



## Towards the 21st Century

by  
**Dr. Chira Kongladarom, Executive Director, Human Resources Institute, Thammasat University.**

**IN THIS WEEK'S HRI-POST CO-OPERATION COLUMN, Dr. Chira marks Labour Day with some reflections on what the future holds for Thailand's 4-5 million workers - with or without the most recent wage demand.**

I'm writing this week's article the day after May Day, the traditional Labour Day when up to 8 million Thai workers celebrate and reflect upon the past year's work and look to their future. Therefore I would like to take this opportunity to express my appreciation to working men and women for their contribution to our nation.

As we enter the age of globalisation the old pattern in which labour relations means conflict between workers and employers should become less obvious. In an increasingly competitive world, both sides must work together in harmony in order to stay in the game.

As usual, this year the Labour Day celebration took place at Sanam Luang where the appearance of Prime Minister Chuan was the highlight. And also as usual, the prime minister's speech didn't touch on anything specific, such as for instance the workers' demand for a hefty 20 baht increase in the minimum wage.

I feel that the timing of this demand is excellent. The present government is experiencing serious political instability and is under extreme pressure to deal with the situation decisively.

On the one hand, living in the age of global competition it is difficult to increase wages without increased productivity. And on the other hand, during the past 2 months there have been problems in other areas, from the decline of the US dollar to rising domestic interest rates and consumer goods prices. Even the middle class feel that the prices of goods and services has gone up too fast. So it was not surprising that the local press made front page news of the wage demand.

Since the last increase in the minimum wage was approved only last October, I didn't expect a new demand to be submitted to the government this soon. So congratulations to the labour movement. The wage demand is the only thing left which can cement the unity of its 8 national federations, which otherwise seem unable to present a unified front to government.

I predict that with a weak government like the present one, the Wages Committee will probably have to yield to at least some of the wage demand. However, in the end I think this year's increase will be no more than 8%, or around 10 baht. We can break the 8% figure down into a combination of 5% inflation and half the increase in labour productivity, which I calculate will be about 6% this year. At this rate, emerging competitors such as China and Vietnam are presenting an increasingly serious threat to Thailand. Therefore the minimum wage should certainly not rise by any more than 8%, and if possible, it should be timed to be effective no sooner than July this year. I do not agree that the rate should go up retrospectively as from May 1st, 1995 - Labour Day. Of course, if the government weakens further, the 8% prediction may even be exceeded, but I doubt this very much.

Our present leaders are probably surprised about my views and predictions on this subject. I have sat on the Wages Committee for the past 10-12 years, and in its early days the HRI's brief also included providing the government with a lot of assistance on a broad range of other committees.

In his Labour Day address the Prime Minister talked about upgrading the skills of workers, but I must say that I don't see any concrete policies or action being taken with our 4-5 million unskilled workers.

I would like to suggest that the solution would be to set up a 'National Human Resources Strategy Committee' under the chairmanship of the prime minister.

It is essential that the government develops a long term vision about the future of labour and human resources problems and solutions. To this end, I hope that the Ministries of Commerce and Finance will be able to work closely with the Ministries of Labour and Education.

Until the government gets serious enough about human resources, the minimum wage issue won't go away.

I often wonder about the future for labour in the era of globalisation. Can they survive? I think they can, but first we need some strong vision and leadership in these areas.

See you next week!

### Effects of Shortage on Current Business.

