

World of Contrasts

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There's hardly more contrast than that of Singapore and India: order and disorder, government and the absence thereof, planning and chaos. Two radically distinct worlds that, notwithstanding this, have more in common with Mexico than would appear on first glance. After a week of participating in a study group on these two countries, it seems to me that there are tremendous lessons for us, above all one of immense consequence: development can be planned, in millimetric way as in Singapore or China, but it can also be the product of a few well-made decisions that, little by little, create a breeding ground for change that later becomes unstoppable and to which the entire population teams up with convincingly and enthusiastically.

My first lesson in the study group was the scale and depth of the integration that the region is experiencing. Were it not for the fact that there lies a vast sea in between, the productive processes give the impression of being indistinguishable from what transpires in North America. Components produced in Japan merge with others deriving from Taiwan and Singapore for their subsequent integration in Vietnam and Bangladesh for product assembly in China. Although there are many economic activities and sectors that function independently from the rest, the numbers reveal a history of growing industrial consolidation that evidences an increasingly productive regional economy, raising the income levels of all of the countries.

Not by chance do Trump's attacks on China scare everybody, to the point of hysteria. The fear is perceptible because a change of trade patterns would disproportionately affect Japan, Taiwan, Korea, Singapore, and Vietnam, all of these close allies of the U.S. The words of a Japanese participant in the group said it all: it is paradoxical that the country historically devoted to building and maintaining stability in the region would now comprise the major factor of instability in the world. All of us Mexicans can sympathize with that.

But the most interesting of my learnings this week originated from India. While the contrasts between rich and poor continue to be as brutal as ever, what's perceptible and ubiquitous is a social milieu of expectation that is in radical contrast with Mexico. At one of the schools of engineering that has become key in explaining both the sustained growth rate of 7.5% that has been achieved as well as social mobility, 90% of the students come from families found within the first two deciles of the population, that is, the poorest fraction. One million engineers graduate each year from these schools.

India, a highly democratic nation and impoverished at the same time, is perhaps the most complex country the world. Its diversity of ethnic groups, religions, regions and resources is impacting. Each state has its own tax regime and there are customs barriers on every highway at the crossroads between the states, paralyzing internal commerce. In contrast with China, where vertical control is implacable and has permitted the implementation of reforms and the planning of economic development from above, India is exactly the opposite: a country that is complex, diverse, disperse and nearly ungovernable. At the same

time, whereas any reform tends to take years to be approved, once that occurs, putting it into effect is much less complex because its components have already been negotiated and processed. For example, this year a general tax (a VAT) will enter into operation that will make internal customs inspections obsolete. This reform took more than fifteen years of negotiations...

While India's complexity is infinitely greater than that of Mexico, there are many lessons that are applicable. To begin with, India has not undergone "great" reforms that are approved behind closed doors. Instead, although there have been important reforms, the most transcendental changes were the product of disperse actions that, taken together, have triggered growth. Many argue that the recent reforms of Prime Minister Modi were possible because everything else was happening at the time and that his genius had consisted of becoming a key leader at an essential moment. His dedication to solving problems (e.g., the fiscal one) has made it possible to clench deals that were long in the making, but had failed to consolidate. That is, his has been a very effective leadership not because he is enlightened or comes from high, but rather, because he has been effective in resolving ancestral hangups along the way.

These schools of engineering and of the sciences, some governmental, many private, are not centers of academic excellence, but are factories of talent and technical skills on which an impressive service economy has been constructed. Despite that the number of beneficiaries of the growth is yet small in relative terms, the middle class is estimated at almost three hundred million persons, a huge number that is still diminutive in a nation of 1,300 million souls. What is patent in many indicators, chiefly in the number of applicants for admission into these technology polytechnics, is the spirit of transformation and contagious optimism that these graduates exude, and which recently showed enormous electoral benefits. In this the contrast with Mexico is astounding.

My greatest learning: it is the little things that make an enormous difference.

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