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Rafizi: Education key to nation's progress, growth

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## Skilled workforce crucial for innovation, says minister

### ECONOMY

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**KUALA LUMPUR:** The Economy Ministry says education will play a pivotal role in cultivating talent and be the foundation for sustainable growth of the economy.

Recognising that a skilled workforce is essential for innovation and productivity, its minister Rafizi Ramli highlighted the importance of education in nurturing talent and equipping individuals with the skills needed to meet the demands of the modern economy.

"One of the biggest challenges to restructure the economy is precisely the talents.

"Everytime we talk about programmes, initiatives and structural reforms that we try to implement, there are always sceptics who suggest to forget about it unless you fix the education system," he said during the public launch of the April 2024 Malaysia Economic Monitor (MEM), titled "Bending Bamboo Shoots: Strengthening Foundational Skills", yesterday.

Rafizi said the country cannot afford to proceed sequentially, instead, he advocates for parallel progress.

"I am a firm believer that one of the most crucial improvements in this country is education, especially given the predicament we are facing. The most effective policy instrument, when executed correctly, to manage everything in this country is actually through education," he added.

As Malaysia moves closer to becoming a high-income nation, Rafizi pointed out that the risk of inequality looms large.

He said from a policy standpoint, if not handled carefully, economic growth might only benefit a small group of people, leav-

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Yasuhiko Matsuda

ing the rest behind.

World Bank country manager Yasuhiko Matsuda also said the key bottlenecks in driving the economy are talent and skills.

"Education is probably the single most effective way to address both the long term growth challenge that Malaysia faces, as well as the inequality challenge.

"The vision is that you want to speed up economic growth, but without leaving people behind," he said during his opening speech before the public launch of the MEM.

He added one way to do that is to ensure equal opportunity at early stages of people's lives, so that individuals born into less favourable circumstances could still make the most out of their talent and effort and benefit from what society and the economy have to offer.

Yasuhiko said the MEM report is focused on the foundational aspect of skill and talent agenda that Malaysia is confronting.

"Once you have the startup ecosystem, it's the product of this high-quality education system that will come out with critical and creative thinking that come up with great ideas to start up new businesses. This is an essential part of the ecosystem," he added.

Citing the recent Programme for International Student Assessment results, he said Malaysia isn't exactly where it

should be or it aspires to be.

However, he assured that the country is not in a crisis due to this. He however highlighted that 40% of the country's 10-year-olds cannot read and write properly.

"That's a problem. In some neighbouring countries, the ratio is 90%. So it's not as bad as that but it's not as good as another neighbouring country where the ratio is 20%, and this is a country that is at a lower level of development than Malaysia," he noted.

Meanwhile, Rafizi pointed to the continued focus on fiscal deficit reduction, citing the expanding federal debt, which currently stands at 64.3% of gross domestic product.

"Unless we bring it down to 3.5% by the end of 2025, we will not be able to see a debt reduction moving forward. We need to cross that inflection point," he said.

In the current high interest rate environment, he said reducing the debt service level is crucial for the country.

"We are spending about RM40bil a year at least servicing debt. Imagine if we can take just RM5bil of that and put it into education or healthcare," he noted.

In the coming weeks, he said the government will start to communicate the mechanism and criteria for the subsidy rationalisation, explaining the implications to each strata society.