PETALING JAYA: A veteran economist has urged the government to drop a proposal to subsidise entry salaries of fresh graduates and instead encourage businesses to pay higher salaries for those better qualified and with higher productivity.

Former top civil servant Ramon Navaratnam said the government should give priority to ensure the sustainability of its finances.

“How far do we go to make this a manja (pampered) society?” said Navaratnam, who is chairman of the Asli Centre for Public Policy Studies. “The bottom line is that we must move away from a pampered, subsidy mentality and focus on being more productive.”

Navaratnam, a former deputy secretary-general of the Treasury, said the government should instead persuade businesses to pay higher salaries to those who are better qualified and who have higher productivity.

He said more entrepreneurship training should be provided for graduates, or incentives for businesses to invest in automation if it wanted to reduce dependence on foreign workers.

Also agreeing that subsidies would not be a solution was Malaysian Trades Union Congress secretary general J Solomon. He said subsidies would be a short-term reprieve for a long-term problem of graduate employability.

The issue of unemployed graduates, he said was the result of poor education policies, ranging from a lack of focus on technical education and a problem of graduates with qualifications which did not match the country’s needs.

“With minimal entry qualifications, many have been given easy access to higher education when they would have been far better off being trained as skilled craftsmen and technicians.
"Instead we have many who have qualifications which do not serve the needs of a developing nation, far in excess of what we need."

He questioned whether the government will do what needs to be done and carry out a major revamp of the education system.

"When students are already subsidised in tertiary education at public universities, should they continue to be subsidised when seeking employment?" he said.

Solomon said employers should work with colleges and universities to ensure that the supply of talent met demand; the government should facilitate the process.

The Malaysian Employers Federation, however, welcomed the idea of subsidies, saying that salaries of available jobs did not match the expectations of graduates.

"With subsidies, the graduates may take the jobs and get work-life experience which is key to finding better employment elsewhere in the future," MEF executive director Shamsuddin Bardan told FMT.

He added this would in turn reduce the number of foreign workers and the outflow of ringgit.

Prime Minister Dr Mahathir Mohamad has said that Putrajaya had yet to decide on the proposal. A report in Sin Chew Daily had said that Putrajaya wanted to provide RM6 billion in allowances and salary subsidies for fresh graduates to help young Malaysians to obtain employment.