

# The Daily Star

## Bangladesh and Singapore Developing a Development Mindset

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A day-long seminar on "Bangladesh and Singapore: Developing a Development Mindset" was organised by the Lee Kuan Yew School of Public Policy in conjunction with the Institute of South Asian Studies at the National University of Singapore, on 2 Nov 2005. The initiative was the brainchild of Mr. Lutfey Siddiqi, Managing Director, Barclays Capital. The aim of the panel discussion was to exchange insights from development experiences of the two countries. The forum addressed key issues like leadership and politics, culture, values and corruption; public private partnerships and social development; and the role of aid and aid governance.

The forum consisted of a keynote speech by Nobel Laureate Professor Muhammad Yunus and involved a panel discussion amongst notable personalities from the public and private sectors in Bangladesh and Singapore. The panelists from Singapore were Mr. S. Dhanabalan, Chairman, Tamesak Holdings, Mr. Tan Gee Paw, Chairman, Public Utilities Board, Ms. Euleen Goh, Council Member, The Institute of Banking and Finance, and Associate Professor Shapan Adnan, South Asian Studies Programme, National University of Singapore; and from Bangladesh the panelists were Dr. Akbar Ali Khan, Syed Manzur Elahi, Ms Farida Akhtar, Executive Director UBINIG and Mr. Mahfuz Anam.

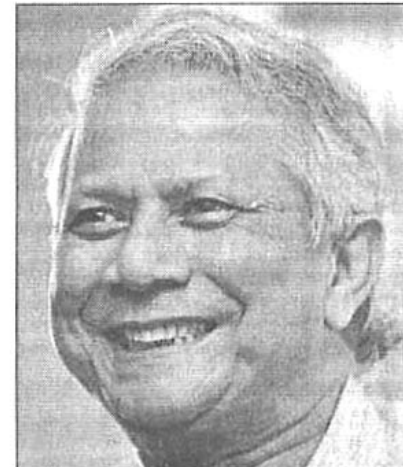
We hope the extracts of that discussion published below will generate public debate that will help to produce the required development "Mindset".

--EDITOR

**Extract of keynote speech -- Dr. Mohammad Yunus:** Professor Yunus opened his speech by inviting the National University of Singapore to extend more scholarships to children from poor background in Bangladesh saying, "it will enrich the learning of international students who can learn about poverty first-hand from those who experience it." Echoing the theme of the subsequent panel discussion, Professor Yunus emphasised the importance of "mindset" in making change happen. He said, "the system that creates a problem cannot solve the problem". He described the journey of Grameen as a series of acts of defiance. He extolled the power of human imagination and creativity in achieving what may have seemed impossible.

By way of example, he referred not just to the concept of micro-credit or banking for poor women but also the delivery of solar energy or cellphones to rural areas. He recalled how, in 1995, it was forecast that the total market for cellphones in Bangladesh would be 2.5 lacs in 2005 and how today, there is one mobile phone for every five Bangladeshis! He mentioned, "over 18 thousand Grameen children get student loans -- some of them go for medical or engineering studies, some PhDs. Yesterday, I met someone whose mother is a Grameen member and who is visiting her son who is a PhD professional in Singapore! A new generation coming up." He warned that a mindset of defiance is necessary for us to confront the pace of change ushered in by technology. He said, "Technology is a liquid substance like water-water takes the shape of the container. Do we have the container for future technology or will technology push us with the drift and take us where it wants?"

Overall, he expressed confidence that the youth of today have the energy, drive and tools to change systems and create new networks. We should not be stuck in incremental thinking when the change around us is non-linear. Referring to the panel discussion, he said, "we don't want to be like Singapore or America. We want to create our own future perhaps by taking the best of everything and adding our own creativity to it. We should not have a poverty of imagination".



**Kishore Mahbubani (KM), Dean of Public Policy:** Welcome to the Lee Kuan Yew School of Public Policy at the National University of Singapore. We are just three years old but already have an impressive network of alliances with the top universities in Europe and the USA. About 85% of our students are on scholarships it's only a slight exaggeration to say that we have scholarships chasing after students! We welcome more applications from Bangladesh.

This Forum was the initiative of Lutfey Siddiqi, Managing Director at Barclays Capital. It was he who approached us with the concept, helped secure Professor Yunus as the inaugural speaker and put the panel together - so I would like to thank him for that.

Singapore was a society that was supposed to have failed. The fact that it hasn't suggests that there are some lessons to draw. This is the backdrop of our discussion today.

**Lutfey Siddiqi (LS), Co-Chair of the Panel:** There is a blog entry on the internet from 19th Dec 1996 (11 years ago) where I asked: fit's possible to transpose Singapore's development policies to Bangladesh. You can still find it if you google for it. Most people felt that it was an absurd comparison and that discussion did not go anywhere.

Over the years, I've continued to ask the question: if it's not Singapore, who should we benchmark ourselves to? Should it be Thailand? Korea? Taiwan? Malaysia?... every time, I got a similar response. Each of these

countries is seen to be too small or too big or too dense or too sparse or too different in some other way to be used for external benchmarking. And instead of attempting a gap-analysis with some of these countries, we like to think that our problems are unique. We take offence if other people criticise us and we take pride in highlighting selective statistics that make us look better than parts of Sri Lanka, Pakistan, parts of India or Africa.

Today's event is an attempt to juxtapose two apparently divergent countries one which was famously called a "basket-case" and the other which has been referred to as the "little red dot". We'd like to see if we can extract some universal strands that are relevant in nation-building anywhere and whether we can comprehend things better by looking at them in a comparative perspective. Perhaps it will shed light on some blind-spots.

However, even though I make no secret of my admiration for what Singapore has achieved, I am hoping that this will be a genuine exchange of ideas between the two sides and a real appreciation for each others' challenges. Of course, let's not forget, who has the Nobel prize here.

**KM:** First question to Minister S. Dhanabalan (SD). What were the challenges faced by Singapore in its early years and what was the leadership response to those challenges?

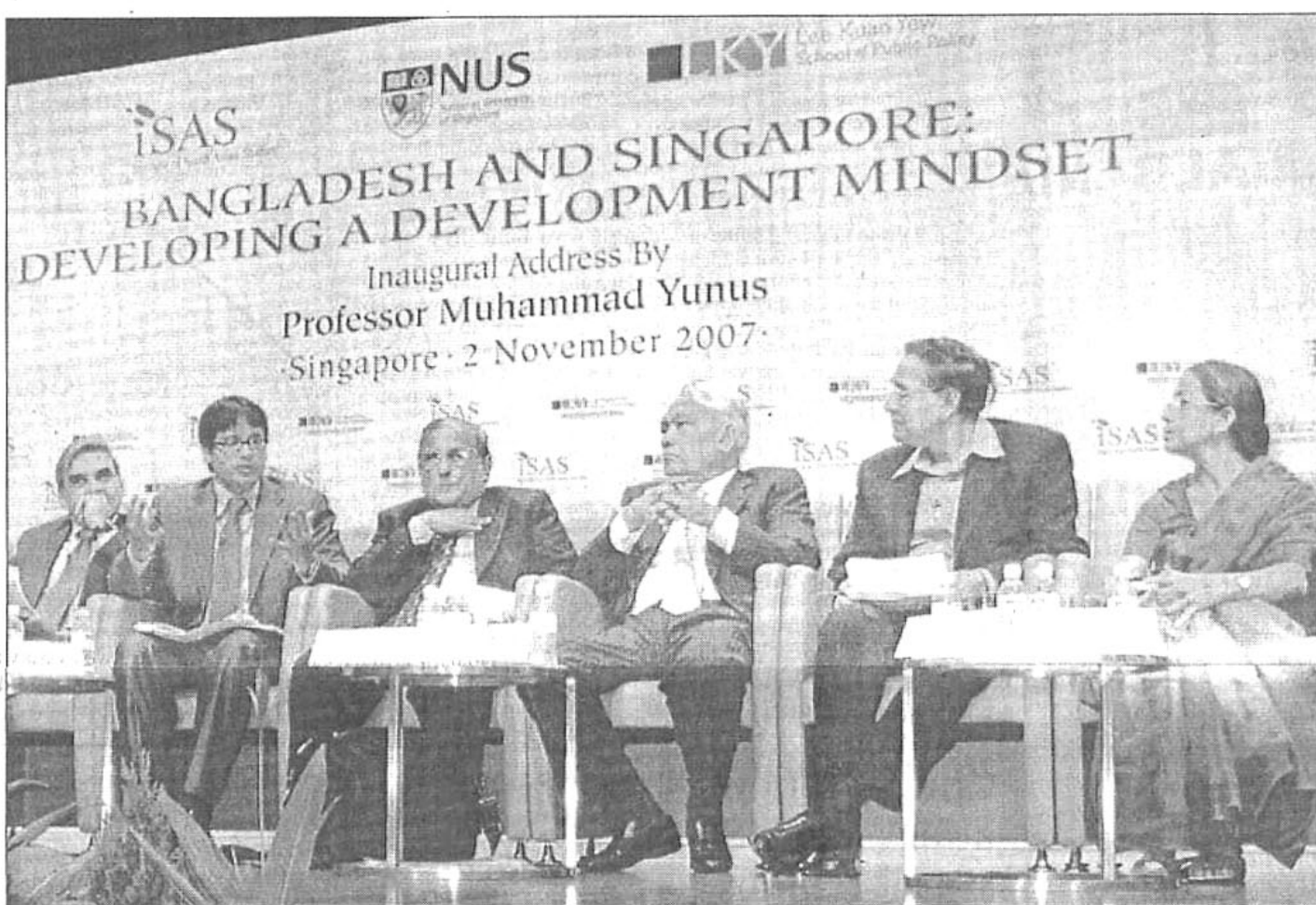
**Mr. S Dhanabalan (SD):** When we became independent in 1965 following the de-merger from Malaysia, we faced problems not very different from what many, if not all other, ex-colonies which became independent faced.

We had problems on the economic and social front - high population growth, high unemployment, poorly educated population all the characteristics of a society largely poverty-stricken. On the political front, there was a contest between the non-communists which were in power and the Communist front, other political factions as well as the non-Communist trade unions, which were very much involved in politics in addition to the communist-front trade unions. All of this was overlaid on a society made up of different races, different religions, and all the communal tensions one associates with such a structure.

So the overall conditions economic, social, political - were not at all conducive, and I think very few expected Singapore to be what it is today, and I think most people thought we would fail.

I don't have time to address all the different policies that we've taken to address the economic, social and political problems but looking back, I am able to trace three principles that were behind all the actions taken. These principles were not enunciated in a document or a kind of manifesto, but these principles, or mindsets, have shaped the policies that we've taken.

The first was of course the political leadership had to demonstrate that it had the moral authority and credibility to take tough actions. It had to prove to the people that it was incorruptible and more honest and more dedicated than the revolutionaries that were leading the communist parties. Even



if there was temptation to move away from that, sheer political need dictated that you are seen by the population as dedicated people and that you are not doing something to enrich yourself or your friends. This enabled the political leadership to do things that they would otherwise not have been able to do.

To give you an example, at a time of very high unemployment, we had many people who were street hawkers and "private taxi drivers" without license. Despite the high unemployment at the time, the government moved against these people to eradicate street hawkers. Very few governments would have the courage to do that. They were able to do it and carry it through because people trusted the politicians were doing things for the benefit of the economy and society as a whole.

The second principle especially in the context of developing a development mindset is that there was a very sharp focus on getting things done, not talking about things.

There were no long debates espousing philosophies or ideologies. We had poor housing so build housing. Poor health condition set up outpatients units. Put the hawkers together so they sell hygienic food. We were focused on action-oriented policies. In this respect I see similarities between Singapore and many of the other tiger economies.

They are not all characterised by incorruptibility but they were focused on getting things done - not talking about things. They did not let ideology affect the objective of getting things done.

Our party in power had a socialistic ideology and socialist appeal, many in the party felt things should not be done to enrich contractors, to enrich businessmen. When we embarked on a programme of public housing, one school of thought was that they should be built by people employed by the government and no opportunity should be given to contractors and others for making money from this programme. In fact, you may have read Lee Kuan Yew's book, there were people within the cabinet who were of this view.

But he and others were adamant that they were not here to fight the contractors, or prevent people from making money. We're here to simply get houses built. And what is the best way of going about it, prevailed. This is just one example of our focus on getting things done rather than trying to establish an ideological point of view.

The third one is in the spirit of what Professor Yunus said we were actually defiant. We get bad western press precisely because of this. We have chosen to do things differently from what was the conventional practice in every area in the west.

One simple example we are well-known for having housed almost all of our population. More than 80% of the population lives in public housing. If you talk to any urban architect, he will tell you that public housing always degenerates into slums. This was the experience with council housing in the UK. However, our political leadership decided to go with it with striking results.

Take trade unions. Conventional practice in the West was that Trade Unions had to fight management antagonistic contest is meant to be the substance of trade unionism. We say that is not the way. Organised labour has to partner with the owners of business. We need more profits to pay better wages. Our focus is on growing the pie which can then be shared out rather than fighting for the share of the pie at the onset.

Another reason why Western liberal media don't like us we defied conventional wisdom in many ways including our attitude towards the press. The practice in the West is that anybody who is good with his pen, has a flair for writing, can propagate his ideas without any sense of responsibility for what the consequences are. Similarly when it comes to political leadership, conventional attitude is that anybody

who can arouse or mobilise the public should get elected. This has worked for many countries but we've adopted a different practice. When it comes to political leadership, only people with experience and with a record of success for running organisations can run the country. Many people disagree with this but this is another example of our defiance.

Similarly, we say to the media if you want to make your views known, be prepared to be countered and countered sharply by people who are actually in charge of delivering the result. This doesn't sit well with many people.

There was, from the beginning, a clear idea that the things that the political leadership did should not be patterned in the way that they are done in the west. We should try and structure things in a way that suited our own needs. This is surprising because key people in the political leadership were educated in the west. Dr. Goh from LSE was very pragmatic, he shaped a lot of the economic policies of Singapore by just asking himself one simple question: Will it work to deliver what we want to deliver for our people? It doesn't matter whether it achieves socialist ideologies or not.

So I would say that these three principles are key to developing a development mindset: 1. the leadership created for itself the moral authority to take tough actions.

2. concrete, action-oriented programme just deliver results.

3. structure and evolve your own systems, your own institutions and not have them patterned after what we knew to be conventional practices or ideas in the west.

**LS:** Thank you Minister Dhanabalan. Dr. Akbar Ali Khan, a similar question from your perspective: What were our challenges, what was the psyche of the nation at inception and how did the leadership respond to our challenges?

**Dr. Akbar Ali Khan (AAK):** As I reflect on the past of Bangladesh and also of Singapore, the fact that strikes me is that the birth of both of these countries was an act of defiance. They should not have been born.

And that reminds me of the story of my uncle who has heart problem and he used to drink and smoke a lot. I asked him, "didn't the doctor ask you to stop drinking and smoking, why don't you give it up?" He said, "well, my first cardiologist lectured me for five years and then he died. The second cardiologist died after another 3 years. I am now with my third cardiologist". The lesson is: economic theories don't survive, but nations do. And one of these nations did resoundingly well and the other also did pretty well.

High population density and lack of significant natural resources are two areas in which we resemble Singapore. Bangladesh has had some achievements in the last three decades. Coming from a low human development category to a medium category in the last 30 years, the poverty rate has dropped from 70 percent to 40 percent, population growth decelerated from 3.6% to 1.5%, child mortality rate was cut by 70%, life expectancy was 37 years, now 64 years, rice production more than doubled and per capita income doubled between 1975 and 2006. These are not insignificant achievements.

One thing is that Singapore started with a higher per capita income. It was \$2,829 in 1977 when it was \$90 in Bangladesh. So Bangladesh started with a low base and while there were

frustrations, there were also achievements.

But we differed from Singapore in some significant ways. Singapore won its independence through "Talaq Talaq Talaq" from Malaysia. The birth of Singapore was not as traumatic as what it was in 1971 as the liberation war was very devastating. This was also exacerbated by natural disasters.

But there are two other important areas in which Singapore's trajectory of development was different from Bangladesh's:

1. Singapore opted for an outward oriented globalisation policy. Bangladesh opted for an inward-looking import-substitution policy. This had very significant impact on the achievements of these two countries.

2. The other difference was that Singapore carefully avoided the path of socialism and in Bangladesh in the initial years we opted for socialism and this was a tragedy for Bangladesh the socialist setup was not by a socialist party but a party which all of a sudden decided to go that way! So this was a sudden socialist turn that Bangladesh took. Because of the nationalisation of almost everything that moved in Bangladesh in 1971 and for a planned import-substitution strategy (those were the two pillars of our economy in the 1970s), it actually choked growth.

Later on, as these policies were changed and the layers of protectionism were rolled away by the irresistible forces of globalisation, growth in Bangladesh started to pick up and socialism was defeated. Singapore has followed this since its birth. In our case, we've followed the opposite for a long time. Now, socialism is receding and private sector has created a space of its own.

In spite of that, there are still ghosts of socialism in the Bangladesh economy. We still have strong trade unionism in some of the public sectors e.g. health and education. In human resource development, we're finding significant difficulties.

Another ghost is the inefficiency of the public sector which occupies commanding heights. In Singapore, there is also a large public sector but the public sector is working. In Bangladesh, it is not working. Government ownership remains in areas where private sector should work. In Bangladesh there is still competition between the two sectors sometimes, public sector institutions crowd out the private sector - doing things no business would do.

For instance, the jute industry is run by the Jute Mills Corporation. There is no relationship between cost of production and price of goods. In this kind of environment, no private sector institution will go and compete in these sectors. So that is a hangover of socialism.

And the last and most disastrous thing that has happened in Bangladesh is that we destroyed the incentive structure in the public sector. We have low salary and at the lowest level, the difference between highest and lowest salary is low. The system of reward and punishment is missing. As a result we have a Gresham's Law in all sectors: bad people are driving out the good people.

These are the problems as I see them: inefficiencies of the public sector and the incapacity to have an incentive structure where people are working in their interest. Strong trade unionism in some of the sectors is harming us very badly for example in education. You cannot improve quality of education.

These are the problems that our leadership needs to address. Sometimes I feel that they do not have the courage to address these. One of the ideas that prevailed in the 1970s is that Bangladesh is poor because God made us poor. But as I look at Bangladesh today, I feel that God has not made us poor. We have made it poor. We cannot build institutions; we cannot run institutions so the poverty in Bangladesh is basically man-made.

**KM:** I am very impressed by the high level of candour. This is not normal most people try to be diplomatic. Now we will turn to success stories. Mr. Tan Gee Paw, please tell us how Singapore met the challenge of developing its water resources. We actually won the Stockholm Water award for it this year. The man responsible for that is here.

**Tan Gee Paw (TGP):** I'll pick up where Mr. Dhanabalan left. He spoke about pragmatism over ideology. That's the first thing about developing a development mindset.

Second factor what Prof. Yunus mentioned earlier this morning. That the technologies of the future will shape the way we live, so make sure that you have the container with which to embrace these technologies. It is crucial that we always plan for the future. We should assess what future options we might have, then position ourselves today so that we can take maximum advantage of those options when they become realisable. It requires a lot of long-term planning. The water story is a classic example.

When we separated from Malaysia, we were very dependent on them for water and that could not continue indefinitely. So we started looking at technologies that were available then in the 1970s. There were a few competing technologies not fully developed yet. So we built plants and lined up competing technologies side by side with the objective of delivering drinking water. Some worked, some didn't... but we realised that one of these technologies was bound to succeed. We wanted to position ourselves so that, when the winning technology came to fruition, we were ready for them.



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