

Dr M: Minimum wage may bankrupt Malaysia
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By Debra Chong

Dr Mahathir said an increase in wages must be matched by an equal hike in productivity. —
File pic

KUALA LUMPUR, March 2 — Malaysia may become bankrupt as is happening now in the West if the federal government caves in to public pressure and sets a minimum wage policy, Tun Dr Mahathir Mohamad said today.

Still influential despite having retired from office in 2003, the former prime minister warned that the federal government's seeming haste to adopt a minimum wage policy without taking into account the spike in public holidays to include the weekends and the holy days of all major religions was a serious risk to the country's economy.

He described the West as bankrupt because they were unable to sustain the practice of paying large salaries for employees despite working them less, especially with the Asian markets becoming more competitive.

"I fear Malaysia may be heading this way if we pay more for less work, as we are doing now," Dr Mahathir said in the latest post on his chedet blog.

"Increasing incomes must raise the cost of production unless there is a corresponding increase in productivity," he added.

He highlighted that a setting a minimum wage would trigger cascading hikes in other areas, including pay for overtime work and the mandatory rates to the national pension fund.

He said cutting down development spending would not be good for a rapidly developing nation and cautioned Malaysians to be more competitive.

Various labour unions, including from the civil service, have been pressing Putrajaya to set a fair minimum wage of about RM1,500 since last year after several Southeast Asian nations hiked pay levels.

Human Resource Minister Datuk Dr Subramaniam Sathasivam had said that the government would decide on setting one at end of last year, but has since postponed it following outcry from the public sector following a revised wage scheme.

Last November, Selangor became the first state to pass a law for minimum wage to be set at RM1,500.