

## BOOK REVIEW

*From Free Port to Modern Economy: Economic Development and Social Change in Penang, 1969 to 1990*, eds. Chet Singh, Rajah Rasiah and Wong Yee Tuan. Pulau Pinang & Singapore: Penang Institute & ISEAS-Yusof Ishak Institute, 2019, 274 pp.

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*From Free Port to Modern Economy: Economic Development and Social Change in Penang, 1969 to 1990* appears to be one of the most recent scholarly volumes on the post-war modern socioeconomic transformation of Penang. This socioeconomic transformation was radical, novel and untried for this island-state (including Seberang Perai or Province Wellesley), one of the 13 states (and three federal territories) of the Federation of Malaysia, since its establishment as a port-of-call of the English East India Company (EEIC) in 1786. Trade was the primary source of wealth of this free port, the first by the EEIC in the Eastern Archipelago (contemporary Malaysia and Indonesia). Until 1969, Penang's port had been free in line with the illustrious British tradition of fostering free trade amongst traders and merchants from near and far. The loss of the free-port status in that fateful year (1969) that coincided with Penang being in political opposition to the ruling Alliance Party of the federal government in Kuala Lumpur, brought immense challenges. In theatrical terms, it was a do-or-die predicament that confronted Penang's political leadership then helmed by Dr. Lim Chong Eu (1919–2010) as chief minister (1969–1990). But remarkably within a span of two decades, Penang not only survived but also triumphed to the extent of making its mark in the global economy largely thanks to Dr. Lim's stewardship and his capable team of managers, organisers alongside economists, social scientists and other technocrats.

Jointly published by two neighbouring think-tanks, namely the Penang Institute and ISEAS-Yusof Ishak Institute of Penang and Singapore respectively, *From Free Port to Modern Economy* of some 274-pages offers both specialists and

interested general readers an account of how a visionary leader brought change and prosperity to his home island during a 21-year tenure as its political and executive leader (chief ministership). In lieu of a much awaited political biography, or simply, a biography *per se* of Dr. Lim Chong Eu since his passing almost two decades ago, this edited volume might, to some extent, fill this conspicuous void.

Some misgivings on the national political stage led Dr. Lim to reenergise and reinvent himself to focus on the state/provincial level i.e., Penang, as a founding-member and chairman of Gerakan Rakyat Malaysia (Gerakan, Malaysian People's Movement). Gerakan's electoral triumph in the 1969 Malaysian general elections propelled Dr. Lim to the chief ministership. It was here in Penang, his home town that political triumph allowed him to demonstrate unreservedly his prowess as a political leader and economic strategist whose farsighted policies brought advantageous and sustainable long term socioeconomic changes.

Penang of the 1960s and 1970s faced an array of seemingly insurmountable issues and challenges, viz. a high rate of unemployment, the loss of its free-port status which hitherto was its lifeline, higher than ever expectations of an electorate who voted in a newly-minted state government, an increasing outflow of human migration seeking greener pastures i.e., a brain drain, and a less than friendly and uncooperative federal government. Circumstances then showed that the traditional lifeline of trade and trading were no longer tenable nor sustainable, and new economic avenues were needed. Undeterred by formidable challenges and obstacles, Dr. Lim literally, to borrow today's terminology, thought out-of-the-box and/or adopted the Blue Ocean Strategy.

Whether a visionary or simply acting on a calculated risk, Dr. Lim turned to the burgeoning electronics industry in the United States of America (USA). With the strategic plan to attract foreign direct investments (FDIs) by baiting foreign multinationals (MNCs) with enticing, attractive and alluring tax holidays packaged into Free Trade Zones (FTZs) equipped with infrastructural facilities and utilities, the southeast portion of the island was transformed within two decades from rice fields into a flourishing global electronics hub. In time, Bayan Lepas earned the complimentary sobriquet of Asia's Silicon Valley rivalling its Californian counterpart. Penang's industrialisation programme emphasised manufacturing in focusing on the fast emerging electronics sector that created jobs for thousands donning the uniforms of Intel, Advanced Micro Devices Products (AMD), Hewlett Packard (presently Agilent Technologies), Hitachi Semiconductor (Renesas), and the likes. Without undue exaggeration, literally every other household in Penang of the 1970s and 1980s possessed a family member who worked in Bayan Lepas, who introduced alien-sounding terms such as "chips", "bonding", "motherboard", "semiconductor", etc.

The numerous foreign trips of Dr. Lim and his management team to Europe, North America, Japan, and other industrial countries succeeded in drawing

FDIs to the increasingly expanding FTZs. Bayan Baru, a satellite town, grew out of the Bayan Lepas FTZs. Meanwhile, the Penang Development Corporation (PDC) was set up on 17 November 1969 in order to alleviate and/or circumvent the bureaucratic obstacles posed by the State Secretariat that abided by decisions of an uncooperative federal government.

Fittingly, Dr. Lim's portraits graced the front and back covers of *From Free Port to Modern Economy*, as he was the undisputed mastermind of Penang's marvellous and pivotal transformation, economically and socially. This softcover volume features eight papers by 12 practitioners and scholars that collectively detailed how Penang's economy and society underwent beneficial challenges.

Kudos to the editors, the organisation of the chapters flow well in weaving a palatable narrative and analysis of the said socioeconomic transformation. The focus on Dr. Lim (Chapter 1), his thoughts, political background, and the circumstances and challenges of the 1960s and 1970s sets the backdrop in the understanding and contextualising of the other chapters to follow. The next piece (Chapter 2) presents the master plans of Munro (1964) and Nathan (1970) that offer choices and possibilities and the decisions to be made vis-à-vis a less than accommodating federal government. Importantly, the establishment of the PDC enabled the execution of Penang's socioeconomic agenda is extensively detailed in Chapter 3. Additionally, as appendices, information on the Penang Skills Development Centre, and the PDC's embarking on international consultancy in development projects are included. The development of local government in Penang between 1969 and 1976 (Chapter 4) – for better or for worse – reveals some unexpected results to the extent of transforming the political landscape of local authorities. In concluding that the Penang State Government of the 1970s and 1980s through the PDC resembled the Developmental State ideal, Chapter 5 surmises four consequences and ramifications of the relationship between sub-national institutions and policies and economic development. Penang's unqualified success story in uplifting incomes, attaining full employment, and eliminating poverty alongside the processes of industrialisation and urbanisation (Chapter 6) is indeed commendable to Dr. Lim's vision and the legacy he gave to his successors, viz. the Northern Corridor Economic Region. In a nutshell, Chapter 7 reveals the ingredients that paved the success of Penang's impressive transformation and concludes that, "Clearly the visionary leadership of Tun Dr. Lim Chong Eu deserves repeated mention for it was his peerless prodding and constant monitoring that shaped the direction of industrial rooting and upgrading in Penang" (p. 217). The final Chapter 8 presents Penang's successes in wooing FDIs and MNCs to the extent that it (Penang) could be considered as a model for others wishing to engage MNCs in a sustainable long-term manner. Moreover, and more importantly,

The [Penang] state government not only attracted foreign investors but also helped them become deeply rooted in the economy through a well-design[ed] investment promotion strategy including FTZ status, infrastructure development, skills development and vocational training, and forging links between local and foreign firms (p. 254).

In all the aforementioned, Dr. Lim, his management team and his long tenure of 21 years as chief minister played a pivotal role in attaining and sustaining Penang's successes with FDI and MNCs.

All in all, there is hardly any quarrel over the volume's contents, analysis and evaluation. The narrative collectively feeds into the overarching thesis of the socioeconomic transformation of Penang from the late 1960s to the 1990s, and even, more pertinent, in highlighting the primary importance of the principal architect, namely Dr. Lim. General readers might struggle over some concepts as well as terminology but overall the volume speaks to both specialists and interested readers of the post-war economic and social changes experienced by Penang, from a colonial heritage and trading port to a modern and sustainable industrialised economy built on the back of an unenviable world-class electronics industry. The book foregrounds the achievements of the man behind this unqualified success story.

What about tourism? Unlike the spurt and jump in the tourist sector of the 2000s, Penang had long been an attraction to visitors from neighbouring states as well as foreign arrivals from as far as Europe and North America during the 1970s, and steadily over the decades. The sand, the sea, and the laid back ambience had been, and continue to be, the selling point of Penang's tourism industry besides the friendly local hospitality and wide culinary spread it has to offer. Again, it was Dr. Lim who grasped tourism's significance and envisaged its potential to Penang's growth and development. In 1972, Penang played host to the Pacific Area Travel Association Conference (PATA). Dewan Sri Pinang, a multi-purpose hall with conference facilities was erected for PATA. Media coverage of PATA as well as of the royal visit of Britain's Queen Elizabeth II in that same year literally placed Penang on the global news network. It was Dr. Lim who then began promoting Penang's tourism sector, and this initiative and subsequent development of the tourism sector deserves at least a chapter in this edited book.

On the part of the publishers, there are various typographical errors scattered across the text, spelling inconsistencies, and the regretful oversight of including an index. Some factual infelicities might be given the benefit of the doubt, one example being the figure for school leavers, viz. "at least 8,000 school leavers per year ..." (p. x), and "I was one of the 80,000 school leavers he mentioned ..." (p. xi). However, misrepresenting personal names is much regretted, for example

“Rajah Rasiah” (pp. iv, 260), occasionally appears as “Raja Rasiah” (p. 260). Are they one and the same, or different individuals?

Though commendable that *From Free Port to Modern Economy* saw the light of day, and was fittingly launched in mid-November 2019 at the Penang Institute, Penang, such an academic-oriented volume had long been overdue, almost one decade after Dr. Lim’s demise. There is a conspicuous lacuna of scholarly works on Dr. Lim *per se*, and/or of him in relation to the development and progress of his beloved Penang. In this connection, for the paucity in the literature, *From Free Port to Modern Economy*, is a welcome piece on the shelves of learned circles as well as in the acquisition of colleges, universities and public institutions. Interested and curious readers will find this volume captivating in the against-all-odds success story genre.

## REFERENCES

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