

**Penang touted as model for Pakatan to take Putrajaya**  
**The Malaysian Insider**  
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**By Clara Chooi**

KUALA LUMPUR, Oct 20 — A report on US newswire Bloomberg today described what it called Lim Guan Eng's achievement of turning Penang into Malaysia's "biggest economic success" as a boost to Pakatan Rakyat's (PR) claim to be a viable alternative to the Barisan Nasional (BN) federal government.

The financial news and data service provider heaped praise on the first-term chief minister from DAP, saying that within two years of his tenure, the country's second smallest state had turned into Malaysia's top destination for foreign manufacturing and investment.

A Bloomberg report said today that within two years of Lim Guan Eng's tenure, Penang had turned into Malaysia's top destination for foreign manufacturing and investment. — file pic This, it added, was achieved despite the fact the government, under Datuk Seri Najib Razak, had chosen to focus more federal support on states like Johor and Sarawak, where BN's influence is stronger.

It pointed out that under Najib's Economic Transformation Programme (ETP), the federal government is promoting RM65.8 billion worth of private sector-led projects for Johor and only RM375 million for Penang.

Without federal power, however, Bloomberg noted that Lim's hands are tied when it comes to offering tax breaks for investors or selling government bonds as both are controlled by the ruling administration.

"So it plans to use revenue from local land levies to build more roads and a third bridge linking the island to its mainland territories," the report said, citing Lim.

"Lim's speed in closing deals ... is helping Penang achieve what every Malaysian prime minister has sought since Mahathir Mohamad started his Multimedia Super Corridor technology zone..." the report said.

"Lim, 50, the country's only ethnic-Chinese state leader, embodies the contrast between Penang's business transparency and the four-decade-old policies of the ruling party that favour Malays, which the World Bank says undermine competitiveness."

The article also highlighted the observations made by Ooi Kee Beng, of the Institute of Southeast Asian Studies in Singapore, that Malaysia's efforts at wooing investors may have been hampered by the government's affirmative action policies and "preferential treatment" of Bumiputeras in terms of jobs, contracts, education and cheaper housing.

"We've been sleeping," the article quoted Ooi, the Penang-born author of "Era of Transition: Malaysia after Mahathir", as saying.

"Penang now has a chance to show that if you have good governance, and if you put fairness and justice as your main qualities, free of race considerations, that is actually the way to go for Malaysia."

The article also pointed to Malaysia's brain drain problem spurred by "racial policies", as highlighted recently by World Bank senior economic Philip Schellekens.

In its latest Malaysia Economic Monitor report, the World Bank had said the migration of talent out of Malaysia undermines the country's aspiration to become a high-income nation.

"Discontent with Malaysia's inclusiveness policies is a key factor," Bloomberg quoted the report as saying. "Productivity and inclusiveness lie at the heart of Malaysia's transformation programmes. Implementing these forcefully will go a long way towards turning the brain drain into a gain."

It added that the US State Department has also described Malaysia's preference for promoting the acquisition of economic assets by Bumiputeras as a "significant impediment" to growth.

Quoting Jim Rogers, the Rogers Holdings chairman based in Singapore: "It clearly slows things as many competent people leave Malaysia because of it ... Malaysia should abolish the policy and open the economy and society to all."

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