Managing Malaysia’s education crisis

The Malaysian government should look to civil society for support in strengthening the nation’s education system. Evidence can be seen in the 2014 Unesco Global Monitoring Report on teaching and learning. According to this report, there is an ongoing global education crisis that is costing governments US$1.2 billion a year.

For Malaysia, which has consistently allocated a very large proportion of its national budget to education, this finding is worrying. Results from recent assessments, such as the Programme for International Student Assessment (PISA) and the Trends in International Mathematics and Science Study (TIMSS), confirm that Malaysia remains stuck at the bottom third of the international league table of schools.

Malaysia’s performance in TIMSS had slipped to below the international average in mathematics as well as science by 2011. In PISA 2009 and 2012, Malaysia ranked in the bottom third of 73 participating countries.

A comparison of PISA scores suggests that the average Malaysian 15-year-old would take at least three years of extra schooling to catch up with his peers from high-performing East Asian economies such as Singapore and South Korea. Poor results, despite high government spending, indicate that return on educational investment in Malaysia is not as high as expected.

Every year, children throughout Malaysia participate in examinations at the end of their schooling cycle, such as primary, lower secondary and Forms Five and Six. But the public examination system is not the same as a national assessment system. It is hard to ascertain from exam pass rates whether students are attaining minimum competencies in key areas of learning.

Current mechanisms do not allow for systematic evidence on the schooling and learning crisis remains unknown. It is likely to be very severe according to the experiences of other developing countries.

Unesco report, therefore, emphasises that national assessments of the level of learning are indispensable for informing and guiding policy to reverse the decline in student learning. Yet, there is a lack of effective mechanisms that allow policymakers and school managers in Malaysia to assess school performance and measure student achievements on a regular basis.

Current mechanisms do not allow for systematic examination of progress in learning across different cohorts and subjects.

Many explanations for the fall in the standard of learning are most cutting-edge global debates — is not taken seriously. The system has to embrace the English language as a kind of state-sanctioned dumbing down. It is a bad mistake to consider English merely as a tool for specific purposes. It should be as a new pool of water that is deep.

For Malaysian youths to regain lost ground, the issue is not whether or not the sciences and mathematics should be taught in English. It is quite beside the point. The system has to embrace the English language as a kind of modern life, and adopt it in school curricula as literature.

Over the last few decades, it must have been quite a tough and expensive undertaking for a country like Malaysia to keep its young unskilled in English, given the country’s colonial background and given how internationally connected the economy is to the rest of the world.

Now, English is the language of Asean, let us not forget that. Without it, we will have a hard time communicating.
to an effective assessment system for informing national policy. Civil society organisations in Malaysia can also play an important role. Civil society needs to bring import- ant issues to the government’s attention as well as to speak it relatively well. This can help parents obtain valuable information about the usefulness of schooling and the quality of locally provided education. This will help the poor improve their chances when deciding on their children’s education.

At the same time, a repository of longitudinal records on students and schools should be created and made available to academics for independent and complex analysis of the relationship between learning outcomes and education inputs. Without a reliable evidence base, social debates on education issues can neither have a meaningful policy impact nor lead to the development of a mechanism that can aid choices of poor households. Alongside state-sponsored initiatives, the government should actively encourage wider participation in the evaluation process. Partnership between the state and local research bodies should not only complement the government’s own efforts to improve educational governance. It could also go a long way towards creating a more inclusive and sustainable approach to educational development.

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Europe’s misguided investment mania

The mantra in Brussels and throughout Europe nowadays is that investment holds the key to economic recovery. This is the heart of the new European Commission’s economic strategy: its recently unveiled plan to increase investment by €315 billion (RM1.37 trillion) over the next three years. But the commission’s proposal is misguided, both in terms of its emphasis on investment and in the size of the package.

The commission’s plan, the signature initiative of President Jean-Claude Juncker at the start of his term, comes as no surprise. With the eurozone stuck in a seemingly never-ending recession, the idea that growth-enhancing investment is crucial for a sustainable recovery has become deeply entrenched in public discourse. The underly- ing assumption is that more investment is always better, because it increases the capital stock and thus output.

This is not necessarily the case in Europe at the moment. European Union authorities (and many others) argue that Europe – particularly the eurozone – suffers from an “investment gap”. The smoking gun is supposedly the €400 billion annual shortfall relative to 2007.

But the comparison is misleading, because 2007 was the peak of a credit bubble that led to a lot of wasteful investment. The commission recognises this in its support- ing documentation for the Juncker package, in which it argues that the pre-credit boom years should be used as the benchmark for desirable investment levels today. According to that measure, the investment gap is only half as large.

Unfortunately, even the pre-boom years are not a good guide for today’s European economy, because something fundamental has changed more quickly than is typically recognised: Europe’s demographic trends. The eurozone’s working-age population had been growing until 2005, but it will fall from 2015 onwards. Given that productivity has not been picking up, fewer workers mean significantly lower potential growth rates. And a lower growth rate implies that less investment is needed to maintain the capital/output ratio.

If the eurozone maintained its investment rate at the level of the pre-boom years, there would soon be much more capital relative to the size of the economy. One might be tempted to say: so what? More capital is always good. An ever-increasing capital stock relative to output, however, means ever-lower returns on capital and thus ever more non-perform- ing loans in the banking sector over time. Given the weak state of Europe’s banking system, accumulating too much capital is not a luxury that the EU can afford.

Even setting aside the question of wheth- er more is always better, what can the Junck- er plan do to have a positive short-run impact on aggregate investment?

The world’s commercial banks directly influence public debt, public policy, inflation, job creation and economic inequality.

Academic research on the determinants of investment has generally concluded that the key variable is growth (or expectations of growth), and that investment is a secondary role. One immediate implication of this, of course, is that monetary policy is un- likely to have a strong impact on investment. Indeed, the market signal is clear: at present, there is no shortage of funding available in most of the EU. The countries on the periphery and the United Kingdom might still be scarce, account for less than one-quarter of Europe’s economy. So a lack of funding is not the reason that invest- ment remains weak.

The Juncker plan is supposed to unlock, with €21 billion in EU funding, projects worth €215 billion, which sounds far-fetched. Europe’s banking sys- tem already has more than €1 trillion in capital. The addition of €21 billion, in the form of guarantees from the EU budget, is unlikely to have a significant impact on banks’ willingness to finance investment. The Juncker plan targets, in particular, infrastructure projects, which are often riskier than other investments. But these risks are not financial; they reflect potential political and regulatory barriers at the national level. These problems can- not be solved by a guarantee from the EU budget (which in any case could not be larg- er than 1/15th of the value of the project).

The reason why there still is no good investment is the ongoing trade-off between the Spanish and French power grids is not a lack of financ- ing, but the unwillingness of monopolies on both sides of the border to open their markets. Many rail and road projects are also proceeding slowly, owing to local oppo- sition, not a lack of financing. These are the real barriers to infrastructure investment in Europe. Large European companies can easily obtain financing at near-zero interest rates. Calling for more investment is super- ficially always attractive. But there are fundamental reasons to believe that the eurozone’s investment rate will remain permanently depressed. The often-invoked investment gap is mostly a result of wish- ful thinking, and the remaining barriers to investment have little to do with a lack of financing.

Economic performance in the US and the UK holds an important lesson for the euro- zone. Both economies’ recoveries have been driven largely by a pickup in consumption on the back of stronger household balance sheets, especially in the US. The revival of investment has followed the resumption of consumption growth. If European poli- cy-makers are serious about an economic re- covery, they should focus on consumption, not investment. — Project Syndicate

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