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## Big Idea No. 7: Be Bold

Singapore's civil service needs to cultivate an entrepreneurial spirit.

By Kishore Mahbubani

Number seven in my series of Big Ideas for Singapore is a simple one: Be Bold. Singapore succeeded in the early years because we had exceptionally bold leaders, who were unafraid of taking risks and learning from their mistakes as they fought against major odds to survive and prosper.

As a result of their boldness, we have succeeded. Having succeeded, we face the classical challenge of all successful corporations and countries: we can become risk-averse.

The Kodak trap

A SIMPLE analogy from business will explain the challenge. As a child, dreaming of owning a camera, it seemed completely inconceivable that I could live in a world without Kodak film. But Kodak is effectively gone. What happened? The easy answer is that Kodak did not anticipate the challenges posed by digital technology. The hard answer is that Kodak became so rich and comfortable that it didn't dare to take any big risks to change course. And that is exactly the challenge that Singapore faces now.

This is why it is wise for Prime Minister Lee Hsien Loong to constantly quote the famous phrase from the former CEO of Intel, Andrew Grove, who said, "Only the paranoid survive".

Mr Grove is right. With the world changing at the fastest pace in human history, the biggest mistake is to continue on auto-pilot, assuming that previous policies and approaches will work equally well in a very different world.

Against this backdrop, PM Lee has emphasised that our civil service must remain dynamic and bold. In a 2004 speech to Commonwealth civil servants, he said: "We need people with moral courage and integrity to acknowledge and correct past mistakes, and recognise when an existing policy has outlived its usefulness and has to be discarded or changed."

Mr Lee added: "Given the pace and scale of change facing all countries, no public service can afford to be passive or reactive."

The Prime Minister concluded by saying: "We concluded our civil service needed to take more risks, instead of always sticking to the tried-and-tested."

Entrepreneurial civil service

I AGREE. When I joined the civil service in 1971 I was impressed by the bold entrepreneurs I met. One of the boldest was Philip Yeo. Indeed, he was legendary. He would take big risks. In the early years of developing our armed forces, it would have been safer to take the tried-and-tested route.

Instead, he developed a new weapon - and as he said: "The army was cursing this crazy Philip Yeo, making this new machine gun, instead of buying a proven machine gun from Belgium."

Howe Yoon Chong was equally entrepreneurial. He seized the opportunity to move the airport from Paya Lebar to Changi and to build a new container port in Tanjong Pagar.

I can tell many more stories like this about the civil servants of the pioneer generation. Let me emphasise that our current civil service is one of the best, if not the best, in the world. It gets abundant praise globally.

Sir Michael Barber, an eminent retired British public servant, says: "Among public servants in

Singapore, I am always impressed by their clarity of thought... The Singapore civil service sets a standard of quality that in my experience is rarely matched around the world."

Bryan Caplan, professor of economics at George Mason University, enthuses about the civil servants he met here: "In terms of pure IQ, all of them would have been in the top half of my PhD classes."

#### Danger of risk aversion

YET, paradoxically, even if we are the best in the world, it may not be good enough. Why? The simple answer is that Kodak had the best film in the world. It was not good enough. Like Kodak, we may move towards greater risk aversion.

To prevent this from happening, we need to find out whether there are structural reasons for any tendency towards risk aversion. As a former administrative service officer (or AO), I am told that there is a big incentive for officers to protect their "current estimated potential" (CEP) by avoiding big risks in their policy recommendations.

The CEP is an estimate of the highest level that an officer can reach in his or her career. Once they are assigned a high CEP, an "escalator" seems to automatically promote the officers to their CEP level - as long as they don't make mistakes. Since mistakes are punished and risks are not rewarded, it is natural for a culture of risk aversion to emerge.

To avoid the Kodak problem and prevent any trend towards risk aversion, we clearly need to change this incentive system. We should recognise and reward the people who are willing to take big risks. Fortunately, there is an easy way to do this. In the annual assessment form, we can ask each senior civil servant to spell out two or three "risky" ideas to improve Singapore that he or she has suggested for implementation. If the answer is zero, alarm bells should begin to ring. If the answer is two or three, the follow-up question should be: "What have you done to promote or implement this risky idea?"

#### Sacred cows

WE WOULD be kidding ourselves if we believed that over the last 50 years we had not accumulated regulations that have long passed their "sell-by" date. They may have been appropriate for their time, but have since become redundant and unnecessary.

One good example is the "three-quarter tank rule" that Singapore put in place in 1991. The rule was clearly intended to ensure that Singaporeans paid the high petroleum taxes in Singapore instead of using cheap Johor petrol to subsidise their driving in Singapore.

While the Government's desire to prevent the erosion of our revenue base is valid, this has to be weighed against the rule's disadvantage of discouraging Singapore's city dwellers from enjoying the weekend relief from traffic that the residents of most global cities enjoy.

When I was living on Manhattan Island, the city would empty on the weekends as Manhattanites drove out into the countryside visiting friends and relatives. This made it a joy to explore Manhattan on weekends. The three-quarter tank rule is one important reason Singaporeans do not leave the city on weekends.

If there are fewer barriers to visiting Johor, more Singaporeans will do so, creating physical and psychological space back home that will increase our sense of well-being. Improved well-being could bring many unintended benefits. For example, an increase in well-being may even improve our birth rates!

#### New solutions to old problems

IN ADDITION to "negative" suggestions on which old rules and practices should be killed, civil servants should also be encouraged to give "positive" suggestions on how old problems can be solved in new ways. The best way to illuminate this is with another concrete example.

One of Singapore's biggest problems is the haze we get from neighbouring Indonesia. The Singapore Government has certainly worked very hard to prevent a recurrence of this problem. However, can we think of innovative new ways to supplement the efforts of the Government?

For example, instead of just relying on our Government to solve the haze problem, can we utilise the resources of civil society to help solve the problem too?

We could encourage Singapore NGOs to visit Indonesia to understand the Indonesian perspectives and constraints, taking careful note of the political, economic, social and cultural factors at play.

Then, having come to a good understanding of both sides of the issue, they could come up with radical solutions to the problem. For example, the NGOs could assist the farmers on the ground to shift to less destructive methods of agriculture.

The slash-and-burn technique works in the short term but is not sustainable in the long term. Small farmers also have an incentive to learn new agricultural techniques, especially if such techniques become more financially viable. Can we use our NGOs to encourage them to do so?

Data sharing needed

ONE final example of a bold initiative that our civil servants can take is to share more data and information with Singapore universities and think-tanks. Indeed, the Prime Minister has encouraged the civil service to be more open and transparent.

In a speech at an Institute of Policy Studies (IPS) conference in 2010, he said that "it is useful for the public sector to cooperate with the IPS and to be forthcoming with information and access... This way, the Government can consult more widely and develop better thought-out policies, and IPS will be more effective in fostering informed discussion of policies outside Government."

Sadly, even though the Prime Minister made this call in 2010, the cautious civil service approach of sharing data has not changed.

As dean of a school of public policy, I know that many of our professors find it easier to get data from other Asian countries than from Singapore. Amazingly, even retired permanent secretaries cannot get access to data they once handled in service.

This is a real pity as, in the next phase of Singapore's development, we will need to tap ideas from a broader section of Singaporeans. If they are not given access to data, they will not be able to contribute.

And if we stop them from contributing, we could end up like Kodak - following safe paths and not taking big risks. Not taking risks is the biggest risk for Singapore.

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