

14/05/2001

Unions and economic progress

INDUSTRIAL peace is vital if any developing country is to achieve economic progress. The reason is simple. If there is a hostile relationship between unions which represent the workers and their employers, production will become uncertain or disrupted, and entrepreneurs will think twice about making investment for the future. And without investment, economic growth will be affected.

A developing country would be especially hit if industrial unrest deters foreign investors from coming in to invest. As foreign investment commonly represents the most dynamic and technologically-advanced sector of a developing country's economy, it is thus important that we maintain cordial union-employer relations at all times in order to continue to attract foreign investment.

Prime Minister Datuk Seri Dr Mahathir Mohamad has very aptly reminded local workers' unions that they do not fall prey to the instigation of their counterparts in developed countries. Dr Mahathir made the point that foreign labour unions had a track record of trying to instigate local unions to resort to strikes and demanding excessive wage increases.

The impact of such actions is not necessarily in the interest of the workers nor the country as a whole as our products could become too costly and not be able to compete with the goods of other countries, including the industrialised countries.

When this happens, our industries would be forced to cut back production or even shut down and ultimately there could be more unemployment and fewer jobs available for local workers. Thus, our own people will eventually suffer.

Labour unions of developing countries should not be lulled into thinking that unions in developed countries have only altruistic motives when they instigate them to take industrial action to fight for what they consider to be better terms and conditions. Even assuming that some foreign labour unions genuinely believe that workers in developing countries should get a deal which is comparable to what they are getting, developing countries cannot really afford to match all that the workers in developed countries are getting.

The labour standards in developed countries - which have higher income levels - cannot be entirely applied to developing countries. This is because of the vast differences in economic development, educational levels, technology and a host of other factors. Workers in developing countries will naturally enjoy better wages and living standards when their productivity increases.

However, thankfully, local labour unions have been generally responsible and adopted a co-operative and accommodating stance towards the Government and the employers compared to the more militant unions of some other developing and developed countries. By and large, they have been supportive of the country's goal to promote industrial peace and create a conducive atmosphere for investment, domestic or foreign.

There have been significant progress made over the years in enhancing the welfare of workers in Malaysia and this is due in no small measure to the traditionally less confrontational attitude of local trade unions in dealing with employers and the Government. Such an approach has managed to minimise industrial unrest and contributed to economic progress. To safeguard our long-term interests, we should continue with this moderate

stand.

(END)