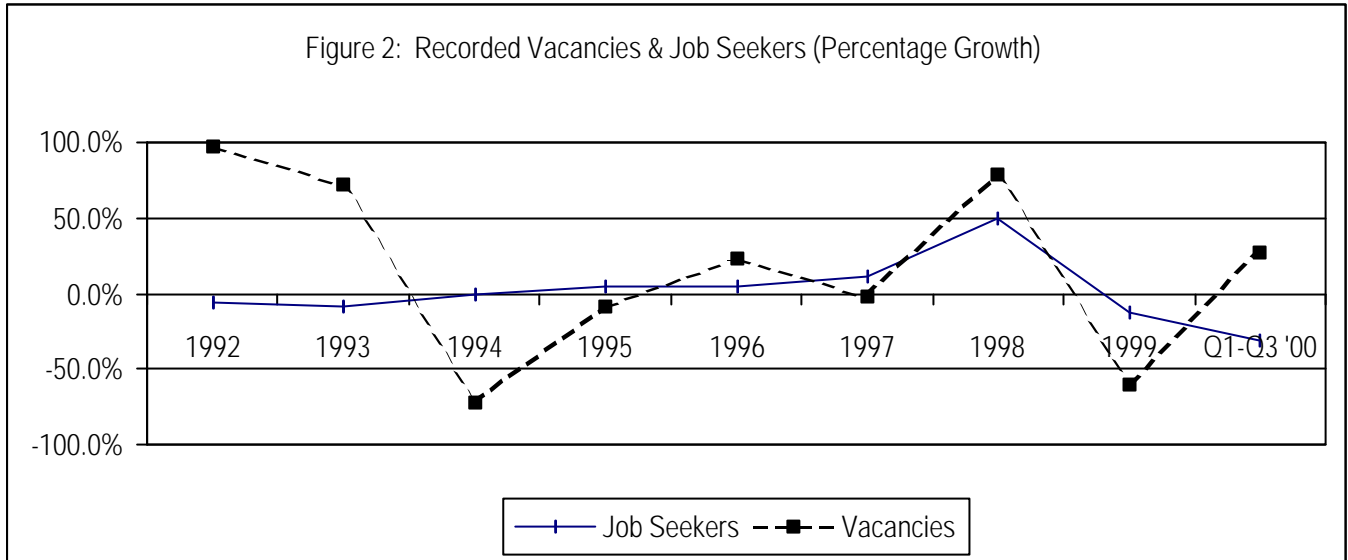


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Source: Derived from State Manpower Department, unpublished

tures the data of job seekers who registered and vacancies that were reported to the State Manpower Department.

As shown in Table 1, labour shortages occurred throughout the past 10 years despite the economic crisis. However, there are many cases of mismatch between supply of and demand for labour. We, thus observe situations of vacancies that could not be filled while at the same time, many people were unable to secure employment.

Supply of Workers

Figure 3 shows that majority of the job seekers were men, accounting for more than 50 per cent of the job seekers throughout the 10-year period except for 1996 and 1997, when women job seekers accounted for 56.1 per cent and 50.4 per cent of all the job seekers respectively.

During the first half of 1990s, more than 80 per cent of the job seekers did not have any working experience (Figure 4). The second largest group of job seekers were those with less than one-year working experience. However, during the second half of the 1990s, those without working experience accounted for between 57 per cent and 71 per cent of the total. The second largest group of job seekers comprised those with more than three years of working experience. This could be mainly due to the change in many industries that opted for automation, thus prompting the workers who were less inclined for automation to begin seeking new employment that would suit their capabilities and interests.

On the average, those who were between 15 and 39 years of age made up about 90 per cent of the job seekers throughout the 10-year period. The largest group of job seekers fell under those aged between 20 and 24 (Figure 5) indicating that they were either fresh graduates from colleges and universities or those with middle or higher school certificates with some years of working experience. However, it could also indicate that these job seekers could have been unemployed for a couple of years after completing their secondary education before they began to actively seek employment, as shown in Figure 6. The majority of job seekers have only MCE (middle certificate examination) qualifications.

Table 1: Recorded Vacancies & Job Seekers

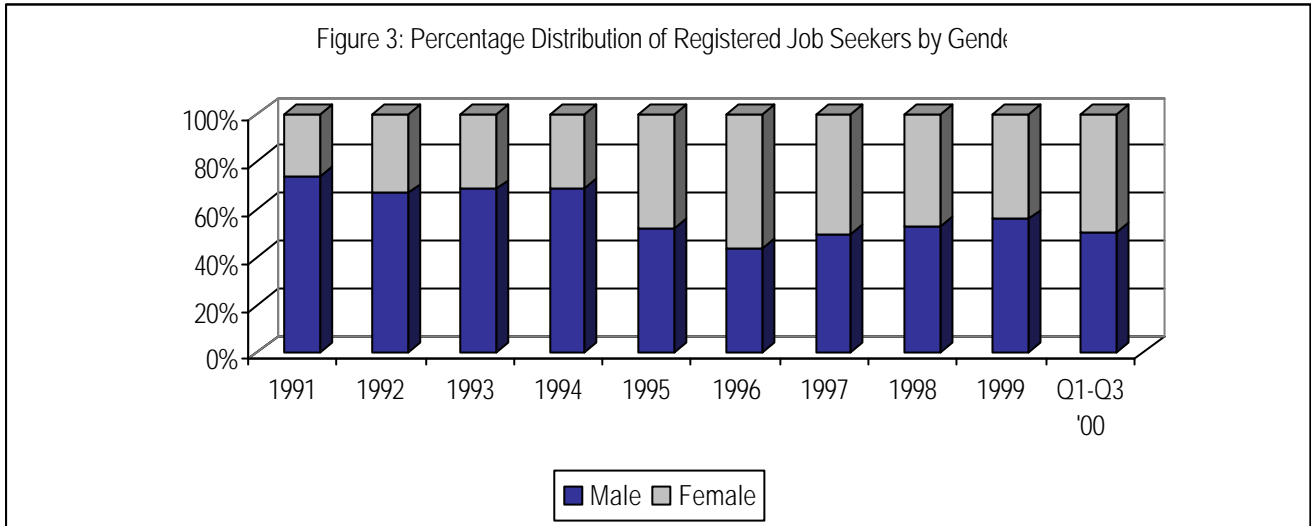
	Job Seekers	Vacancies	Shortages
1991	4467	8833	4366
1992	4196	17375	13179
1993	3825	30023	26198
1994	3792	8457	4665
1995	3948	7760	3812
1996	4118	9574	5456
1997	4571	9408	4837
1998	6853	16833	9980
1999	5978	6579	601
Q1-Q3 '00	4499	7869	3370

Source: Derived from State Manpower Department, unpublished

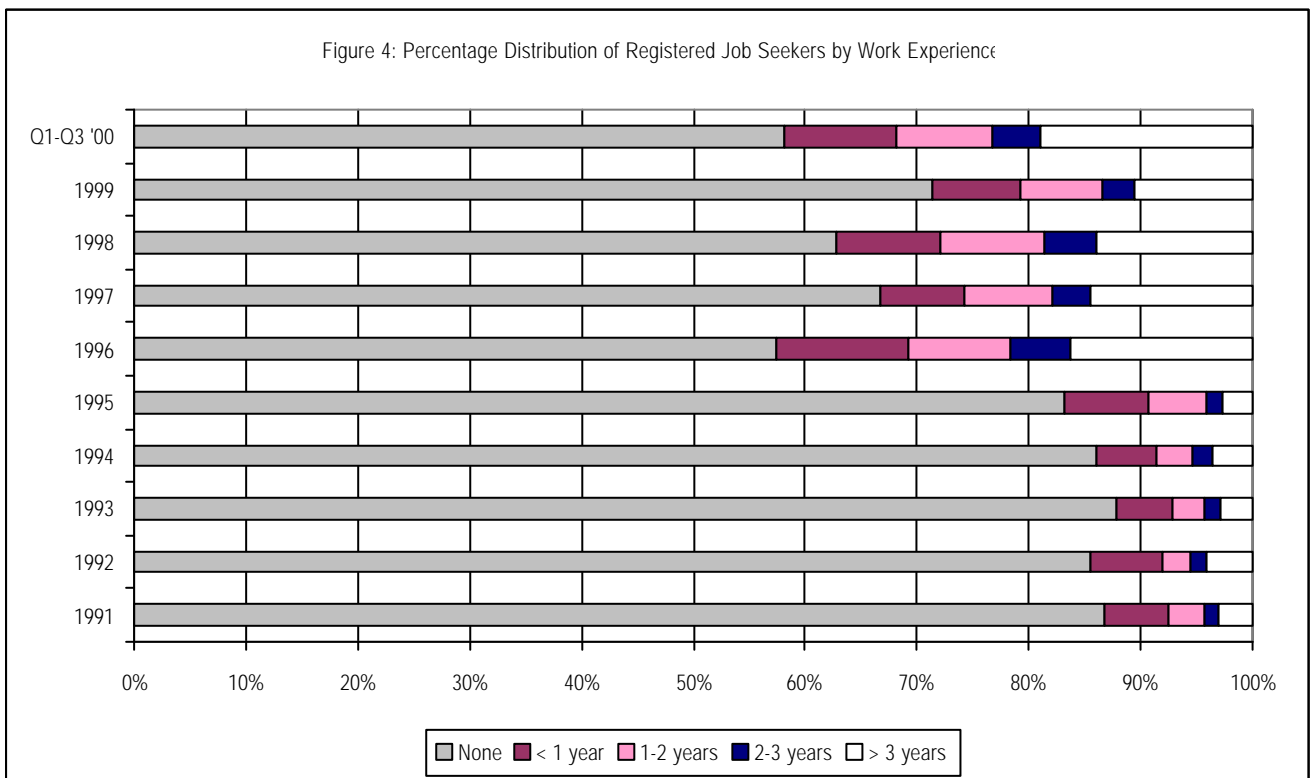
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Source: Derived from State Manpower Department, unpublished



Source: Derived from State Manpower Department, unpublished

Demand for Workers

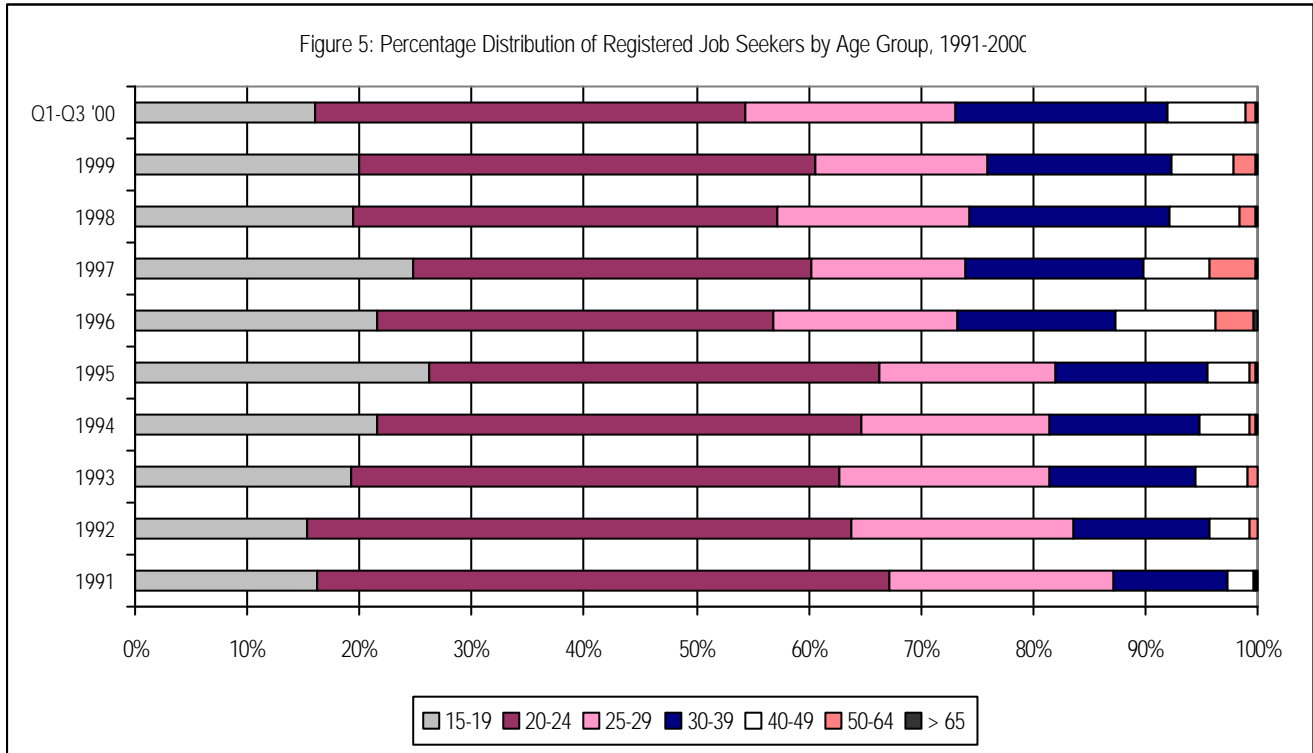
The majority of the vacancies were for production and related workers, transport as well as labourers as shown in Table 2 and Figure 7. These jobs do not necessarily require people who have MCE qualifications. People with LCE (lower certificate examination) or even lower qualifications would have qualified for these jobs. On the other hand, there were vacancies for professional and technical as well as administrative & managerial workers,

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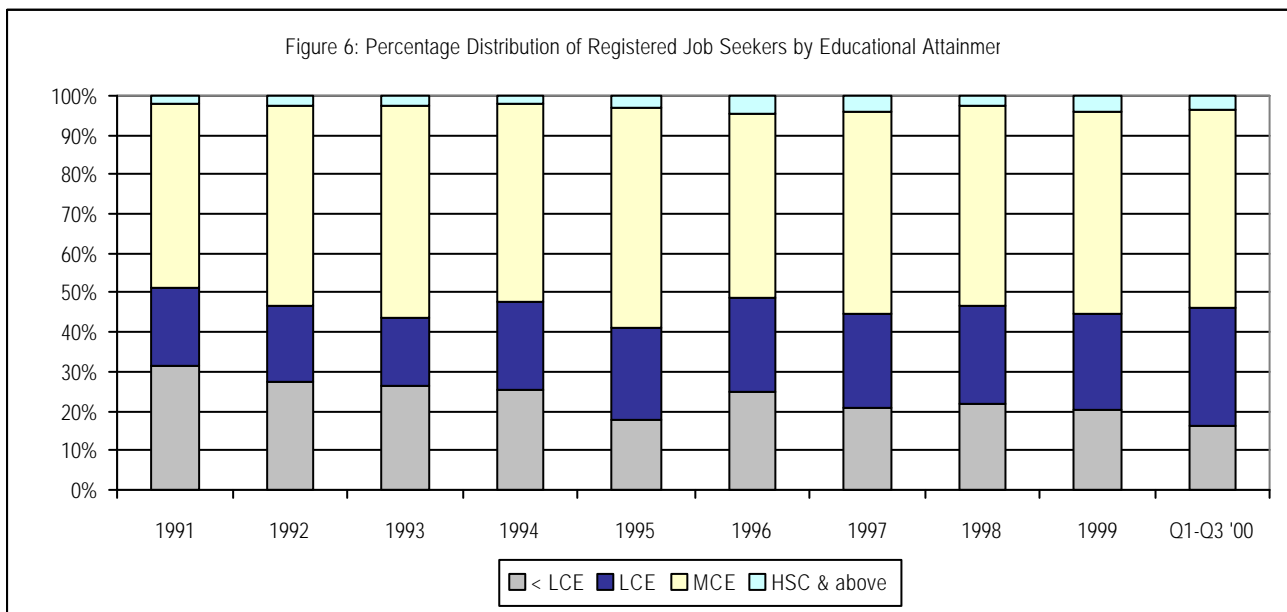


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which required higher qualifications but the number of registered job seekers did not match the demand for them. Table 3 compares the supply of labour with HSC or higher qualifications and the demand for workers at the professional, technical, administrative and managerial levels.



Source: Derived from State Manpower Department, unpublished



Source: Derived from State Manpower Department, unpublished

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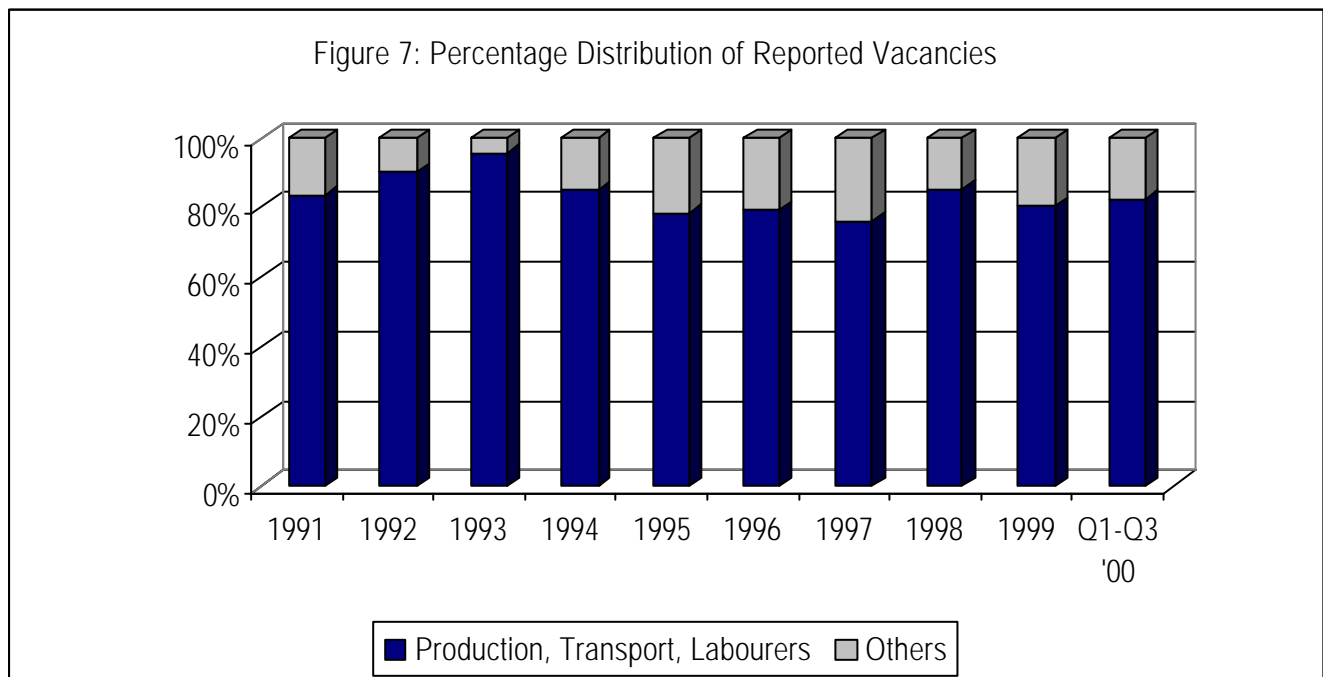


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Table 2: Percentage Distribution of Reported Vacancies by Category of Jobs

	Professional & Technical	Administrative & Managerial	Clerical	Sales	Service	Agri, Forestry, Fishery	Production, Transport, Labourers
1991	2.17	0.00	11.26	0.66	1.69	0.53	83.69
1992	1.00	0.09	5.35	1.02	1.16	0.96	90.42
1993	0.63	0.04	2.35	0.42	0.67	0.02	95.87
1994	1.84	0.11	9.90	0.93	2.11	0.14	84.97
1995	1.79	0.14	13.51	2.63	3.45	0.00	78.48
1996	2.80	0.16	10.70	1.44	5.56	0.08	79.26
1997	4.99	0.16	11.75	2.16	4.74	0.12	76.08
1998	1.86	0.43	3.33	1.16	5.52	2.25	85.45
1999	4.44	0.29	8.79	1.35	4.44	0.15	80.54
Q1-Q3 '00	4.47	0.13	7.54	2.07	3.24	0.05	82.50

Source: Derived from State Manpower Department, unpublished



Source: Derived from State Manpower Department, unpublished

Table 4 and Figure 8 indicate that the manufacturing sector is the largest employer in Penang as evidenced by the large number of vacancies. Vacancies in the manufacturing sector accounted for more than 80 per cent of the total reported vacancies throughout the 10-year period except for 1995, 1996, 1997 and 1999, when vacancies in this sector accounted for about 75 per cent of the total reported vacancies.

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Table 3: Supply of & Demand for Workers at Higher Level

	No. of Professional, Technical, Administrative & Managerial Workers Required	No. of workers with HSC & higher qualifications available	Shortage
1991	192	87	105
1992	189	108	81
1993	201	96	106
1994	165	85	80
1995	150	122	28
1996	283	181	102
1997	485	181	304
1998	385	170	216
1999	311	237	74
Q1-Q3 '00	362	154	208

Source: Derived from State Manpower Department, unpublished

Table 4: Percentage Distribution of Reported Vacancies by Economic Sector

	Agri, Forestry, Fishing	M&Q	Mfg	Construction	Utilities	Transport	WRHR	FIREBS	Other Services
1991	0.00	0.00	84.98	0.99	0.00	2.09	3.84	2.61	5.49
1992	0.00	0.00	88.09	2.89	0.00	0.83	3.13	1.28	3.78
1993	0.00	0.00	91.53	2.51	0.00	0.37	3.03	0.97	1.59
1994	0.00	0.00	82.06	0.92	0.00	2.36	4.00	2.92	7.74
1995	0.13	0.01	75.46	4.52	0.00	2.80	7.27	3.31	6.50
1996	0.03	0.00	75.06	3.54	0.26	5.72	8.76	2.31	4.32
1997	0.00	0.00	74.33	7.68	0.10	2.49	7.99	3.06	4.35
1998	2.17	0.00	84.64	1.59	0.00	0.91	3.43	1.94	5.32
1999	0.00	0.00	76.73	1.20	0.00	3.50	5.02	4.12	9.43
Q1-Q3 '00	0.00	0.00	84.13	1.31	0.04	2.25	5.53	3.22	3.52

Source: Derived from State Manpower Department, unpublished

Retrenchments

Retrenchments normally occur during economic crisis or when companies need to cutback their costs of operation. The most likely means for cutting cost is to reduce the number of workers. This is especially so for labour-intensive industries. Several cases of employment cutbacks were reported with the onset of the Asian economic crisis in 1997. This phenomenon occurs even during the present time. A total of 772 firms had carried out some sort of retrenchment exercise between 1997 and October 2000. This involved a total of 32,358 jobs (Figure 9). Some of the workers involved had no problem securing alternative jobs but some could not find alternative jobs until today because of their lack of experience and knowledge as well as the mismatch between the demand for and supply of workers. Normally the engineers, technicians and other technical personnel would not face difficulties in securing alternative jobs unlike those in the administrative and other non-technical related fields.

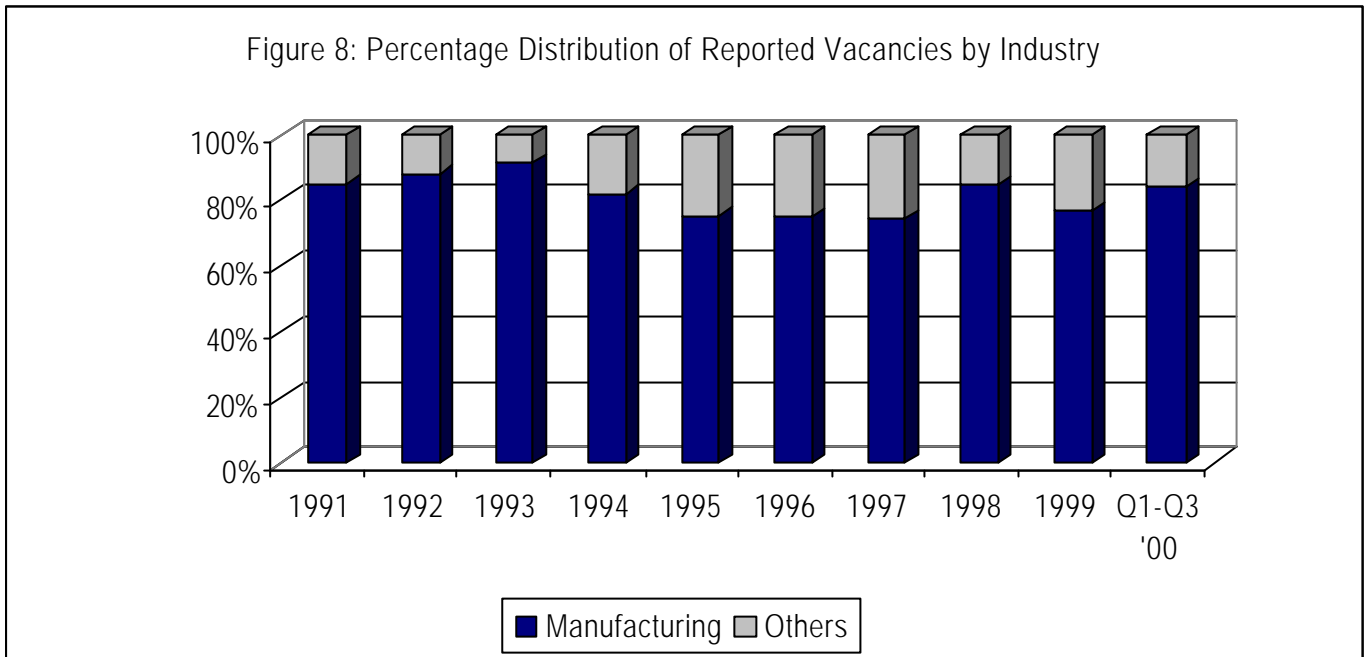
Conclusion

The data on job seekers and vacancies indicate that Penang is still largely engaged in the lower-end of the manufacturing sector despite the massive developments in the electronics related industries. The majority of Penang's labour force do not have tertiary qualifications and thus are unable to handle more sophisticated and higher-end jobs. This acts as impediments for the possibility of Penang moving towards the higher-end manufactur-

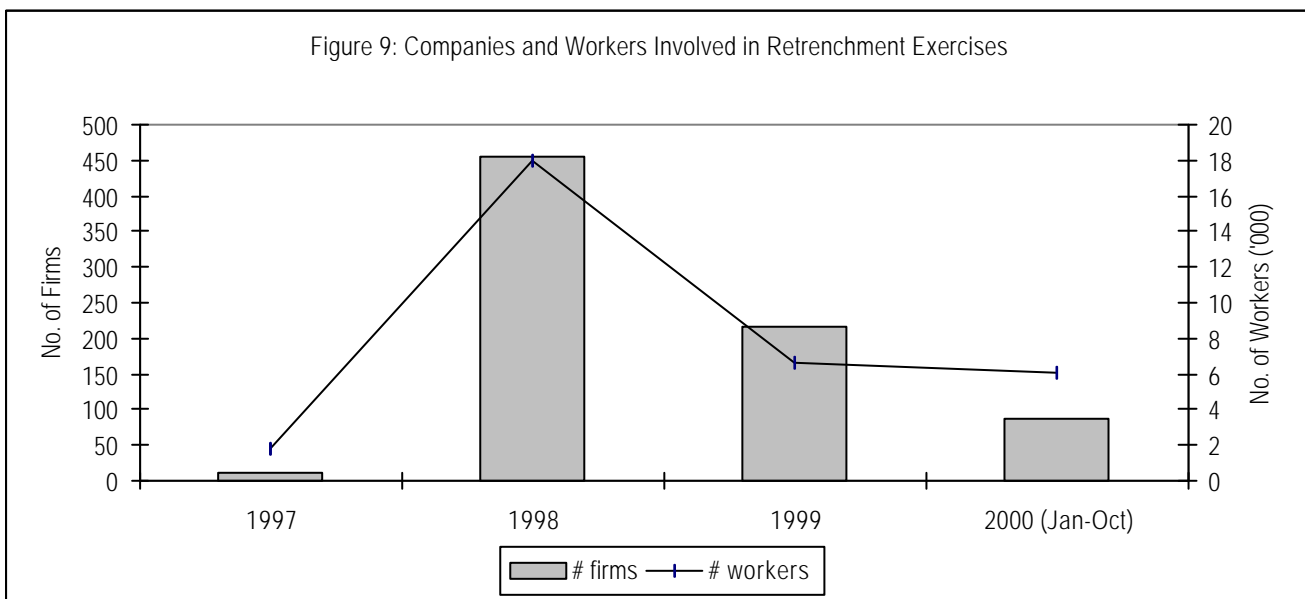
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Source: Derived from State Manpower Department, unpublished



Source: Derived from State Labour Department, unpublished

ing activities.

To transform Penang's labour force to meet the requirements of higher-end and higher value-added activities in the manufacturing sector, Penang's populace will need to attain higher educational qualifications. This would thus, enable the Penang's labour force to acquire, adopt and adapt higher knowledge and technologies to meet the requirements of higher-end and higher value-added activities. ***§ Anna Ong***



Globalisation, WTO & AFTA: A Commentary

Ever since the mass protests at the Seattle WTO talks, *globalization* has become one of the most fiercely debated topics among academicians, journalists, politicians, and laymen alike. What will be the ensuing effects of an increasingly interconnected world? How will the reduction of trade barriers affect countries like Malaysia? Is this tearing down of barriers even a good thing? Such was the focus of the talk by Mr Martin Khor on *Globalization, the WTO, and AFTA* organised by SERI recently.

He defined Globalization as “the breaking down of economic barriers” such that local policy is increasingly determined by global forces. Thus, smaller economies will start to lose out, as they will be increasingly unable to affect these global forces. Larger economies, on the other hand, while still being affected by global forces, are able to influence these global forces in turn.

Having noted this threat from the global forces, is there anything that can be done? Mr Khor provided two views to this. One of these was the “adapt or die” scenario, where globalization was viewed as inevitable, and all countries have to understand and change so as to adapt to these forces, lest they fall behind and ‘die’. The other view, which Mr. Khor feels is more correct, does not see globalization as inevitable, but rather as something created by human beings through specific policies and mechanisms, happening at the local and international levels. This is done at the local level, where governments reduce their own barriers, be it in finance, investment or trade. It is also done at the international level in two ways, primarily by the big powers which, he notes, stand to gain most from globalization. The first is the setting up of specific mechanisms, such as the WTO; the second is the use of the ‘adapt or die’ ideology to convince the small economies to fall in line.

Mr. Khor identified the big international private sector which includes investment houses, Wall Street traders, banks, and huge multinational companies as the main powerful forces driving globalization. These forces, he said, which find that their profit opportunities are limited in their own countries, are now seeking to capture more and more new markets around the world. Comparing such acts to colonialism, Mr. Khor noted that these companies seek to break down barriers, so as to be able to come into local markets to grab as much local market share from the local firms as possible.

However, as many of these countries are now independent, they are fighting to regain their economic independence. Towards this end of being able to strengthen their domestic economies, these countries have had to resort to protectionism to allow their local markets to grow stronger.

Despite his views being somewhat “racial” as admitted by the speaker himself, many of Mr. Khor’s concerns are in fact quite real and should be taken seriously. Noting that these international institutions still do hold some benefit and are still “good” to varying degrees to different countries, Mr. Khor believes that there are still various aspects of these international institutions that can be and should be changed to be truly just and fair to all countries, developed and especially developing.

What Mr. Khor failed to cover in this talk, perhaps in view of the limited time available, was that the reason many developing countries are, in fact, being shortchanged under the current system can be traced to previous rounds of trade talks. Previously, while the developed countries stood united and were very much able to push their agendas (read national interests) upon the developing countries with great effect, the developing countries instead chose to stand disunited, each trying to push for their own agenda, or even squabbling among themselves. This was especially evident in the WTO Agreement on Textiles and Clothing, or ATC as it is more commonly known. Being divided, developing nations could not effectively protect their own national interests from the conflicting interests of the developed countries. This, I believe, is one of the primary reasons that led to the ‘unfairness’ prevalent in the system today.

However, the situation now is very different from even as recent as 6 years ago, which was when the ATC was signed. In the present situation, it is the developed countries which are showing signs of disunity and weakness.



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while the developed countries are standing strong and united. This, in fact, should allow for the developing countries to be better able to negotiate terms and conditions more favorable to their own national interests.

National interests, too, are an area of concern. During the question and answer period, several local issues were brought up, namely, how far should protectionism go? Should protectionism continue to be extended to industries once the costs exceed the potential benefits?

Although such questions are always complex and involve many aspects, one of the most credible views that emerged from the discussion was that protectionism should be implemented strictly and properly. A rigid timetable should be set and specific goals achieved and a "level" of protection removed at the end of each time period. Only then, when there is no room for inefficiency or complacency, would results be achieved..

Another point of concern was the push for intellectual property rights (IPR), the most recent "attack" from the major forces in the world. Noting that this would diminish the ability of developing countries to play the 'catch up' game, by reverse engineering and other such techniques, Mr Khor noted that this was a major point of concern for developing countries. While it must be noted that all developing nations must be on guard against certain IPR abuses (such as a patent held by a US company in Europe for a process to extract oil from the neem tree—a traditional cure that has been used by South Asians for centuries), it must also be noted that IPR is not a single edged blade, in that it will only cause harm and grief to developing nations, while only bringing benefit and wealth to developing nations. One of the basic premises of economics is that everybody acts for their own self benefit, and with everyone acting for their own selfish interests, somehow (the invisible hand, or what have you), these acts will combine to increase the betterment of all.

However, to achieve this, certain rules and regulations must be set to insure i) that each actor (entrepreneur) be able to receive his profits in full, and that ii) the rules of the game are the same for everyone. For while, as with everything else, the outcomes may differ from person to person and cannot be regulated, however, the rules of the game can be regulated and should be regulated such that they are open and fair for everyone. Thus it must be noted that just as Microsoft may jealously guard its source code, the Malaysian entrepreneur with a really great idea would also just as jealously guard his own idea.

It must be admitted that there are some concerns that the developed countries, having all the advanced technology, already have the upper hand and thus will always be ahead. But this is not true, as not all patents have to be 'high tech'. In fact, some of the most successful patents come from low tech ideas, such as Tetra-Pak, the company that specializes in making innovative cardboard packaging and transformed it into a multi-billion dollar business. Breaking down Microsoft's IPR, although however nice it may sound in the short term, can only bring ill effects in the long run. The breaking down of IPR won't suddenly make the developed countries stop churning out new technology or suddenly become technologically incapable. Nor will it make us suddenly technologically on par with the developed countries. But what it can do, is deprive our own entrepreneurs and companies from continuing to innovate and come up with their own technology, as they will, of course, fear that they will not be able to benefit from the slight edge all that research and resources went into developing.

All in all, the bottom line is that, at the moment, the rules and regulations surrounding globalization are less than fair, especially to the developing countries. The objective then, is for the developing countries to get their act together, unite and negotiate a set of rules that will be fair and just for all. Moreover, protectionism may indeed be a crucial tool in allowing countries, specifically developing countries, to be able to stand on their own to feet. However, such protectionism needs to be structured and implemented strictly so as not to breed complacency and vampiric industries, which can only lead a country into vicious cycles of increased dependence on others, which is exactly what the developing countries are fighting to get out of in the first place.

§ Terence Too