

The Man Who Industrialised Penang

Penang Monthly

November, 2019

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This article first appeared in our July 2010 issue.

In celebration of our 10th anniversary, we put together for you in this issue some of our most memorable articles.

A politician may point the way, but without competent and dedicated civil servants to do the work, not much gets done. This gets truer the more adventurous the politician's goals are. So, when Dr Lim Chong Eu envisaged Penang as the production base for international electronic firms in 1970, he was fortunate that the man he had to lead the industrialising of the state was Chet Singh.

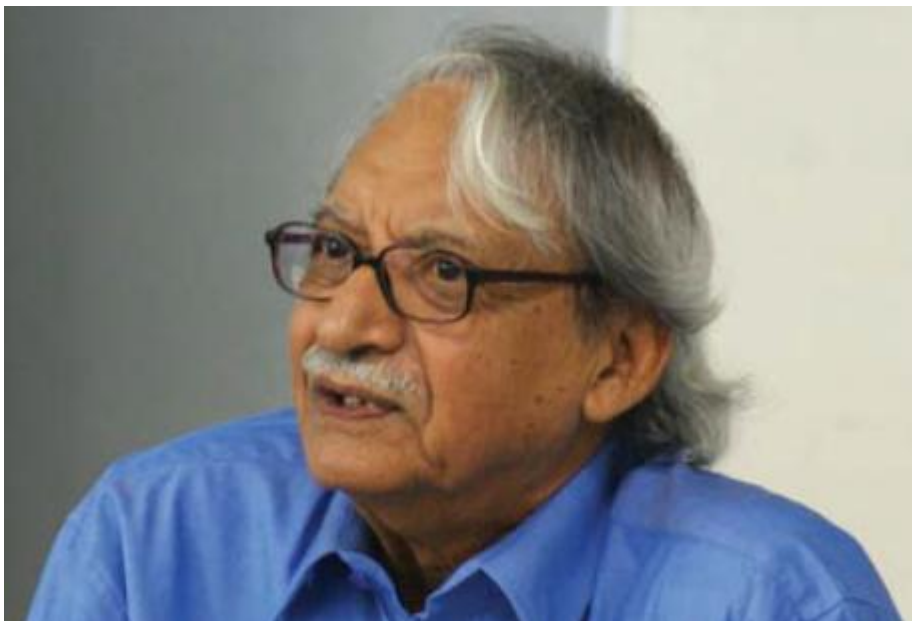
Any penangite born less than 40 years ago will not have known a Penang that was not a hub for the world's electronics industry. Before the 1970s, the state's economy depended on traditional sectors such as shipping and the entrepot trade. The state lost its free port status in 1967 and by the end of the 1960s, its per capita income was as low as 12% under the national average.

The state was locked in a deep recession and unemployment was punishingly high. Needless to say, the general mood was rebellious.

Dramatic change came with the defeat of the Alliance on 10 May 1969, and the newly formed Parti Gerakan Rakyat under Dr Lim Chong Eu won exactly two-thirds of the state seats.

Trying years followed.

On the political front, a nationwide rise in Malay nationalistic sentiments accompanied the Gerakan's victory at state level. At the cost of a deep split in his party, Dr Lim decided to join the expanded federal coalition or let Penang suffer serious neglect.



Datuk Chet Singh: the man who led Penang's industrialisation. Photo: Daniel Lee.

On the economic front, a desperate situation demanded a desperate solution. The Penang Free Trade Zone idea was explained to Tun Abdul Razak Hussein, head of the National Operations Council, the emergency government following the 13 May riots of 1969. He saw the strength of its logic, and literally with a wave of his cane when he was given a tour of Bayan Lepas, the Penang Free Trade Zone was created.

The authority saddled with the development of the zone was the newly formed Penang Development Corporation (PDC), and the man who led it for 20 exciting years was Chet Singh.

Datuk Chet is a silently religious man with two daughters, one son and six grandchildren. He was born in 1936 in Kuala Kangsar, Perak, was educated at Clifford School until Form Five and then at the King Edward Seventh School in Taiping.

He was always keen on sports, such as cricket and hockey. But seeing that he could not qualify for the first team, he followed his mother's advice and went into sports administration instead, where he performed successfully.

He graduated in Economics and History from the University of Malaya in Singapore where he met his wife. They married in 1963.

After five months of teaching after his graduation, he joined the Internal Defence Section of the Ministry of Defence in May 1960. In December 1967, he became the State Financial Officer in Penang.

The man originally appointed to be its general manager when the PDC was formed never took up his position, and the State Financial Officer was seconded instead to take his place.

The state's first priority then was industrial promotion. Unemployment was extremely high and the government needed immediate results. Import substitution had been a failure and the country was now going to go for export-oriented industrialisation.

Datuk Chet recalls, “There was suspicion in Kuala Lumpur that the idea of the free trade zone was a backdoor for Penang back to being a free port. But we explained things to the late Tun Abdul Razak, who saw it as a possible means for getting foreign investments. Realising that success in Penang would bring greater success to the country, he fully supported us.

“When he was here for a visit we took him out to the free trade zone area. We showed him the area. He just pointed with his cane and declared it a free trade zone. He was Director of Operations then (for the National Operations Council), and so had that kind of power,” Datuk Chet laughed.

“We were all in our mid-30s then,” he said of the people involved in the beginning. “People didn’t know what electronics was back then. The government decided to have a work training scheme and hired school leavers who worked for four hours as parking attendants and such, and the rest of the time they had their training.

“We had quickly set up four big buildings, and as luck would have it, a guy from Kedah set up shop there with a Japanese firm to make car radios. At the same time, foreign companies in Singapore looking around for places to expand started to get interested in what was happening here.”

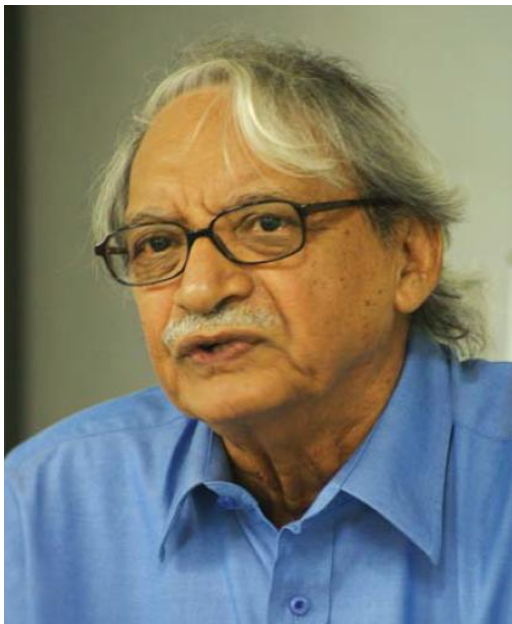


Photo: Daniel Lee.

Penang was fortunate in that it had its own newspaper, The Straits Echo, which saw all this as great news and was excited about what this thing called electronics was. So there was publicity.

The first multinational company to start up in Penang was National Semiconductors (NS) from the US.

“The NS people were sent up to us over a weekend by the Federal Industrial Development Authority. The PDC secretary and I met them in town. They had a lot of questions to ask which we, in all honesty, could not answer. I thought it best to be open about it and told them we could not possibly give them what they wanted immediately. But if we could have their list of questions for a day, we would return with all the answers. In the meantime, they could stay in Penang and enjoy themselves.

“I called up a few people and told them the situation, and we managed to actually hand over the very technical questionnaire back to them on Monday afternoon, all filled up. I think they were impressed.

“We then showed them the land and other things we had. As a result, they moved in, AMD followed, and then Hewlett Packard. Intel came later. Penang was actually Intel’s first plant location overseas.

“But I think they were basically impressed by the enthusiasm of the people they met in Penang. They talked to the job trainees as well and found them well trained. The ground was very fertile for investments. All that was needed was some organisation to make things accessible.

“What was rudimentary was that the companies found that our workers could pick up skills easily. The human capital available in Penang was a major factor. Of course we must add factors such as the government’s training programmes, and the PDC being enthusiastic and fully committed.

“I am very proud of what the PDC did. I think many of us from those days are only now starting to realise what it was we managed to accomplish. There was commitment and faith, and I must say, good luck. I believe there is fate. When the right time comes, things come together.”

Datuk Chet stayed on as the corporation’s general manager until his retirement in 1991. By then, Tun Dr Lim had also left politics.

Recently, however, despite being a card-carrying member of the old governing party, Datuk Chet was asked by the new state government to join a key performance index task force to look into the workings of the PDC and to enhance communication between internal sectors and between the PDC and external agencies, and also develop employee capacity and optimise resource use.

“We cannot now reform the PDC. We can perhaps transform it. We cannot go back in time. We have to move on. Many things have changed. We now talk about the middle-income trap, etc. But there is hope. The enthusiasm can be whipped up again.

Advice to young Penangites:

“Be confident in your state. It’s a nice place to live in. Look at it as a centre for education. Penang has that tradition. You should not think of going to a happening place all the time. You can make things happen where you are.”

“ Also, remember that sports can transcend racial barriers.”

“A final word: ‘Find your own niche’.”

“I was telling people from Khazanah (the federal government’s investment arm) that they should see Penang as a test tube, or crucible. We have all the factors for development here: the infrastructure, the skilled workers, the expertise, the experience. Whatever they do here, whatever success they have here, will be of great benefit to the country as a whole.”

“They can fine-tune their efforts here. Take the case of the free trade zone. After it took off here, Selangor did the same thing, and then Malacca as well.

“At that time, federal-state relations were different. There was mutual respect between the leaders then.”

The figures showing the success of the PDC are convincing indeed. By the time Chet Singh retired in 1991, Penang’s per capita income was 20% above the national average; 115,000 were employed in PDC parks and the state’s output accounted for 46% of Malaysia’s Gross Domestic Product.

The number of firms established in PDC parks had jumped to about 200 in 1976, 300 in 1987, and 500 in 1990.

No doubt, most of the revenue generated went to the federal government. For example, in 1990, only one per cent was kept by the state; but that’s another story.

Words of thanks are owed to Dr Francis Hutchinson for the use of data from his doctoral thesis on sub-national development.

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