

# Bangladesh and Singapore Developing a Development Mindset

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One of them was reverse-osmosis. But for osmosis to work, we needed the ability to collect domestic waste water - not waste water that is mixed up with industrial waste. Therefore, in the 1970s we started a long process of separating our water. It's an effort that took us 25 years that paid off tremendously.

Prof Yunus' point is very valid - make sure you have the container. Singapore was always conscious of that. With the objective in mind, we remain pragmatic, we power on and on until we succeed. You realise that when you are an island nation with limited resources, you have no other way. Whether we are in Bangladesh or in Singapore I think the principles have to be the same. Assess the possibilities ahead of time and position yourself today so that you can take full advantage of them now. The nations that will do well in the future are the ones that can take the fullest advantage - whether in water resources, environmental management, economic planning, healthcare etc. I believe this is a fundamental principle.

LS: Ms. Farida Akther, the NGO sector is cited as a success story for Bangladesh. What would be a good success story for civil society organisations in Bangladesh?

Farida Akther (FA): Before I talk about success stories let me take a step back. Why do rich people from Bangladesh come to Singapore? Two or three different reasons: They come for shopping and medical treatment and also for education. That means the education system, healthcare system is probably not working to satisfaction in Bangladesh. We also have poor people coming to Malaysia and other Tiger countries for work.....now, the success of NGOs is that we start from the point of view that people have the potentialities to develop and we don't start from the point



that they don't know anything.

I want to tell a story "sholonnaeemy michey" which I will translate.

An educated person trying to cross the river with a boatman asks several different questions. Why does the sun rise in the east and set in the west. Boatman cannot answer in a scientific language. The educated person says, "25%, 50%, 75% of your life is wasted. 75% of your life is useless. Suddenly the weather turns and it looks like the boat might sink. The boatman asks, "Sir do you know how to swim? no? then 100% of your life is useless!"

Poor people generally know what to do at the time of crisis. Their survival is neither the contribution of public sector nor NGOs. They are surviving on their own capacities. Those NGOs that acknowledge this fact have been successful. Those who try to think of themselves as all-knowing or who have artificial ideas they don't work.

Bangladesh is not only known for floods and micro credit, Bangladesh has large number of NGOs - 20,000 NGOs covering 78% of villages, although coverage of percentage of population is very low at 20%. Civil society is a strong force in South Asia. Whenever there is a WTO meeting or something similar, it is the civil society that comes forward with the latest information and arguments.

Singapore 7th in the world for the most competitive country. What does it mean? Great infrastructure for business -- there is a good business-conducive infrastructure; currency convertibility -- you make profits and we're not averse to people repatriating your money; efficient system for tax, of customs; legal certainty; those are important essentials for any business that wants to locate and prosper.

2. Great social infrastructure. I learnt that when a company makes a decision as to where to locate their business, the senior person looks at the country and asks: "Would I like to live in that country?". Singapore has a secure environment for families, a welcoming environment - very easy to get work permits here - great education system. In that context, what has drawn the private sector to Singapore, here are some facets about how the private sector has grown together with the country. First is that of investment. Dhanabalan has said what we've done is a very long-term planning approach. In that sense we have encouraged investments into Singapore and through those initial investments spawned a whole lot of economic activity.

Take the example of Shell. Premier oil company. Located in Singapore 100 years ago, 1961 -- invested in an oil refinery. That's the catalyst. Singapore today is the third largest oil refinery in the world. They came here because the government saw an opportunity; incentives to locate here and to help Shell get things done, so that their business was profitable. Out of that one activity that allowed Singapore to be a large refinery centre; from there, a leading role in the energy sector, gone onto spawn other sectors. We now build 80% of jack-up rigs in the world; a leading trading hub; into petrochemicals and agro-products. So investments and co-investments are essential.

Second context is one of knowledge and technology transfer. We encourage a whole lot of technology competence to come to Singapore. A home-grown company I admire very much is Venture Manufacturing. Started by a number of people - former employees of technologies... multinational; came up with their own manufacturing plants. Today they are 9th largest in the world in their sector. There spawns a world-class company acquired through knowledge transfer

3. Third is privatisation. The public-private partnership or PPP model. In many instances the government has led some of the developments as it made sense to do so in the early years. But they spun it off into the private sector; then it's driven to compete commercially in an open arena and as efficiently as possible. Another company I admire much is Singtel. In the early years it was government owned. Today it's the largest listed company in Singapore, fully private, over 50% of revenues come from overseas, and this company competes as effectively amongst any other private companies in Singapore. This company in Singapore drives down the cost of communication and all the consumers benefit from it - this is how privatisation benefits the wider society.

The PPP model for Singapore has worked effectively.

LS: I think of Singtel and Singapore Airlines when we talk about private enterprise with growth outcomes for the wider economy. When I think of Bangladesh, I think of Chittagong Port amongst other things. Mr. Manzur Elahi, what is your take on the role of private



In terms of timing of NGOs, it started mid-70s after the famine or even earlier for rehabilitation after the war. But NGOs started to get recognition as partners to the government in the 1980s and more in the 1990s because of pressure from international donor agencies.

My organisation - UBINIG - we focus not only on service delivery but we also take up issues. We talk about the agro - sector, handloom sector, work with weavers and farmers. Bangladesh is very rich in biodiversity. Bangladesh has 50 thousand varieties of rice. The farmers in our programme don't use chemicals or pesticides, and have regenerated 2,500 varieties of paddy. We also found out that if you don't use pesticides you can ensure that other food sources open up including more fodder which are safe for the cows.

In poor families, if you ask someone who your family members are, they will say, "wife, 2 sons, 1 daughter, 2 cows, 1 hen and 1 goat". If you don't have food for all of them they will say we don't have food. In the name of modern agriculture we have destroyed food sources for livestock or for fish. Having pesticide-free farming ensures 40% of food sources are available from uncultivated food.

KM: You often hear in the American media - Unleash the private sector and the country will take off. Euleen Goh (EG), what has Singapore done to grow the private sector and what is your take on private-public partnership?

Euleen Goh (EG): Unlike the other two members from Singapore, I'd like to start with my view of Dhaka. I visited Dhaka about 3 years ago. I found it brimming and bustling full of people. I have met lots of Bangladeshis all over the world. I find them to be bright, energetic and hungry for more. As we face an era of countries and businesses fighting for talent, you have huge potential with your 150 million people!

What has drawn the private sector to Singapore? I have three points to make:

1. An open competitive environment with ease of doing business. A report yesterday about the world economic forum global competitiveness survey ranked

enterprise in fostering development?

Syed Manzur Elahi (ME): I'd like to touch on what Akbar Ali pointed out - history of the private sector in Bangladesh. One of the reasons we separated from Pakistan was economics. From 1947 to 1971, we were together and unfortunately most of the powers in industry were controlled in Pakistan. Then after the liberation of Bangladesh, the then-government, although it previously had a pro-private sector manifesto, it suddenly decided to follow a socialistic pattern. It was not the private sector but the public sector that was to be the engine of growth.

To illustrate how ridiculous the situation was - I wanted to enter into enterprise. The government said that the project cost of any business couldn't be more than 25 lac taka. What meaningful project could you have with the equivalent of \$200,000? So I thought I will start a bicycle parts company. I applied for a loan. The bank manager said, "Please go talk to Member Planning Commission for permission". It so happened, he was my old university teacher. I asked him "sir, what is the problem". He said, "We've started a very big agreement with Russia. They will put up a huge bicycle plant which will cater to the entire needs for the country. So we don't need you". He went on to say, "Manzur, do you think Bangladesh was created for Bourgeois like you?"

I had to tell you the story because this was the mindset at the time. After 1975, with the change of government, some privatisation started. Today, the private sector is the largest employer. Many of you will have heard the success story of the readymade garment sector. As I say to my friends in the government, "it is because you left us alone that we did well".

If you want to talk about private-public partnership, the public sector does not have a good track record. It could've done well if the trade unions were not politicised. Trade unions have become belligerent. Political leadership is not clean. So the public sector is not

I confess I was actually a bit sceptical around the time when Lutfey and I started organising this event. I must say I am pleasantly surprised. I learnt a lot and am amazed by the amount of candour we had. I also heard some amazing first-hand stories. The points I will take away with me are: Firstly, I will remember vividly what Dr. Akbar Ali Khan said, "God did not make Bangladesh poor, man-made policies did". Prof Ajit Biswas said the same thing about water when he came to lecture in this same room "there is no shortage of water in this world, just a shortage of good public policies of water. That is the nub of the issue. Second point is the use of the word "defiance". The theme started with Prof. Yunus he said, "keep trying, keep defying conventions", and this message was carried through by other speakers on both sides of the panel. A lot of conventional wisdom on development theory is just plain wrong because most of it assumes that people outside can somehow solve the problem. The problem really gets solved when the people affected take ownership of the issues as demonstrated by the Grameen revolution. -- Kishore Mahbubani

the ideal sector to partner with. It's still bureaucratic, still ruled by the relevant ministries.

Having said that, I have interacted with a few public sector corporations. If enough independence is given to the public sector officials, if there is transparency then they might do well. But since, in an age of globalisation, we need quick decisions, and you cannot get quick decisions from our public sector, you just can't perform. The mindset developing right now is that the private sector will go their own way.

I must also add I feel that Bengalis are not naturally good in business. They are good professionals - doctors, engineers etc. That was the generation we belonged to. I was at Dhaka university hostel when a survey was undertaken at the adjacent girls' hostel about the type of person they would like to marry. The number one choice was a civil servant and businessman came last.

Thankfully, this concept, fortunately, in the next generation has changed. They are, as Dr. Yunus said, defiant. They are branching out as entrepreneurs. What we need is an enabling environment from the government.

Coming to the Chittagong Port as Mr. Siddiqi mentioned it's a major source of bottleneck for us. The previous mayor of Chittagong used to treat it as his personal property. He used to do whatever he wanted to do with it. The turnaround time for a cargo vessel in Singapore is 3 hours. In Bangladesh it was 3 weeks. Now, you don't have three weeks in an export-oriented industry, no-one will give you that kind of lead time. From three weeks, it has come down to 4 days. The point I am making is that it can be done. However, two words why Bangladesh couldn't do well is "political leadership". Singapore did very well thanks to Mr. Lee Kuan Yew.

KM: You have paved the way for the next topic - the most delicate and difficult - the topic of corruption. Professor Adnan, What are your views on the links between culture and corruption, the factors that contribute to the creation of corruption and actions required to break the cycle so that corruption becomes the exception rather than the norm?

Prof. Shapan Adnan (SA): There is little to say about Singapore here corruption doesn't lend itself to the Singapore today. Let me try to give you a comparative picture. I've been living here for seven years teaching at NUS. We should remember that there are two parties to any transaction - bribe takers and bribe givers. What is the link with culture? Corruption gives rise in a context where lack of ethics is normal - it's no longer a matter of shame that is to be hidden.

One simple argument is that poverty breeds corruption. Partly this is true. Civil servants in Bangladesh and ministers are paid very poorly in comparison to the relative pay of the public sector in Singapore. However, poverty is not a sufficient condition. Look at the people who are corrupt in Bangladesh they have amassed fortunes much beyond levels of need and poverty. Why is there a cycle of corruption? It's because of the way the system works. Political office and elections require huge amounts of money. Electoral expenses are costs that need to be recovered. Posts in ministries and civil service are put up on auction. The corollary is that the money has to be recovered and paid back once you are in office. You can see there is a sequential chain....

What can be done? This is a systemic problem - it's not just about individuals. We need to reform some of the mechanisms that give rise to corruption. For instance, use of technology or computerisation of processes and data. This reduces the number of points at which bribes can be asked for. If you recognise that corruption is a cycle, if you can stop the first part of that process, subsequent stages can be brought under control. Breaking up large contracts into smaller ones may also be an idea.

Aid-funded construction projects are also part of the story. Perhaps we can bring in people who can design the process to minimise corruption. To conclude we need a systematic procedure of trial and punishment and consistent action taken against both bribe takers and givers.

LS: Mr. Mahfuz Anam - we tend to think of corruption as a moral issue. In Singapore it's also a moral issue but more importantly, they view it as a practical problem that gets in the way of their economic growth objective. How would you describe the situation in Bangladesh? Is there a cultural root to the problem?

Mahfuz Anam (MA): We need to focus on two things in our discussion. One is "mindset". The other is "leadership". Two words for me differentiate what Singapore focused on and we did not. And these two words are "geography" and "demography".

The Singaporean leaders took the location of Singapore as a major asset, population as a major wealth and focused on them. We looked at our assets our rivers and our people - and we neglected them. We have polluted our rivers instead of turning them into producers of resources. Bangladesh is among the highest depository of sweet water. If you think of the fact that future wars will be fought on water rather than oil, Bangladesh is a very rich country! If



population is the ultimate differentiator of a country's wealth, then we have 140 million of them. Yet, we did not educate them, we did not professionalise them, we did not give them vision and hope. Imagine a leadership that turns its assets into liabilities. That is precisely what we did.

In the last 15 years of democracy as we practice it, we have created a culture of confrontational politics. In a democracy, the fundamental assumption is that you play by the rules - which is that one party gets elected and that party runs the country for the time allocated while the other party critically monitors its performance and gives the country a better vision. Instead what we have is destructive politics that sprang from an arrogant government and an irresponsible opposition.

In 2001, the ruling coalition got 46% of the vote and the defeated party got 41%. However, the ruling party with only 5% additional votes thought that they had total authority to do whatever they wanted. They not only ignored but also repressed the opposition. This has been the pattern in previous cases too. The ruling party totally oppresses the opposition and opposition finds nothing good with the government.

In a country like Bangladesh, confrontational politics is usually fought on the streets. The opposition calls strikes hartals which mean not only a strike of industry but strike of the whole society. Of course, the government then uses all its force to beat them and repress them in every way. The need to confront the opponents in the streets led both parties to bring criminals into their party fold.

As decent politicians generally do not participate in streets fights and beat up the opponents you need criminals to do that. Soon enough, the political parties makes alliance with criminals. Decent politicians get sidelined and those politicians, who can bring in the gangsters and pay them, rise in the hierarchy of the party. Over the past 15 years, thus, a nexus developed between politics and criminality. Good politicians were driven out by bad politicians whose basic capacity was not how to run the country but to control the streets. All of this happened in the last 15 years. Good politics got substituted by bad politics and bad politics got entangled with corruption.

It was observed that criminals usually crowded the ranks of ruling parties rather than the opposition. To protect them, governments usually overlooked all their crimes. Thus a culture of impunity developed.

Everything is enmeshed into corruption because corrupt practices help street politics which in turn help a party to come to power. Specially it helps to retain power after getting elected. That's how Bangladeshi politics got enmeshed into corrupt practices sustained by a culture of impunity.

The way out of it as I see it is substituting personality-based politics with institutions. Over the years, politics became more personality-based, family-based. The institutions disappeared. Norms and rules disappeared, overtaken by exceptions. We have to restore institutions. Here again Singapore provides us with an example. Yes, Lee Kuan Yew was a towering personality but it's the institutions that he built, the party he built that will sustain Singapore.

I am happy to share with the audience here that we are into some major institution-building exercise right now. The election commission, the public service commission, the anti-corruption commission are now emerging as major institutions. We've just had the separation of the judiciary from the legislature. We hope that it will emerge as a separate, effective institution. We are hoping through this process at the next election that we will have the emergence of politics that are more people-oriented rather than personality-oriented.

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Second point is the use of the word "defiance". The theme started with Prof. Yunus he said, "keep trying, keep defying conventions", and this message was carried through by other speakers on both sides of the panel. A lot of conventional wisdom on development theory is just plain wrong because most of it assumes that people outside can somehow solve the problem. The problem really gets solved when the people affected take ownership of the issues as demonstrated by the Grameen revolution. My last point is that I am feeling very optimistic at the end of the discussion today. The theme in Bangladesh is that we are improving and things are getting better. There was repeated mention of the scope for young people in Bangladesh how they already have a different mindset.

LS: It looks like we got the title of our event right - Developing a Development Mindset. "Mindset" - not resources or natural endowments - kept on coming up as the single most important factor. Which means that it should be both easy and difficult.

Easy because it's our mindset. It should be within our capacity to change it. Difficult because it requires us to delete beliefs from our hard-drives and re-programme them. There are all sorts of emotional reactions which you get from trying to overturn ingrained beliefs.

Furthermore, some of the issues we spoke about today - corruption, leadership, governance and so on - are these symptoms of underdevelopment or are they causes? Or is it a vicious cycle and if so, how can the cycle be broken? Still not sure. Still learning.

I thank everyone for sharing with us the benefit of your knowledge.