

PM ticks off foreign firms for relocating

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One of the dangers of globalisation is outflow of capital investment

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KUALA LUMPUR, Tues: Prime Minister Datuk Seri Dr Mahathir Mohamad ticked off foreign companies today for making profits at the expense of workers in Malaysia.

He said the tendency of foreign companies to relocate their operations to countries which offer cheaper costs of production had rendered thousands of workers here jobless.

"The challenge posed by globalisation, where business transactions are borderless, is to allow foreign capital to enter and also leave the country," he told a

Workers' Day gathering for public servants here.

"When the companies pull out their capital, jobs are lost. That is the danger of globalisation ... outflow of capital investment."

He cited a recent instance of 14,000 workers losing their jobs when their company ceased operations on grounds of globalisation.

The prime minister also said it was important to maintain a low unemployment rate, currently at 3% (4% is considered full employment) to ensure continued growth.

He said the fact that there are two million foreign workers in the country, equivalent to about 10% of the population, showed that jobs were abundant.

Mahathir said another effect of globalisation is the merging among foreign companies and financial institutions to form mammoth organisations in a big move into developing countries.

He said giant firms in the West are already demanding, through the World Trade Organisation, for national status to be accorded to them for the purposes of penetrating various sectors of other economies.

He said although workers may be paid higher once under foreign control, there was nothing the government could do to stop them from retrenching workers.

"This is the habit of some companies ... to retrench workers. We can overcome the problem now but in the

future, we may not be able to look after the interest of workers," he said.

"What is important is for the government, employer and worker to put up a united front, or else we will lose our freedom and independence."

On that note, Mahathir hoped that all union leadership would understand the government's intention and different aspects of globalisation before they explain it to workers.

He also told workers to see him if they had any problem so that it can be settled amicably by all the relevant parties.

Later, during a Q&A session, the prime minister said some retrenchment was unavoidable because of the US economic slowdown.