

Increase productivity, Dr M urges workers

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By HAMISAH HAMID

HIGHER productivity, not test of strength nor the recent proposal for a RM1,200 minimum wage, is the key to higher salaries, Datuk Seri Dr Mahathir Mohamad says in his Workers' Day message.

Calling on the country's 9 million workers to strive for higher productivity levels, the Prime Minister said yesterday the economy will face dire implications which will consequently jeopardise the workers' welfare if the Government accepts the RM1,200 minimum wage proposed by the Malaysian Trades Union Congress (MTUC).

The outcome from wage demands by way of test of strength, on the converse, would be costly to both employers and workers.

The Prime Minister said labour unions in industrialised countries would like their Malaysian counterparts to adopt such an approach knowing that "it would ruin us" and when there is no more competition they would be able to demand even higher salaries for themselves.

"The best way to increase salaries is by increasing productivity. Once productivity is up, negotiate

Item	No. of companies				Per cent			
	1995	1996	1997	1998	1995	1996	1997	1998
Productivity-linked Wage System	238	275	201	169	73.0	82.3	51.0	66.8
Contractual Wage System	87	59	193	84	27.0	17.7	49.0	33.2
TOTAL	325	334	394	253	100.0	100.0	100.0	100.0

Sector	Total No. of Collective Agreements				No. of Collective Agreements with Productivity Linked Components				Per cent			
	1995	1996	1997	1998	1995	1996	1997	1998	1995	1996	1997	1998
Manufacturing	184	186	253	148	130	148	126	86	70.7	79.6	49.8	58.1
Services	133	123	127	96	100	102	63	74	75.2	82.9	49.6	77.1
Agriculture	8	25	14	9	8	25	14	9	100.0	100.0	100.0	100.0
TOTAL	325	334	394	253	238	275	203	169	-	-	-	-

Source: Productivity Report 1998

with the employer for higher salaries. If a desired increase in salary is not forthcoming, then a third party should be called in to mediate and decide on the merits of the case," he added.

Noting that the Government highly values the contributions of workers towards the progress of this country, he said the Government will do everything within its means for their betterment.

However, he said, at this point of time, the Government is unable to set a minimum wage of RM1,200 a month for them as this would lead salaries to go up to very high levels for all categories of workers, including executives.

"For instance, if the RM400 salary of a worker at present is raised to RM1,200, those at RM1,200 will ask for a pay rise perhaps to RM2,000 and others earning more will ask for

even higher salaries and so on.

"In other words, a high minimum wage will lead to a compound increase in wages and salaries which neither the Government nor the private sector can afford.

"I need not say then what will happen to the national economy and its competitive edge," he said.

However, Dr Mahathir said the Government was willing to increase the sal-

aries of workers even without their demanding for it as was the case in the 10 per cent increase in civil servants' salaries, as announced earlier, if it could afford it and if the move did not have an adverse effect on the Government's financial position, the national economy and its competitive edge.

The minimum monthly wage concept was proposed by the MTUC and its president Senator Zainal Rampak had been reported as saying that the Prime Minister himself had pledged to set a minimum wage of RM1,200 if the country's economy has recovered.

"Some had said I myself wanted to set a minimum wage of RM1,200 a month.

"What I actually said was, I wish to see workers getting at least RM1,200 a month arising from the increased productivity of the workers themselves and the employers," Dr Mahathir said.

The Prime Minister also said Malaysia is now more developed and workers are getting better returns because there is seldom any industrial action and foreigners have more confidence in this country and

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Dr M
urges
workers
to boost
output

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invested here as they did not have to make provisions for losses arising from such action.

"If at times the Government did not accede to their request it was because the Government had to think of the country's overall interests as its progress or stagnation will also influence the fate of the workers."

He said the fact that Malaysia was able to avoid borrowing from the International Monetary Fund (IMF) during the economic downturn had brought many benefits to workers in this country.

The IMF policy in handling the downturn was to force the closure of businesses which were unable to overcome losses, resulting in many workers being thrown out of jobs, he said.

"Workers in Malaysia can consider themselves lucky for we did not have to borrow from the IMF. We also have been able to control inflation so that the 50 per cent drop in the value of the ringgit did not also cause a similar drop in the purchasing power of workers," he said.