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MTUC study not all bad

IT WOULD have been a heartbreak if the Cabinet had found it necessary to reject, in toto, findings from a study on minimum wages by the Malaysian Trades Union Congress (MTUC). While some of the findings may be inaccurate, there are some useful points and feedback in the report. Moreover, the MTUC can be asked to review the report and correct the distortions in its findings. That would save the Human Resources Ministry the trouble of having to embark on a campaign to counter the misrepresentation of facts contained in the study.

The MTUC had the workers' best interests at heart when it decided to continue to pursue, despite 50 years of failure, a national minimum wage. But its leaders must realise that the issue cannot be forced upon anyone by throwing around frightening and controversial numbers. If the congress had hoped that involving the International Labour Organisation (ILO) in the study would add credibility to the report, it was grossly mistaken. The ILO has helped Malaysian workers a great deal since Malaysia became a member in 1957 but the relationship between the Government and the Geneva-based body all these years has been lukewarm at best. At the centre of Malaysia's displeasure with the world body is its failure to reflect, in many of its recommendations and resolutions, the interests of developing countries. The ILO is also often seen as less sympathetic to the problems faced by the Government and employers than it is to workers, perhaps not realising that in countries like Malaysia, tripartism is well and alive and serves the common interests of all relevant parties.

It is not too late to change the course of things regarding the minimum wage report. The MTUC should propose that the findings be discussed at the National Labour Advisory Council (NLAC) and invite comments and feedback. But it must be prepared to make the necessary amendments, and the other parties on the NLAC, especially the employers, must be able to provide constructive criticism. The purpose of the exercise is to ensure that the MTUC's initiative in coming up with the report is not wasted. The Government is not anti-minimum wage; Prime Minister Datuk Seri Dr Mahathir Mohamad himself recently addressed the possible need for minimum wage to be introduced in certain sectors as Malaysia industrialises. But any new wage system must take into account productivity improvement and the impact on business, and the report by the MTUC and the ILO failed to pay attention to these issues.

Should Human Resources Minister Datuk Fong Chan Onn decide not to pursue any of these courses of action, and opt instead to counter the allegations and distortions in the MTUC-ILO report, he must also use the opportunity to make clear the Government's stand on minimum wage. In the last decade or so, the Government had pursued several measures in the hope of improving the current salary system. These include the productivity-driven wage system, which was opposed by the MTUC, and the MEF for different reasons. Perhaps there is a need for a blueprint on salaries which provides clear guidelines as to what future wage initiatives should aim for. The question is, can anyone agree to the same set of guidelines? Most likely not. Letting market forces to determine salaries is probably still the best way to go but the MTUC has made it clear that it has no faith in market forces.

All of which means that Fong has quite a bit on his plate where the salary issue is concerned. He now has to undo some of the damage that the

MTUC-ILO minimum wage study has done and, at the same time, address the congress' demands for better salaries for the lower-income group. Malaysia is no longer known as a "cheap labour" destination but it does not want to become an expensive destination, either, especially when its neighbours have become very "competitive" in wage terms since the start of the Asian financial crisis. It does not also want to underpay its workers as this could lead to a brain drain and great discontent.

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