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**PENANG
PARADIGM**

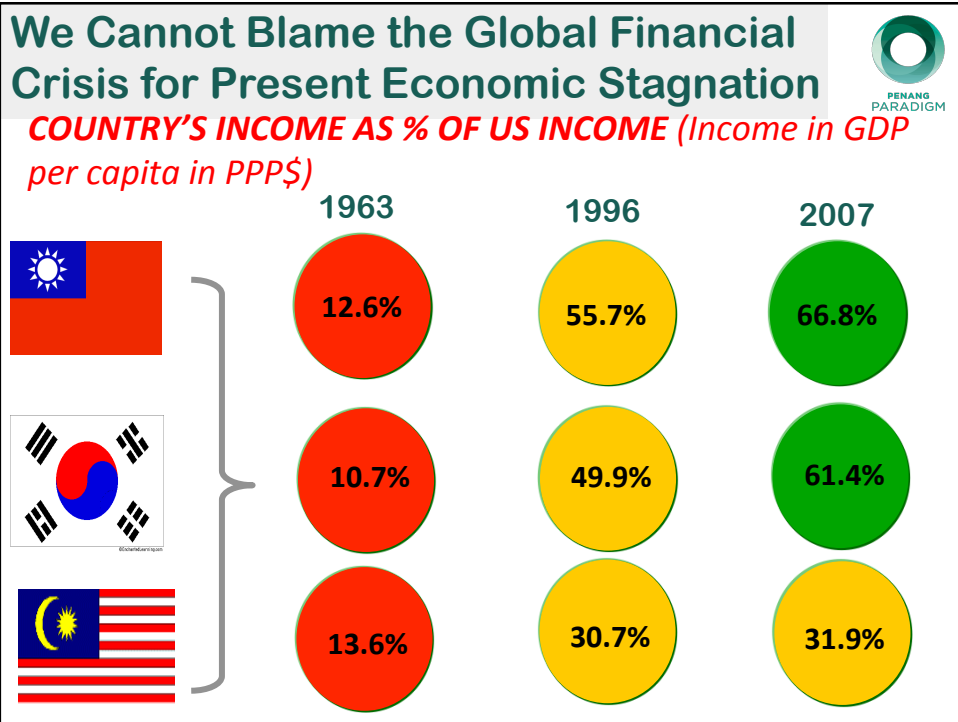
THE FRAMEWORK TOWARDS CREATING AN
INTERNATIONAL AND INTELLIGENT STATE

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3 Things I Want to Share with You Today...



1. The Economic Situation & Federal Government Programmes
2. The Root Causes of the Economic Stagnation
3. Freeing Penang and Malaysia from the Middle-Income Trap through the Penang Paradigm



Federal Government's Reaction to the Economic Malaise

TalentCorp
MALAYSIA

KORIDOR UTARA

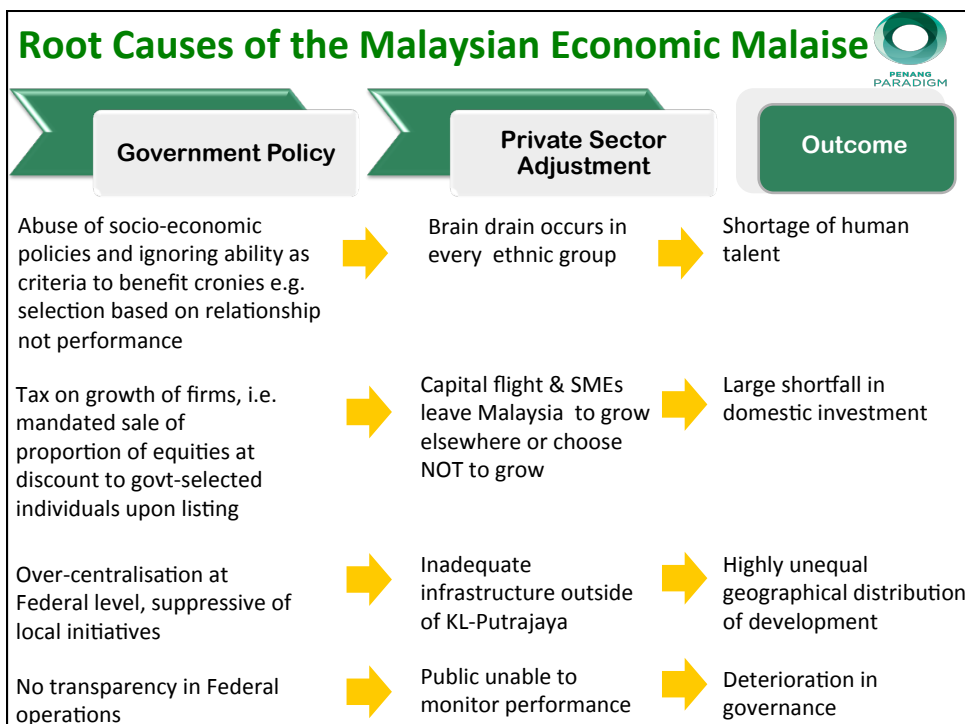
ECONOMIC TRANSFORMATION PROGRAMME

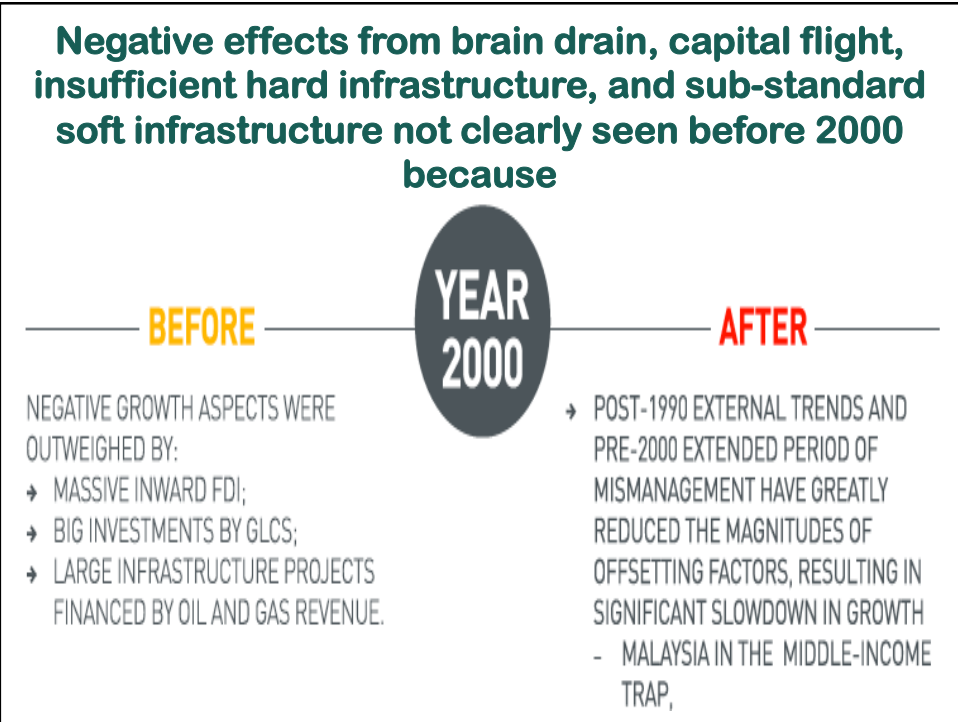
GOVERNMENT TRANSFORMATION PROGRAMME

What do the programs reveal?



	<p>Great shortage of human talent</p>
	<p>Highly unequal geographical distribution of development</p>
	<p>Severe shortfall in domestic investment</p>
	<p>Drastic deterioration in performance of governance institution</p>





Over-Use of Emergency Room Procedures		
Government Policy	Circumstances at that time	Situation Today
Affirmative action policies	To quickly reduce the socio-economic gap between ethnic groups	Large, well-educated Malay middle class created; but use of relationship rather than performance in govt and economic stagnation are causing Malay brain drain.
30% of shares be sold at discount to govt-selected individuals (>IPO reqn, min 25% of share capital offered)	To quickly increase Malay ownership of capital	Required share lowered to 12.5%, but rest of world has 0% requirement.
Over-centralisation of power at Federal level	Existential crisis in 1957 (<i>Emergency</i>) and in 1963 (<i>Konfrontasi</i>)	Chin Peng and Soekarno have long disappeared
No transparency in Federal operations	Until 1980, population inadequately educated and would not understand explanations	Incompetent, unresponsive governance that is below aspirations of educated, confident public

Malaysia's (& Penang's) Fork in the Road




Reform the policies that are making the Malaysian economy sick?

OR

Introduce a new set of policies to try to offset the ill-effects caused by existing policies



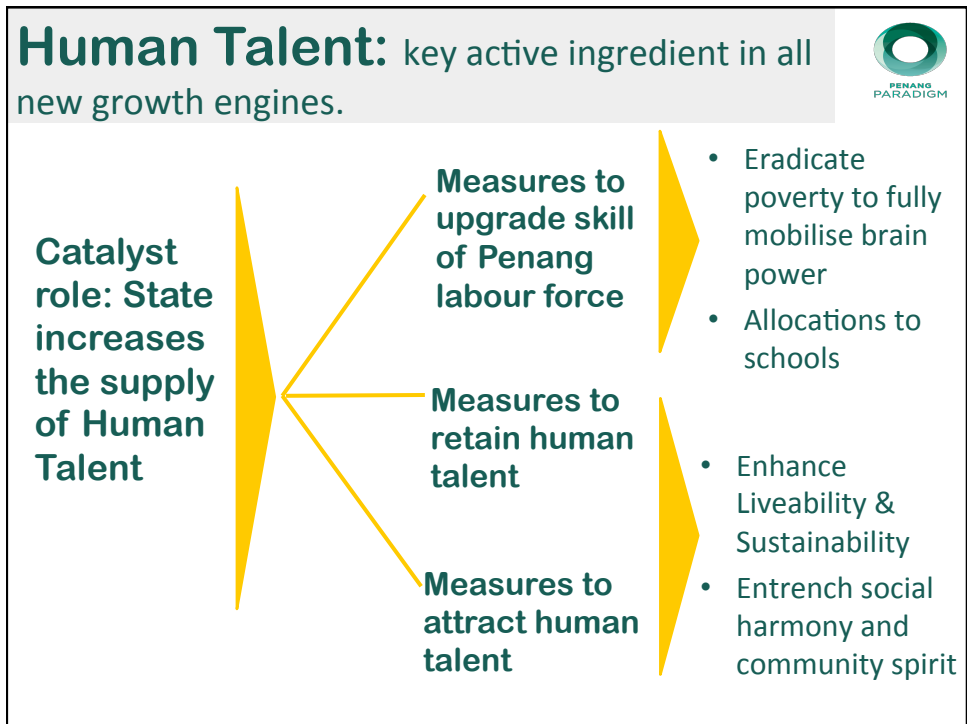
Reviving Economic Dynamism Needs New Growth Engines



Catalyst role by State that enables new growth engines to appear

- Growth of high-tech manufacturing & high-tech bio-agro sectors
- Emergence of high-value modern services, e.g.
 - Regional medical centre,
 - International port
- Transition of small-medium enterprises to world-class exporters

Each is Powered By Human Talent



Enhancing Liveability & Sustainability

- AFFORDABLE HOUSING**

...AND IT'S ONLY \$500 PER MONTH

Make housing affordable ←
- Reduce Traffic Congestion**

→
- Enhance Sustainability of Natural Environment**
- Improve Quantity & Quality of Public Space**



Open the *Buah Pinang* (Betel Nut), and you will find:





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