also needs to be spent on training the lower level public servants to be polite, aware of their duties and responsibilities and knowledgeable of their competencies.

Then the tax payer will be glad to pay for higher wages for Government employees.

Otherwise, the public's frustration will increase as some of the inefficiencies in the public service worsen and adversely affect the public support and sympathy for the civil service.

It is in the Government's interest therefore to ensure that salary increases are matched by productivity increases. Hopefully, our civil service union leaders will also make their fair contribution to raise productivity.

The National Productivity Report 1998 states that overall national productivity declined sharply in 1998 and has urged the private sector to link salary increases to productivity gains.

What about linking Government salary increases to productivity gains?

After all any improvement in productivity in Government will have a strong positive effect on the overall national productivity.

In fact, the private sector has had to raise productivity as the recession forced profits down.

Retrenchment and restructuring of the corporate sector has been painfully taking place in the last two years and is continuing.

But we see little evidence of improved productivity and quality of service particularly at lower levels of the Government administration.

There are still frustrating delays in the implementation of Government's infrastructure projects.

At this time of gradual economic recovery, it is the Government that is providing the engine of growth.

It should follow therefore, that the Government should lead in taking definite measures to raise productivity in the Government's administration.

The decline in national productivity by 1.8 per cent in 1998 and an estimated increase of only 3.3 per cent in 1999, is worrying.

This compares very unfavourably with the average increase of 5.4 per cent per annum from 1990-1997.

In the end, whatever we do to step up Government investment will be negated, if productivity increases in the Government sector are slow.

Already our productivity trends are low compared to Singapore, Hong Kong, Taiwan and South Korea whose productivity range from four times to twice our productivity.

This is a serious productivity gap which badly reflects on the wide disparity of our own competitiveness.

What we need is a new strategy and definite plans to increase productivity as a matter of high priority, in both public and private sectors.

Otherwise, our economic recovery will stall and become difficult to sustain.

The continuation of a low exchange rate policy will also encourage our exporters to become complacent in the necessary efforts they must take now to improve their productivity and competitiveness.

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