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Minimum wage will cost RM80bn more (HL)

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HUMAN Resources Minister Datuk Dr Fong Chan Onn said the country has to fork out between RM70 billion and RM80 billion extra for wages if the Government implements a minimum wage of RM1,200 a month.

He said that amount represents 25 per cent of the country's gross domestic product (GDP), which would be a burden to the country.

"If the Government accepts RM1,200 a month as the minimum wage, every worker has to be given at least a RM500 pay rise.

"We have a workforce of 8.7 million people and we also have to pay RM1,200 minimum income for more than 1 million foreign workers because we cannot exclude them," he told a news conference after delivering an address at a seminar on "Towards e-Malaysia: Technology and Values in the Service of Management" in Seri Kembangan yesterday.

Fong said the consequential increase in pay, including having to pay the same minimum income to foreign workers will burden the country.

He said the country's annual GDP stands at about RM300 billion and the RM80 billion in extra salaries will put tremendous pressure on the economy.

"It is not that the Government is against the minimum wage but the country could not afford it," he said, reiterating the point made by Prime Minister Datuk Seri Dr Mahathir Mohamad in his Workers' Day Message on Monday.

Concerned with the survival of low-income workers in coping with the rising cost of living, the Malaysian Trades Union Congress (MTUC) has urged the Government to implement a statutory minimum wage.

The MTUC leaders will go on a nationwide roadshow to get response from its members on the appropriate quantum of minimum income, which has been revised from RM1,200 a month to be between RM600 and RM1,200 a month.

Fong said the Government has always been sensitive to the workers' need and through good economic management, the Government has been successful in upgrading the standard of living of the people.

He said the country's GDP per capita income has increased from US\$300 in 1950s to US\$4,000 before the economic crisis.

The GDP per capita income now stands at US\$3,200 (US\$1 = RM3.80), which is a significant improvement since the country's independence, he noted.

"The Government feels that we should continue with the process of rapid economic growth to bring the country into greater prosperity which will be enjoyed by everybody, including the workers," he said.

MTUC president Senator Zainal Rampak, when contacted later, reminded the minister not to cause public alarm by coming out with "big" figures to counter the minimum wage proponents.

He said instead of issuing a "threatening statement" to discourage the public from supporting the MTUC's proposal, the minister should go down to the field and ask people on the street on how much expenditure is needed by a single wage earner to support a five member-family.

He said feedback from workers indicate that in general a minimum of RM1,000 a month is needed to cover the cost on food, medical expenses, clothing, children schooling and housing.

"Please don't misunderstand us. Once the Government accepts the minimum wage as a legislation, we can sit down and discuss various wage scales and skills involved in job categories," he said.

Zainal said there need not be a consequential demand for pay rise by all

workers when the minimum wage is implemented because the move aims to bring the low-income workers out of their poverty level income.

"We are talking about a minimum wage for workers in all sectors, including foreign workers.

"This should discourage employers from hiring foreign workers and they would instead try to enhance the productivity of local workers by creating a better working environment, providing sophisticated machinery and upgrading workers' skills to get better returns to cover their wage bill," he said.

Meanwhile, the Federation of Malaysian Manufacturers (FMM) sees a minimum wage policy as possibly working against low skilled, low-income earners.

The FMM said that a statutory minimum wage would not reduce poverty but could increase poverty rate when low skilled workers lose their jobs.

"A minimum wage policy could hasten the process of replacing low skilled workers with those who are more highly skilled since lower skilled workers have become more expensive," it said in a statement released in Kuala Lumpur yesterday.

The federation suggested a more positive and effective policy for workers to upgrade their competency and acquire new skills to move higher up the salary scale and across economic sectors.

"It would be more effective and to the best interest of workers and trade unions to focus on programmes to upgrade skills," it added.

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