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## Minimum wage problems

THE debate in the media on minimum wage makes good read but is unproductive and not likely to improve anyone's lot, least of all the workers. Whether or not there are one million Malaysians being paid poverty-line income or not, as claimed by the Malaysian Trades Union Congress (MTUC) in its study on minimum wage, which is proving to be as controversial as many of its previous undertakings, or whether or not its findings are outdated, as claimed by a deputy minister, was never the issue in the first place. The Government needs to get everyone to look at the original issue here and start asking the pertinent questions with regards to the study.

Should Malaysia introduce a statutory minimum wage? The MTUC says yes and International Trade and Industry Minister Datuk Seri Rafidah Aziz says no; others who have commented on the issue probably did not know. The International Labour Organisation (ILO), the MTUC's sidekick in conducting the six-month study, may have strong views on a minimum wage but it was unlikely that any of the three conventions adopted by the world body - in 1930, 1953 and 1972 - was tailored to Malaysia's situation then, and certainly not now. The economic recovery from the Asian financial crisis of 1997, cited by several MTUC leaders as a good reason to introduce a minimum wage, is not relevant to the question. The deputy minister's contention that Prime Minister Datuk Seri Dr Mahathir Mohamad had suggested RM1,200 as a possible minimum wage at a meeting with congress leaders in 1998 is simply impertinent.

The MTUC's proposal for a minimum wage deserves analysis by both Government and employers; neither should be defensive or feel threatened by the findings of the study or the proposed RM1,200 minimum wage level. The merits and demerits of the proposed system should be noted, discussed and considered. The study says the UK re-introduced a minimum wage a few years ago after a four-year lapse, but has that helped reduce its high unemployment or increase the British workers' purchasing power? The MTUC-ILO report also cites Japan but in Tokyo a "reasonable" minimum wage does not help the average worker cope comfortably with the cost of living. And is it desirable to compare Sri Lanka, one of the few countries that ratify all three conventions on minimum wage, with the situation in Malaysia?

The National Labour Advisory Council, together with an independent body of experts, should lead an initiative to dissect the minimum wage issue and come up with recommendations. There may be sectors in the economy that would benefit from a statutory minimum wage; identify them and propose a minimum wage fixing machinery. There must be a measure of faith in market forces, though, and more importantly the question of productivity needs to be addressed. It may not be viable to implement a national minimum wage policy but perhaps where there are cases of workers receiving poverty-line salaries, the poverty line could be used as a reference point.

At the same time, there must also be an initiative to look at the existing wage fixing system. If someone says it is imperfect, part of the blame should be heaped on trade unionists and employers who have, for their own selfish reasons, failed to push through a more pro-active national wage system based on productivity and company profitability. They may be more receptive to the idea now; the willingness of trade unions to refrain from demanding wage increases during the last three years to help their companies survive is a sure sign of maturity which must be

reciprocated by employers. Perhaps it is time to revive the so-called flexible wage system idea, which basically rewards workers for their productivity instead of just seniority and which contains elements of profit-sharing with the employers. The minimum wage proposal, if it is as timeless as some people believe, should be able to fit in somewhere in the context of a new productivity-driven national wage system.

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