



PENANG LECTURE 2005

BUILDING ON PENANG'S STRENGTHS: GOING FORWARD

BY

TUN DATO' SERI UTAMA DR LIM CHONG EU





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Tuan Yang Terutama Yang Di-Pertua Negeri Pulau Pinang, Tun Dato' Seri Haji Abdul Rahman bin Haji Abbas, dan Yang Amat Berbahagia Toh Puan Datin Seri Hajjah Majimor Bt. Shariff,

The Chairman of the Organising Committee for Penang Lecture Series and Director of S.E.R.I., Dato' Dr. Sharom Ahmat,

Ladies and Gentlemen:

1. I thank the Chairman and Directors of SERI for inviting me to deliver the Penang Lecture 2005 on "Building on Penang's Strengths: Going Forward".

2. It has been a long time since I last spoke at a public forum. Now that I am well into the eighth decade of my life I hope that you will accept any lapses on my part in good faith. Certainly, it is not my intention to become involved in any political discussion. Indeed, I have frequently enough expressed that "politics is the newest in ethics"¹, and my own personal involvement in the politics of social change took place many years ago.

3. Fundamentally, the social, political and economic strength of Penang emanates from the 1,442,800 people who live in this relatively small State in the Federation of Malaysia. Most of them (94.96%) are Rakyat Malaysia (Malaysians), and the majority of them were born after 31st August 1957.

4. Today, we have reached a new critical divide in the history of our 48 year-old Nation, when our people must all think, plan and act as Malaysians, and not in terms of ethnicity or even in terms of State-origins.

We have all become "RAKYAT MALAYSIA" bound together by a common National destiny.

Indeed, it will be as Rakyat Malaysia that we shall move our nation forward to achieve the social and economic objectives of "Vision 2020".

5. Geographically, Penang is a small State (1031 sq.km) subdivided into two parts:-
 - firstly, the Principal Island (293 sq.km.), with its cluster of six small islands – Pulau Jerejak, Pulau Rimau, Pulau Kandy, Pulau Betong (2) and Pulau Tikus –
 - secondly, Seberang Perai (738 sq.km.) with Pulau Aman (2).

Perhaps we should also take into account the “Middle Bank ” which stretches from the cape to the north of the Island towards Pulau Jerejak; as well as the various land-reclamation projects into the sea.

6. Historically, for 160 years, from July 1786 to 31st August, 1957, we were colonized and ruled by the British.

7. During this period, Penang developed primarily because the Port on the Island enjoyed Free Port Status. The population in the State, (Island and Seberang Perai), had developed into an “International mixture” of peoples from different racial origins, religious beliefs, linguistic and cultural heritages. [From Siam, Burmah, Ceylon, India, Persia, Arabia, Java, Sumatra, Borneo, Phillipines, Indo-China, China, Britain and Europe.]

8. The products and goods from the hinterland were attracted to the Free Port on the Island for onward distribution to the rest of the world, especially after the opening of the Suez Canal on 17th November, 1869.

9. When tin became a primary industry, the ore was sent to the Port on Penang Island, where the tin-smelting plant was located at Dato Kramat Road. This trend of moving goods towards the Island continued with the introduction of rubber as a major plantation industry. Thus the major rubber making factories were also located on the Island alongside with the timber saw-mills and charcoal yards and factories.

10. The British established the first schools to teach the English language to the local population so as to better serve their interests as the British Empire surged to the pinnacle of world-wide leadership. In 1816, the Penang Free School was established; followed by the St.Xavier’s Institution, and the Anglo-Chinese School for Boys, and then St.George’s School and the Convent School for Girls were established; all teaching in English. However, teaching in the vernacular tongues was permitted and private schools were built – those beside the mosques taught Malay in the Jawi text.

Western medical services were introduced and developed to provide medical care for the colonial administrators, the Sepoys and the general public. The General Hospital was built close to the Residency. But other native medical systems were also permitted and practiced.

In the 1930’s, the British built an airport at Bayan Lepas, and a sea-plane terminal at Gelugor.

11. In retrospect, it may be said that the social-economic development of Penang was generally better than that in its neighbouring States because its position as a British Free Port had introduced International trading, business and banking activities.

12. After World War II, the consequential struggles (against the McMichael Report) and the negotiations between the Malayan peoples with the British colonial administration eventually led to our achieving National Independence for the Federation of Malaysia:

Merdeka on 31st August 1957.

Penang became a constituent State in the new Malaysian Nation. All British subjects, residing in Penang automatically became Malaysian citizens, (unless they decided not to do so). In historical perspective, Penang is only a single State entity in The Federation of Malaysia; and Malaysia is a new Independent Nation, which is only 48 years old today.

13. Nevertheless, the people of Penang have played an important role in the development of Malaysia because of their character and their determination to share a common destiny as Malaysians with the citizens of the thirteen other States and the Federal Territories in our new nation.

14. When we became Independent, there were the few who still clung on to the old order of the colonial past. But no matter what criticism we may have for the past, Penang had been a social crucible of multi-racial interaction under British rule. The vast majority of our people had become strongly bonded together and had forged deep mutual understanding and respect of their various original ancestral roots. They had also developed an international way of life by establishing strong trading bonds with the people in other countries of the world.

15. Those who had not integrated into the new Nation had gone back to their countries of origin. However, many “Peranakan Pulau Pinang” who had developed the Penang ways of life – the “baba-nonya, mamak, serani, etc.:– had migrated to the other Federal States and the new Capital at Kuala Lumpur to seek a better livelihood and new opportunities.

Some followed the British “raj” as it moved on elsewhere – to Brunei, Singapore, Hong Kong, Ceylon, India, Africa, and to the UK and other parts of the British Commonwealth where a few became prominent citizens.

Some of them reestablished their ancestral roots or emigrated to India, the Middle East, China, South East Asia, Europe, America (both North and South) and Africa.

The decision of the large majority to remain in Penang was a radically fundamental choice!

But it has become a Special characteristic of “Penangites” to have world-wide kindred links.²

16. Malaysia achieved Merdeka under the leadership of (Allahyarham) YTM Tunku Abdul Rahman Putra al-Haj.

He was from the royal lineage of Kedah, and had studied in Bangkok, the Penang Free School and Cambridge in the U.K. In 1951, he was elected President of UMNO at

the General Assembly which was held at Seberang Perai, and thus succeeded Allahyarham Dato Onn b. Jaafar.

17. Under his leadership, we chose the Democratic way of Government and bound our new Nation together with a written Constitution to uphold –

- The Rights of the Rulers (including the appointed Governors);
- The powers of the Constituent States and the Federal Territories; and
- A Parliament with an Upper House which is appointed, and a Lower House which is democratically elected.
- The States are served by Elected State Legislatures.

18. Malaysians had to learn how to rule our New Nation the hard way. We had to overcome the ravages of MCP insurgency and the exigencies of Indonesian Confrontation. Nevertheless, our people succeeded in building a united Malaysia for Malaysians with a democratic parliamentary system.

19. We must always remember the hardships and tribulations of those early days, when Malaysians began to forge the fundamental social patterns upon which we united our Independent Federation.

After the Cobbold Commission, Sabah, Sarawak and Singapore joined the Federation. Then in 1964 Singapore separated, but Malaysia successfully continued to develop and progress.

Labour unions were being formed and garnered strength from those who fanned newly adopted international concepts of “haves and have-nots”, cost-of-living index and minimum wage, which disrupted the peace in our society through industrial and social strikes.

Political partisanships stressed on different ways of overcoming rural and urban poverty and the sense of deprivation [*sakit hati] ; the differences of Local Government, State and Federal administrative procedures; how to provide more egalitarian facilities for education; a higher standard of living, a better quality of life; etc., which caused frequent social unrest and even rioting.

20. Then, in 1967, the Federal Government decided to abolish the Free Port Status of Penang (Island). Subsequently, the main container port and sea-cargo-terminal was relocated to Seberang Perai.

21. At that time, the Federal Authorities introduced Duty-free bonded ware-housing facilities for certain specific manufacturers. On the Island, a small industrial estate was established at the Sungei Pinang area, and in Seberang Perai a similar estate had been developed at the Mak Mandin area.

22. In the private sector, the main job-providers were the Eastern Smelting Company, the Rubber Processing factories, the Malayawata Steel Mill, the Malayan Sugar Manufacturing Factory, the Jelani Jute Bag Factory, the United Malayan Flour Mills, the Gold Coin Agro-Chemical Factory; and importantly enough the R.A.A.F. Air Base at Butterworth.

23. It is interesting, but bewildering, for me to look back to the ten to fifteen years of my life when I was deeply involved in the politics leading towards the struggle for Merdeka, under the leadership of YTM Tunku Abdul Rahman Putra al-Haj.

He was the gentlest and kindest of men trying to lead a new nation to achieve a “fair and just society for all”. We worked hard together, and we disagreed politically, but throughout his life we maintained a very close human understanding and friendship.

Yet for all his devotion and hard work to found our new nation, Malaysia was to undergo the violent upheaval and social tribulations that followed the May 13 incidents of 1969.

We had been independent for only 12 years!

24. On May 14, 1969, The Yang Di-Pertuan Agong declared a state of National Emergency and Parliament was dissolved. However, Tunku Abdul Rahman continued as Prime Minister of a suspended Cabinet.

Then “in compliance with Article 150 of the Federal Constitution”³, (Allahyarham)Tun Abdul Razak b. Dato’ Hussein, the then Deputy Prime Minister, was appointed Director of Operations of the National Operations Council (N.O.C.), with (Allahyarham)Tun Dr. Ismail b. Datuk Abdul Rahman as his Deputy Chairman, and Tun, General (R) Ibrahim Ismail as the Chief Executive Officer, “having overall authority over the Armed Forces/Police/Civil Service”⁴

In January 1970, the NOC (National Operations Council) then appointed the National Consultative Council (NCC) under the chairmanship of Tun (Dr) Ismail.

Parliament eventually resumed on 23, February, 1971, when the NOC was dissolved.

25. Thus, for eighteen months, Parliament was suspended and Government was carried out under the aegis of the NOC (National Operations Council), with a broad based National Consultative Council (NCC) to preserve the peace and to draw up a new agenda for national social-economic development.

In the States the elected Mentri Besars and Chief Ministers carried out their functions in conjunction with the SOC (State Operations Council) responsible to the NOC and only reporting back to the State Executive Council.

26. Between 1969 and 1971, many important organizations, such as the Majlis Keselamatan Negara (National Security Council) and the Majlis Perpaduan Negara (National Unity Council) were formed.

Then the NOC promulgated two very important national principles, which were subsequently approved by the restored Parliament, to augment the spirit of the Federal Constitution: namely –

- (i) the RUKUNEGARA, and
- (ii) the NEW ECONOMIC POLICY.

The text of the Rukunegara was drawn up by a Committee under Tun (then Tan Sri) Ghazali Shafie. This has remained unchanged and its spirit constantly reinvigorated. However, every now and then the New Economic Policy has come under public scrutiny and political debate.

27. Everyone agrees that all Malaysians must be thoroughly taught to understand and sustain the provisions of the Federal Constitution;

- to constantly practice the tenets of the Rukunegara; and
- to work in unison to achieve the fundamental objectives of the New Economic Policy.

It is in the schools that the young generations of Malaysians can be thoroughly inculcated with the ethical and civic codes of how the Anak Malaysia can better interact with one another as “brother and sister Malaysians sharing a common destiny”

Perhaps, today, these programmes can be supplemented with a system of “home-boarding” for college and University students. After their first year in the institutional hostels, the students can be “boarded” with selected and approved families in the neighbourhood.

28. Our people must thoroughly understand that “it takes time for a nation to evolve and grow”. The Rakyat Malaysia today must help to mould the national characteristics of the Anak Malaysia of tomorrow.

29. In general, I think that when most people, who live and work (or visit) the State of Penang think of the state, they still usually “think” of the Island and are somewhat vision-impaired with regards to Seberang Prai. So Georgetown is clearer in their minds-eye than Kepala Batas; (Bayan Baru more than Bukit Mertajam)!

In corollary, those who live, work or visit Seberang Perai see the State of Penang from the reverse perspective.

30. Few people indeed regularly think of Penang as one of the thirteen States and the Federal Territories of Kuala Lumpur and Labuan, who together constitute our nation, Malaysia.

Yet, today it is necessary and essential for us to do so because the social intermixing of those who are born in Penang with other Malaysians who have come to work and live in Penang from the other States of Malaysia, and vice-versa, is the very basis of the continuing evolution of a truly Malaysian nation.

31. In 2004, the population in Penang was 1,442,800. Generally, such statistics go on to differentiate the numbers by ethnicity. I think that the time has come when we should establish these vital statistics in terms of the States (including the Federal Territories) of birth rather than by ethnicity. And I hope that this will be done when the issue of the new Identity Card system has been completed.

32. I am thankful but feel humbled when my fellow-citizens attribute the development of present day Penang to my period in office. And I do not quite understand why they do not accept my earnest reply to them that they themselves truly deserve the credit.

It is indeed the People of Penang who have made us what we are today!

33. When I returned to Penang, after being abroad for more than ten years, I worked in private medical practice with my father. Then I became involved in social activities, particularly in those related to medical practice and education.

This was due to my own personal decision. I considered that through these activities I could perhaps be able to repay our people, who had fundamentally raised the funds to establish the Queen's Scholarship, which had given me the opportunity to study abroad.

Later, when the subject of Independence for our country developed, these social activities took on a political overtone. Then, I not only became a strong activist struggling for democratic self-rule, but I also participated in the earliest elective processes.

The ethical synopsis of my personal involvement in political activity is my firm belief that the people, who have the right to vote and thereby the right to choose and elect the persons to represent their interests, deserve the kind of government which determines the administrative, economic and social services that are rendered for them.

I was defeated in the very first political elections that I took part in as a candidate. It is local history that subsequently I won several terms of office through elections.

And, in the end, it was the people themselves who kindly set me free from politics, when I was defeated in the last elections that I participated in.

So, it is my firm conviction that the people themselves, who elected my colleagues and I to hold public office in the State of Penang, have made Penang what it has become today.

34. What was achieved in Penang during my tenure of office, must also be attributed to the devotion and high standards of duty, integrity and responsibility upheld by the administrative officers⁵ who worked with and taught me the art of social leadership.

I am happy to see some of them present here today. To all of you I say "Thank You!"

35. In 1969, the people in Penang were socially and politically despondent. The Free Port Status had been taken away by the Federal Authorities. Out of a population of 777,777, the unemployment rate was 16.4%! The world economy was in recession. The R.A.A.F was planning to move out of the Butterworth Air-Base.

There were frequent strikes, demonstrations and even rioting taking place all over the State. Penang had acquired the reputation of being a State plagued by frequent social unrest and racial tension.

In the General Elections of 1969, the electorate in Penang voted the GERAKAN, a party in Opposition, into power!

36. The very next day after I was sworn in as Chief Minister, the cataclysmic incidents of May 13 started in Kuala Lumpur.

Over the telephone, I told (Allahyarham Tun) Datuk Abdul Razak that I would fully support and work closely with him to restore peace and order in the country.

In Penang, working closely with (the late) Tan Sri The Ewe Lim, (the late) Dato Ooh Chooi Cheng, (Allayarham) Dato Harun Sirat and Tan Sri Datuk Khoo Kay Por, I

summoned the C.P.O., Dato' Albert Mah to meet with me and the State Secretary, Datuk Abdul Manaf.

I instructed him to immediately put the Police Force on "full alert" and to barricade strategic points where rioting had previously occurred. The result was that close and Federal and State cooperation was immediately established. Throughout the period after the May 13 disturbances, no major trouble occurred in Penang!

37. I have related this event because I believe that from the very first day of my tenure in office, I had begun to earn the respect of the people in Penang.

I had also established the beginning of very close State and Federal Government relationships, irrespective of political partisanship.

This was reinforced by the overwhelming social task of mobilizing our citizens to form Jawatan Kuasa-Jawatan Kuasa Perpaduan, Keselamatan and Rukun Tetangga, Kehimpunan Mubbibah to secure peace, unity and stability throughout the State.

For me, personally, the National Interest has always come first and above partisan commitment. I also fully understand that the State is an integral part of the Federation.

Therefore, fundamental social and economic projects and programmes for the benefit of Malaysians can only be realized through close interaction and agreement between the State and Federal governments.

The NOC (and NCC)-SOC interaction served as a very special example of very close State and Federal cooperation.

38. Later, this cooperation was to lead to the formation of the Barisan Nasional on 1st January, 1973, which evolved the principles of Government by Consensus (and at the beginning this included PAS as a constituent member).

The fundamental lesson that we must accept and always practice is that in a Federation of States, the State Government and the Federal Government MUST always work closely together.

39. Then, together with the Civil Servants in the State, I came to the conclusion that the socially disturbing high unemployment rate in Penang could, in fact, be turned into a social-economic advantage. Indeed, "we had a reservoir of 50,000 potential work-force" which we could tap and develop.

40. As a trial, we sent some of those who were seeking employment through the Labour Department to join the Dusun Tua project and acquire labour skills ranging from agricultural farming to mechanical repair, handicraft and tooling skills.

Then, we initiated the "car-parking attendants and job-cum-training schemes", which immediately created jobs for several hundred unemployed school leavers.

And at the same time, under the tutelage of the late Mr. Yeoh Swee Hock, who had retired as the headmaster of The Georgetown Technical Institute, together with several other socially motivated technicians, we managed to train hundreds of the young unemployed in the State,

Firstly, they were trained to learn how to respect their elders and their fellow workers; and then, secondly, they were taught to acquire hands-on skills for jobs – such

as cleaners, technicians and mechanics in the carpentering, moulding, machining, tool making and repairing, and electrical servicing fields.

This programme also provided them training on the maintenance, repair and making of electronic equipment.

On one of my visits to the Air-base at Butterworth to ascertain the depth of the job-problems faced by our Malaysian workers who would be displaced by the withdrawal of the Australian Air Force, I had been impressed by the fact that our own Malaysian workers were in fact very capable in repairing and servicing the most advanced and sophisticated aircraft electronic equipment.

Our people, especially the young people in Penang, responded well and confidently met the challenges they faced. They took to assembling electronics components with great competence and enthusiasm.

The majority of these people now constitute the population-sector which we classify as aging, retired, and old citizens of Penang

41. Meanwhile, Dato' Chet Singh, who was the State Financial Officer, had been seconded to become the GM of the PDC (Penang Development Corporation), which had been instituted on 17th November, 1969.

He and his colleagues⁶ (they all deserve special mention) supported my conviction that to resolve the problems of the State's economic difficulties we must create "labour intensive" industries, and build up the manufacturing sector.

42. We told our potential entrepreneurs and investors that "in Penang we had a young and capable workforce who, if and when given the opportunity, could perform as well, if not better, than the workers anywhere else in the world and at a relatively cheaper cost".

In all the new labour intensive industries that eventually located and "settled" in Penang our young workers truly impressed the investors by the quality of their work and their ability and dedication to serve and to learn new skills – indeed, up to the very latest and most advanced international standards.

The investors were even more impressed when they discovered that our College and University graduates proved that they could undertake the most advanced projects which demanded the highest management, design and production capabilities.

43. In the process of seeking new labour-intensive industries we decided that the best potential was the New Electronics industry.

In fact, in close cooperation with M.I.T.I, we had studied the potential job creation opportunities from the making of hair-wigs, to amusement-theme-parks and to casinos.

However, our most important finding was that to attract the best labour-intensive industries we had to create New Incentives to successfully compete against other industrialized countries.

44. Through close consultation and cooperation between the State and Federal Government agencies, in particular the EPU, (then coordinated by the NCC -National Consultative Council), Penang was able to promulgate the Free Trade Zones Act, by the end of April, 1971.

Quickly, implementing this Act, the PDC established a "LAND BANK" with two Free Trade Zones –

- (1) At the Seberang Perai area to service the (heavy) industries which amongst other things depended upon the Shipping Port and Railways for the movement of materials and products;
- (2) At Bayan Baru, to service the (clean) industries, especially those which required the movement of materials and products by air-transport – in effect the Electronics, medical and other precision and machining Industries.

45. Adjacent to these two "Free Trade Zones", the PDC established two new "townships" and developed the "construction capability" to build primary basic infrastructure services for an urban mix of "low-cost" and medium cost housing, shopping, places of worship, schools, ready-to-use factories, offices and recreation areas.

At the same time the State Government and the PDC launched a vigorous promotion drive to attract Malaysian-based and foreign companies and capital to the FTZs, which were innovative and conceptually new.

The success in bringing in (Fairchild) National Semi-Conductors, Hewlett and Packard, Bosch, Ruf, Hitachi Semiconductors, Intel, Motorola, AMD, Phillips, Siemens, Braun, Aesculope, O-E Design, Clarion, etc. has overshadowed the PDC's own construction of ready-to-use factories within the space of eight weeks, followed by the establishment of Penang Electronics at Bayan Lepas.

As indeed the corollary development of Adhesive-tape, Schott Glass, Toray Textile Alliance, Penfibre, Sony etc., etc., at Seberang Perai has overshadowed the PDC's own "Panelex" Modular Housing and Mushroom-growing factories.

The successes of the electronic factories in turning the FTZ at Bayan Baru into making Penang the "Silicon Island" is still a sort of fairy-tale.

Yet we must not forget that concurrently we were expanding and modernizing our horticultural base. We promoted activities from orchid-growing to making Penang the base for the export of fruit (durian), poultry, eggs, pigs, jelly-fish, etc; to a center for prawn-rearing (udang-gala "macrobrachium)) and the export of fish and cockles, tiger-prawn, tuna, tropical fish, etc., etc.

But the simple and fundamental truth is that the young workers of the day, and their successors to this day, have proved that in Penang we have the best brains and hands, comparable with those in anywhere else on this planet.

46. Simultaneously, the State Government reviewed the status of the various local authorities and reconstituted them into only two Councils instead of the previous five, (a) Majlis Perbandaran Pulau Pinang, and (b) Majlis Perbandaran Seberang Perai.

- The Penang State Water Authority was created.
- The Universiti Sains Malaysia was established.
- The Teachers Training College was extended.
- More Schools were built or extended.
- New technical institutes and private educational institutions were established.
- The Government Hospitals were improved and more beds provided.

- The number of private hospitals was increased.

47. In order to stem the rural-urban shift of population and in consonance with the Government's efforts to redress the social and economic imbalances between the rural and urban populations, Penang created the two new town-ships of –

- (1) Seberang Jaya to complement the new Industrial Free Trade Zone, and the extended Shipping Port, and
- (2) Bayan Baru in relation to the new Free Trade Zone and the Airport (which was being rebuilt to include a Cargo Terminal with free-bonded warehousing).

To link the two new urban entities, the decision to build the Penang Bridge was made with the full support of Allahyarham Tun Dr. Ismail as chairman of the NCC, and an Outer Ring Road system was planned.

48. It was anticipated that as the State population grew, these new developments would lead to a "shift" in the population in Penang Island to Seberang Prai, which would require readjustments in the programmes of the Second Economic Plan. We managed to gain the full support of the EPU (Economic Planning Unit) working under the NCC.⁷

49. This population shift has indeed taken place. In 1967, out of a population of 777,777; 53% lived on the Island and 47% on Seberang Prai. Today, the shift is evident because the 2004 statistics show that out of a population of 1.4 million, 53.7% now live on the mainland and 46.3% on the Island.

Looking forwards, I consider that this "shift" of the population to the mainland will continue and that the population will be doubled over the next two decades.

This population growth, and its "Shift to Seberang Perai" will determine the basis for our future projections of continuing social economic development in Penang as well as the time-frame for their implementation.

50. It is in this light that I have tried to consider **What Directions Can Penang** take as we move forward to the next phase of our development.

Today we must think of Penang Island and Seberang Perai as a single State entity.

In close cooperation with the Federal Government, the forward development of Penang must be integrated with parallel social-economic development in the other Northern States – Perlis, Kedah, Perak, and even Kelantan and Trengganu.

Therefore, it will be essential for the State Government of Penang to also develop very close interactive relationships with the Governments of these States.

51. From our past history and experiences, the International Airport, with its facilities for Duty-Free Cargo handling and Storage, which is at present located at Bayan Lepas, will remain as a very essential economic infra-structure factor in our development towards the future.

A modern Duty-Free Cargo International Air Terminal will be a basic infrastructure requirement for the future development of Penang.

52. It will be upon this decision, that the Federal and State authorities, will determine where the “Second Bridge” across the Straits should be located: North or South of the present bridge?

The widening of the present Bridge had indeed been provided for by its principal designer, the late Tan Sri Professor Chin Fung Kee, a Malaysian, born and bred in Penang, and who received his schooling at the BM (Bukit Mertajam) High School.

But sooner or later, another cross-Straits linkage will be needed.

Much of how we will proceed in the future development of Seberang Perai will depend upon this decision.

53. The Cargo Sea-Port at Butterworth will also have to be developed to become a major Lash-ship Centre, with adequate Free Cargo-Ware-housing facilities to serve the Butterworth-Kepala Batas-Sungei Petani “triangle” which will be developed into a major Trucking-Transport Centre.

54. Upon these decisions, it will be possible to foresee the establishment of a “New Economic-Financial Hub” in the North to complement the tremendous development of The Federal Capital at Kuala Lumpur, which has now spilled over to Putrajaya, and to the increasing number of surrounding townships.

55. Such a “Hub” will require the development of new Business and Financial Complexes, Special Processing Zones, and more Educational Institutions and Medical facilities which are linked by broad-band and optic-fibre IT telecommunications networking.

It will require the full implementation of the original objectives of the New Economic Policy (NEP) as they were foreseen – “Bumiputera and Malaysians working together in setting new standards for co-operative ownership of major domestic and international companies.”⁸

56. Such an “economic-financial hub” with Financial institutions, Management and Business Centres surrounded by clusters of MSC-orientated industries (from R&D laboratories to small-scale and medium sized Support facilities) can be located adjacent to the existing Free Trade Zones and lie within the area between Kulim, Parit Buntar and Bukit Minyak.

57. The critical infrastructure services that will be required will be:-

- (i) improved East-West Highways;
- (ii) broad-band Internet Communications (Net Telecoms) Facilities; and,
- (iii) a “natural-gas and oil pipe-line” from Trengganu to this “HUB”.

58. These major Infrastructure developments can only be decided at the Federal Level. Perhaps, there is still time to consider their priorities in relation to the Ninth Malaysia Plan.

59. We have so far been successful with the development of Free Trade Zones in Penang. Today, we have to re-examine the basis of their success in the past.

Many other countries have emulated us and developed “Special Economic Zones” and “Export Processing Zones”, which are very competitive on their labour-cost basis.

However, I am confident that our work-force is more experienced, more capable and efficient; and our management capabilities are amongst the finest in the world.

I therefore suggest that apart from the establishment of MSC-status, the State Government in Penang can develop “SPECIAL PROCESSING ZONES” to interact with the FTZs and to link them to the future “Financial Economic Hub”.

Virtually, the fencing around the FTZs can be removed and they can be “administratively controlled by digital control systems (by e-mail, internet, zip-code checks, etc.) to interact faster, more efficiently and therefore more competitively with other Suppliers and Markets- Domestic as well as International.

60. The facilities in these “Special Processing Zones” should be given direct access to the products made in the present Free Trade Zones to further design, manufacture, and develop new products for export as well as for Domestic nation-wide (“home”) consumption.

To a certain extent, the manufacturing facilities in such “SPZ” will be a continuing development of the prevailing “Duty-free Bonded Ware-housing” or Licensed Manufacturing Ware-house (LMW) projects.

They can be involved in New and Highly specialized activities, for example:

- R&D for electronic software development;
- Industrial Design for Tool-making of prototypes using “computer numerical control” (CNC); and hard tooling, plastic injection and machining of Mechanical and Engineering modules and components;
- ID casing; Electronics firmware operation platforms and applications;
- Recycling and designing of advanced IT communication and domestically-orientated safety-devices, equipment and other bio-informatics systems;

- Solar-energy and Fuel-cell Storage-appliances such as battery chargers; fuel-cell powered ‘robot football-teams’;
- Laser directed applications from projectiles and rockets to robotic insect eliminators;
- Biotech research and medical instrumentation and diagnostic appliances.

60. I consider that the areas around the Kulim, Sungei Bakap, Nibong Tebal, Batu Kawan/Bukit Minyak, and Parit Buntar can be developed into centres for such “Special Processing Zones, and that the new generation of manufacturing facilities, though small in terms of the size of work-force, should be given MSC status because the new generation of workers will be highly skilled and inventive mechanized operators.

Already, the Industrial Areas around Kulim, Parit Buntar, and Seberang Perai, surround the “ring of SMIs and mechanical support and repair work shops”, which have sprung up around the Alma, Sungei Bakap, Nibong Tebal and Bukit Minyak salient.

61. The concept and implementation of the new application of “Special Processing Zones” can be traced back to the prevailing system of “free-of-duty bonded warehousing. However, like the FTZs, they will be provided with an initial period (ten-years) of tax-free status.

These new facilities will have to be “intelligently designed” as world-wide interacting-complexes.

The land cost must be competitive with those in China, Vietnam or India. The payment structure will have to be made over longer periods of time.

The infrastructure services will have to be provided by Special Agencies, and the fees and charges can be “staggered” over a longer time-frame by the Fund Managers or Venture Capitalists in consonance with the concepts of Islamic Banking.

62. The socially oriented structures, such as schools, universities, hospitals, libraries and recreation areas will be planned around the new administrative, financial and business “hub”, which in this “projection” will surround the old Bukit Mertajam town – from Permatang Pauh to Kampung Machang Bubok and Bukit Tambun.

Perhaps this may seem very futuristic. However, I assure you that many features already exist, although on a somewhat speculative-financial basis.

63. To provide for solid and toxic waste disposal, two possible areas can be considered:-

- (1) The Sungei Burong Reclamation Area, and
- (2) The area around the former Rahman Hydraulic mining complex.

In fact, the operation of solid and toxic-waste disposal is a very specialized and lucrative business. It will be an essential Basic Infrastructure requirement.

64. The new educational and medical institutions that must be built in Seberang Perai, and located within the perimeter of this “northern hub” will have to be better and more advanced than those already built on the Island.

It will be a challenge, but these new Institutions must attract the best teachers and doctors in the world. We have to attract the best academic and professional intellects to

service them. (In this respect, we will have to look for teachers from the Middle East, in particular those who are fluent in the Arabic languages.)

Already the BM High School has produced our present Prime Minister, Dato' Seri Abdullah Ahmad Badawi, and the Jit Sin School has consistently performed better than the Island based schools in recent examination results.

Yet in terms of population-ratio and potential direction of social economic growth, Seberang Perai still has a lower ratio of educational institutions compared to the Island. Therefore, there is a real need to build more scholastic institutions in the mainland.⁹

Not only must we attract back Penang/Malaysians but we must get the services of the very best world-wide scholars to live and teach in Seberang Perai, the potential "northern hub" for future development. To achieve this end, it will be worthwhile for us to study why the best Malaysians have been attracted to go abroad to work and teach.

Apart from depending on local charities and donations to upgrade our teaching institutions, the Government will have to consider setting up special funds to develop advanced educational and research institutions.

65. One of the concepts that can be reconsidered is to enable donations to selected educational institutions, especially the Private Education Institutions, to be exempted from income tax.

If our children are to be our most important asset in the future, then the teachers of our children must be given the best inducements, during the period of their training and in the course of their service.

66. The more I get drawn to these futuristic speculations the deeper I become drawn into heuristic political speculation. But I have one more statement to make before I end this opportunity that you have given to me.

67. All of you who agree with me that the people of Penang have contributed greatly to build the Unity and sustain the Peace in our nation, will appreciate that most of them are now approaching their sixties and beyond.

I consider that the senior citizens in Penang could be given better social facilities and care. At the very least, they deserve free public-parking/toilet/and -transportation facilities. These services can be effected by the issue of a special electronic-card on their sixtieth birthday.

Perhaps the local authorities could also allocate some specific funds to maintain and improve the buildings and gardens of the Senior Citizens Associations.

68. Penang Leads! used to be a slogan even before we became Malaysians.
Penang Boleh! is the cry we hear today.

I sincerely hope that by 2020 the Amanah Saham Bumiputera and the Amanah Wawasan 2020 will be integrated into a single synonymous financial entity. Both schemes are currently managed by PNB through Amanah Saham Nasional Berhad.

This will enable us to establish a National Development Fund which can initiate the essential Basic Infrastructure Projects that will be required for continuing National Development and Progress.

ARM – Amanah Rakyat Malaysia (?)

69. In 1970, when the Government introduced the New Economic Policy (NEP), “the core objective of the plan was to promote National Unity in the multi-racial society of Malaysia by eradicating poverty through the restructuring of economic activity within the corporate sector.”¹⁰

In 1977, under the Chairmanship of the late Tun Ismail Mohamed Ali (my closest friend in this life), a Working Committee was established “to ensure the goals and aspirations of the NEP were realized....This has enabled the Bumiputera and Malaysians to work together in setting new standards for co-operative ownership of major domestic and international companies.”¹¹

Today, Bumiputera and Malaysian professionals have succeeded in developing local organizations into “respected entities on the domestic and global business arena”.¹²

70. It is in this spirit of Malaysians unitedly striving to perform better, that we shall live and work together. At all times the State and Federal Governments must work closely together in harmony so that the Nation can prosper uniformly.

- Under the leadership of Tunku Abdul Rahman, we peacefully united to attain (Independence) Merdeka;
- Under the leadership of Tun Razak, we reaffirmed the spirit of National Unity and Harmony and made great social economic progress to uplift the standards of living of the people throughout the nation;
- Under the leadership of Tun Hussein Onn, we continued the struggle to make the economic-cake larger and spread more evenly throughout the nation as a whole;
- Under the leadership of Tun Dr. Mahathir, the nation developed great objectives and plans to vigorously reach out towards the furthest global horizons of human endeavour, and Malaysia became acclaimed as a world-wide champion of the Third World;
- Today, under the leadership of Dato Seri Abdullah Ahmad Badawi, a Malaysian, born in Penang, we shall all be working harder together with him to sustain continuing National Unity and Social Economic Progress “in National tandem” and “where no one will be left out!”

In closing, I wish to express the hope that by 2020, to fulfill our national vision of social and economic progress, we in Penang and Malaysia as a whole, will have attained the objectives of the New Economic Policy.

We shall then strive forwards not only as “Bumiputera and Malaysians”, but as “Brother and Sister Malaysians”!

Maju-lah Rakyat Malaysia!

Endnotes:

¹ Joseph Needham

² It is important for us to take note of this characteristic of “wunderlust” or “lebensraum”, amongst the diaspora, which today, in the IT age, we may perhaps assuage through TV, the internet, e-mail and other modern digital/electronics devices.

³ ***Democracy without Consensus***, by Karl von Vorys

⁴ ***The Malay Warrior***, by General © Tun Ibrahim Ismail

⁵ My appreciation to:

Dato' Abdul Manaf, State Secretary

Dato' Ya'acob Hitam, State Secretary

Dato' Mohamed bin Yeop Abdul Raof, State Secretary

Tan Sri Kamaruzzaman bin Sharif, State Secretary

Dato' Chet Singh, State Financial Officer

Encik Mohd. Rusli Hussein, State Economic Officer

Dato' Haji Ishak bin Haji Ariff, State Planner

Mr S. Pillai, City Secretary

The late Mr Rajendra, City Engineer and City Secretary

Dato' Kam U Tee, City Works Engineer, later Head of the Pihak Berkuasa Air

⁶ I would also like to express my appreciation to the following for their dedicated service to PDC then:

Dato' Yacob Hitam, State Secretary and Deputy Chairman

Dato' Ahmad Khairummugamil, Secretary and Deputy General Manager

Dato' Noor Ahmad Mokhtar Haniff, Deputy General Manager, later General Manager

Dato' K.J. Ratnam, Member of the Board

Mr Cheah Phee Hin, Planner

Mr Nah Soo Leong, Engineer

Mr Wong Pak San, Economic Officer Bank Negara, later Deputy General Manager

⁷ In this regard, I would like to record my thanks to Tan Sri Dato' Thong Yaw Hong and Tan Sri Rama Ayer for the supportive roles they played.

⁸ **NEP** from www.pnb.com.my

⁹ In 2003 there were 113 primary schools on the island and 148 in Prai; 47 secondary schools on the island and 57 in Prai. Also, teacher-student ratio on the island and mainland are comparable. However, there were 25 operating private colleges on the island as opposed to 12 in the mainland.

¹⁰ **NEP** from www.pnb.com.my

¹¹ Ibid

¹² Ibid

Finally, I would like to acknowledge the research support provided by the staff of SERI in the preparation of this lecture