

**To truly help the poor, find alternatives to minimum wage**  
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An independent and extensive literature review by the Institute for Democracy and Economic Affairs (Ideas) revealed that minimum wage will harm the working poor. Therefore, to truly help the poor, alternatives must be considered.

My study is entitled Adakah Gaji Minima Cara Terbaik Untuk Membantu Golongan Miskin?

<http://ideas.org.my/2010/07/adakah-gaji-minima-cara-terbaik-untuk-membantu-golongan-miskin/>

A minimum wage legislation completely contradicts the liberalising spirit of the New Economic Model proposed by the NEAC. Experts in the NEAC made it very clear that a minimum wage legislation is a bad idea and the Minister of Human Resources should take heed of their advice.

The Human Resources Minister continues to suggest that markets in Malaysia has failed to function properly because our wage rate has stagnated for many years. He is ignoring his own Ministry's findings that contributing factors to wage stagnation include price controls and subsidies.

Both these are government interventions in the market. Why does he now want to introduce another government intervention, without removing the two culprits first? It is ludicrous to blame market forces for our low wage situation when the real fault lies with price controls and subsidies imposed by the government.

And it becomes farcical when the very same minister says: 'We feel that wages should be based on market forces' (Bernama, Aug 7) when talking about Indonesian maids. This implies that the minister is treating this as a political agenda rather than a sincere effort to help the poor.

It seems like he is only interested in imposing a minimum wage on certain selected sectors that can bring votes for his party. In doing so, he is ignoring the economics, and the advices given by economists in our very own National Economic Advisory Council.

I believe there are several alternatives that should be considered:

1. The government should remove laws and regulations that constraint trade unions in Malaysia. In line with the constitutionally guaranteed freedom of association, workers movements must be liberated from oppressive laws so they can be in a better position to negotiate wages, working conditions, and compensations.
2. Trade unions should be encouraged to flourish on company by company basis so that they can negotiate pay schemes that are more tailored to the needs of the area where they are based. Centralised top-down approach of old trade unionism has not benefited the country and it is time to change. The labour movement itself must change their attitude and devolve power to the bottom.
3. Another possibility is introducing a cash transfer scheme through vouchers for the poor. We already an example, which is the e-Kasih. I admit that there are improvements needed in the implementation of e-Kasih, but we should consider widening its coverage so that

more can benefit.

4. And, of course the best way to help the poor is by empowering the people around them to provide assistance. Our country has lost the tradition of charitable giving. It is so difficult to formally set up charitable bodies in Malaysia. This needs to change if we really want to focus on helping the poor and needy.

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