

Press Release

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CLOSING ADDRESS BY PRIME MINISTER GOH CHOK TONG AT THE GLOBAL INDIAN ENTREPRENEURS CONFERENCE (GIEC) ON THURSDAY, 20 JUNE 1996, AT 8.00 PM AT THE WESTIN HOTEL

When I visited India in January 1995, it was to spark a mild “India fever”. I saw business opportunities in India’s economic reforms, and I wanted Singapore to play a catalytic role in India’s development. An India that is open to foreign investments and trade would grow to be a major power of the world. It will help growth and prosperity to sweep across Asia, and not just be confined to East and South-east Asia. I was optimistic that the India fever would run for many years, and prove resistant to any effort to cool it down. I, therefore, welcome this first Global Indian Entrepreneurs Conference. It will not only boost the India fever in Singapore, but also spread it globally.

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2 Some of you may wonder whether the timing of this Conference is propitious, coming as it does on the heels of significant political changes in India. I was told that the organisers waited with bated breath for the outcome of these changes, uncertain whether the new Government of India would dampen or brighten the mood of this Conference.

3 But they need not have been so anxious.

4 I had concluded before the Indian General Elections that while the Rao Government might change, economic reforms would not. India has little

choice but to stick to Mr Narasimha Rao's bold economic reforms, albeit with some modifications and refinements. Its strategic economic ties with Moscow had vanished with the disappearance of the Soviet Union. The leaders knew that its decades-old policies of rigid central planning, inefficient protectionism and high-cost licences had prevented India from realising its full economic potential. And they also knew that their long gaze at the West had drawn mostly blank faces. I cheered with open arms when Prime Minister Rao said it was time also for India to look East. He has brought India closer to other Asian countries. I believe the economic reform road which he set out to construct will not have a 'U-turn' sign in sight.

5 Soon after the Congress Party lost Karnataka in the last state elections, Prime Minister Narasimha Rao told me in Calcutta that though he would have liked Congress to win, Deve Gowda was the best person to lose to. He explained that Deve Gowda was pro-reform. He added that while he might lose a few battles, he was winning the war because other opposition parties were also coming round to his vision of economic reforms. I believe that history will recognise the epochal contribution of Prime Minister Rao better than did the Indian electorate.

6 I met Mr Deve Gowda twice last year, in Calcutta in January, and in Singapore when he visited in July. He showed prescience. I made the point to him that if New Delhi gave more autonomy to the states on economic matters, India's economic reforms would proceed with greater speed. Some states would be bolder in reforms, attract more foreign investments and create wealth faster than other states. The states left behind would have to ask themselves the reasons why and learn from the experience of the more successful states. He replied that that would happen after the Indian General Elections. He was convinced that Indian politics had changed and that the next Government would be a coalition Government. He explained that the coalition Government would have to hand over more power to the states, and that this would help India to liberalise its economy as the states would compete for foreign investments. I could not tell whether he foresaw his own role as head of such a coalition government because Mr Gowda is a modest man.

7 But behind this modesty is a decisive, pragmatic man of action. When I was in Calcutta, he had only been Chief Minister of Karnataka for two

weeks. But he flew there to meet me, to tell me that he had already given approval for two major Singapore projects to proceed, approval which the previous state government had delayed. I immediately recognised a serious pro-reform leader whom Singapore could trust and do business with.

8 Let me give you a more recent example of Prime Minister Gowda's decisiveness. I invited him on 6 June to visit Singapore and address this Conference. My High Commissioner in India saw him personally with my letter. He replied on the same day. There was no procrastination. He explained why he could not come but that he would send a senior Minister. He took the opportunity to assure me that "My Government's commitment to economic reform and liberalisation is categorical".

9 I am very heartened by Finance Minister Chidambaram's participation in the GIEC, as the Special Representative of Prime Minister Deve Gowda. This is Prime Minister Gowda's clear signal to the international business community that his Government will push ahead with economic reforms.

10 India's economic reform has taken off. It will be a long-haul flight with some refuelling-stops along the way, and perhaps with some crew changes. But my sense is that the flight plan mapped out by Mr Rao, and now being carried out by Prime Minister Gowda, will remain basically unchanged.

11 As in all long flights, you cannot avoid some pockets of turbulence. The plane may even have to be diverted to unscheduled stops because of bad weather. But it will continue on its journey, encountering a few bumpy patches here and there. Singapore has bought a ticket on this long-haul journey with India. We have confidence in the Indian leadership's desire to open up its economy and to integrate it with the rest of the world. Its biggest challenge is to get the Indian bureaucrats, the workers and unions, the electorate to share the same vision.

12 The pace of reforms of the Indian economy will always be compared with that of the Chinese economy. The favourite analogy is the fabled race between the hare and the tortoise. But we are dealing with real life, not fables. The hare has not taken a nap and there are no signs that it intends to

go into slumber. But if the tortoise takes to the river of reforms with a vengeance, finds the current of foreign investments and swims instead of crawls, it may yet catch up with the hare. Will this happen? We will have a clearer picture at the end of this electoral term of the Indian Government. My own view of the race is: If both countries keep up with their reforms and are not bogged down by domestic political turmoil, both will emerge winners, because there is more than one first prize. The people of both countries will benefit from the economic race, and it is a race without a finishing line.

13 China does enjoy some advantages that India does not have. The success of the Taiwan and Hong Kong economies at the very doorstep of China has been a source of great inspiration to the Chinese people and Chinese leaders. It gives them hope that they too can develop their economies like Taiwan's and Hong Kong's, and catch up with Europe and North America. They are convinced that they can travel the same economic road as the people of Taiwan and Hong Kong. If 25 million overseas Chinese can succeed, so can the mainland Chinese as they came from the same stock and the same civilisation. They are no less intelligent or enterprising. What held them back was their system of economic management based on protective, rigid central planning and not the free, competitive market.

14 India has no Taiwan or Hong Kong at its borders. But it has the Indian diaspora, at about 15 million-strong. Many overseas Indians have been spectacularly successful in developed societies like the USA and UK. They have made magnificent contributions to high-tech fields like the electronics and computer industries. Joel Kotkin, the author of "Tribes", has noted: "In the US, the roughly one million Indians arguably constitute the best-educated of all Asian immigrant groups; in the 1980s alone, the number of Indian students studying in the US quadrupled to more than 26,000, many of them in the sciences and engineering. These graduates have become particularly prominent in Silicon Valley, which has spawned more than 100 Indian-born millionaires, including founders of such key firms such as Sun Microsystems."¹ Kotkin also added, "The Indians are the supreme

¹ Joel Kotkin, "Indians Abroad Show Way to Harmony".
Wall Street Journal Europe, 1 January 1993.

cosmopolitans. What group is better poised than the overseas Indians for the emergence of the world in the 21st century?"²

15 But the Indian diaspora cannot match the economic weight of Taiwan, Hong Kong and other overseas Chinese. Between 1983 and 1994, two-thirds of China's foreign investments of US\$70 billion came from overseas Chinese. It will be difficult for overseas Indians to match this in India.

16 The pool of East Asian capital is large. It is not all flowing into China. India must evolve a new strategy to tap this vast pool of investment capital in East Asia, and not pin its hopes on the non-resident Indians (NRI) alone. Overseas Chinese are not known as NRC (non-resident Chinese). They are not given any special legislative favours over other foreign investors. For if they are, non-Chinese foreign investors would not feel fully welcomed but discriminated against. The hard-headed businessmen of the region do not invest in China for ethnic reasons. They do so for hard-nosed economic reasons. While ethnically Chinese, they have already become different nationals. Ancestral roots and cultural familiarity only provide them an added advantage in understanding the intricacies of the Southeast Asian and Chinese economic scenes. It provides an opening but does not guarantee that actual investment will take place. What the overseas Chinese did was to use their understanding of China to build up 'guanxi' or network for business advantage. This 'guanxi' is more important than any special privileges.

17 The overseas Indians, many of whom have received training in the established business schools of America, can build up a similar business network in India. They can then link up with Korean, Taiwanese, Hong Kong, Singaporean, Thai, Malaysian and other foreign investors, many of whom have also been trained in these business schools of America. It is said that in the 19th century the playing fields of Eton and Harrow provided the bonds and common understanding of the talented men who held together the British Empire. Today the common experience in business schools in Harvard, Stanford or Wharton may bring together the best minds among Indian and East Asian entrepreneurs. A business deal is much easier when all participants speak the same language and use the same concepts.

² Rahul Jacob, "Overseas Indians". Fortune, 15 November 1993.

18 This is one key goal which we hope to achieve in holding this conference. In the past five years, India has taken coy glances at its East Asian neighbours. We hope that this conference will encourage them to embrace.

Ladies and Gentlemen,

19 Your presence here will contribute to East Asian interest in India. I am convinced that India, East Asia and Southeast Asia, and all of you Indian entrepreneurs, will benefit significantly from this conference. I congratulate the organisers of the conference for having successfully launched a major process to help India succeed in opening up its economy to foreign investments and competition.

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