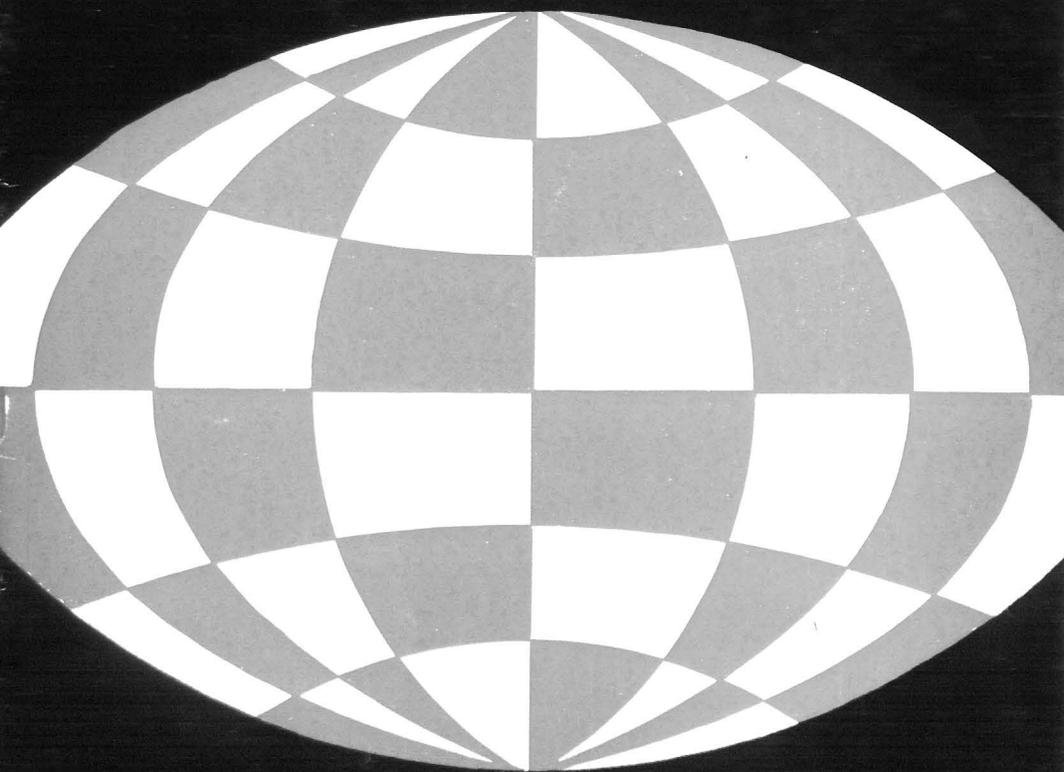


# **SINGAPORE: GLOBAL CITY**

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*Text of address by*

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# SINGAPORE: GLOBAL CITY

WHAT I propose to do is to elucidate an inexplicable mystery about Singapore — a mystery which some people find worrying and others somewhat irritating. And the mystery is this: Why has not an independent Singapore as yet collapsed? Worse still, why instead of things getting progressively worse are things getting better? Is all the progress and economic buoyancy an illusion created by a cunning arrangement of mirrors? Or can the whole thing be attributed to good luck and happy accidents, such as the war in Vietnam and the political and economic difficulties of neighbouring countries?

Some people appear to think so. That is why from time to time some people, including otherwise perceptive journalists, become anxious every time Singapore hits an air-pocket. The higher Singapore flies the greater, the fear is, will be the fall. Immediately after separation the prognosis for Singapore was a gradual relapse into economic decay and mounting political turbulence.

When this did not happen the fears gradually subsided.

Then came the announcement that the British were going to liquidate their bases and with it the substantial contributions they made to our economy. The general feeling was that this time Singapore really had it.

Again the worst did not happen.

## **Entrepot Trade**

More recently some of our neighbours, quite understandably, instituted measures to dispense with some aspects of Singapore's entrepot trade. Predictably the professional mourners appeared before the wailing wall proclaiming doomsday. True our entrepot earnings dropped by 4.5 per cent (or \$30 million) in 1970. In fact it has been dropping since 1960 when it constituted 19 per cent of our Gross Domestic Product (G.D.P.) to 11 per cent in 1970. The indications are that our entrepot trade will continue to form a smaller and smaller percentage of our Gross National Product (G.N.P.).

But despite the decline in our entrepot trade and the run-down of the British base, our G.D.P. increased by 15 per cent in 1970. Investments have flowed in, and unemployment, traditionally Singapore's sword of Damocles, instead of increasing has decreased to the point that some sectors of our economy have to be manned by imported labour.

## **Independent Singapore**

However, the jittery pessimist has not stopped biting his finger nails. As he sees it, facts and logic dictate that an independent Singapore cannot be viable. And let me say that the case against an independent Singapore is, at first sight, a formidable one.

As a matter of fact I and my colleagues believed in it once — believed in it strongly enough to successfully bring about a merger between Singapore and Malaysia. I do not wish to spell out the case, as most of you are familiar with it. Briefly the case is that a small city state, without a natural hinterland, without a large domestic market and no raw materials to speak of, has a near-zero chance of survival politically, economically or militarily.

What then is wrong with the case against the survival of an independent Singapore? Where was the basic flaw?

One easy explanation offered is that we have thrived on happy accidents. For example, it is said that Singapore's prosperity is the consequence of the failure of our neighbours to realise their full economic potentialities. When they do then they would dispense with the services that Singapore has traditionally performed. Then it will be curtains for Singapore.

## **Dynamic Economies**

My contention, which I shall elaborate in a little while, is that the opposite is true. The more prosperous our neighbours become, the more dynamic their economies become, the greater will be the chances of Singapore's survival, the better our economic prospects. Our economic relationship with them will of course be different. We cannot, as before, live by importing and re-exporting their raw produce. As I remarked earlier, the entrepot trade will constitute a declining percentage of our economy as our neighbours take over much of the trade themselves.

Nor can we, as we now do, live by selling them cheap textiles, shoes, slippers, chocolates and things of that order.

The days for this kind of trading are numbered. We can no longer be the Change Alley\* of South-East Asia though in passing let me say our Change Alley role is not something to be looked down upon. It helped to build not only the prosperity of Singapore but it has also contributed towards the economic development of South-East Asia.

But times are changing and there will be less and less demand for the traditional type of entrepot services Singapore has rendered for well over a century. Its role as the trading city of South-East Asia, the market place of the region, will become less and less important.

## **Global City**

This is because it is transforming itself into a new kind of city — the Global City. It is a new form of human organisation and settlement that has, as the historian Arnold Toynbee says, no precedent in mankind's past history. People have become aware of this new type of city only very recently. They have found a name for this distinctive type of city. They call it Ecumenopolis — the world embracing city.

It is this global character which distinguishes Ecumenopolis or the World City from the cities of the past. Earlier cities were isolated centres of local civilisations and regional empires. They were in comparison with Global Cities somewhat parochial with an extremely limited range of influence. They were either capital cities or cities of prestige, holy cities, city states and even capitals of convenience.

## **Modern Technology**

But the Global City, now in its infancy, is the child of modern technology. It is the city that electronic communications, supersonic planes, giant tankers and modern economic and industrial organisation have made inevitable. Whether the Global City would be a happier place than the megalopolis out of whose crumbling ruins it is emerging will depend on how wisely and boldly we shape its direction and growth.

By and large men have made a mess of their cities. They have yet to learn how to cope with cities. In the West and more so in Asia most cities are unpleasant places to live in. Many of them are dirty, crime

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\* A well-known shopping centre in Singapore.

ridden, anarchic and often violence prone. In many Western cities the trend is for the well-to-do minority to flee to the outskirts of the city, while the rural poor swarm into the heart of the already congested cities.

One writer has described this process as the gradual conversion of many a once-proud metropolis into a necropolis — a dumping ground for unwanted motor cars and unwanted human beings.

## **Urbanisation**

Whether cities are good or bad the trend towards urbanisation is irreversible. Individual cities may decay and eventually pass out of history. But since remote times, however much we may denounce them, the cities have been the creators and sustainers of civilisation, culture, technology and wealth. The slogan about the countryside surrounding the cities is no more than the defiant cry of agrarian romantics as they watch the countryside being swallowed up relentlessly by the cities. This process has been accelerated cataclysmically in Asia since World War II.

Population in Asian cities has doubled and even trebled during the past decade. Nearly two-thirds of the world's increase in urban population during the past decade took place in the Third World. Nearly half the world's population today live in cities. The coming decades will see the further urbanisation of the world's population. For most of Asia this uncontrolled growth of cities is posing serious social, economic and political problems.

But nothing short of a total collapse of world civilisation can halt the take-over of the world by the cities.

## **Global Cities Interlinked**

It is against this background that the Global City should be viewed.

The Global Cities, unlike earlier cities, are linked intimately with one another. Because they are more alike they reach out to one another through the tentacles of technology. Linked together they form a chain of cities which today shape and direct, in varying degrees of importance, a world-wide system of economics. It is my contention that Singapore is becoming a component of that system — not a major component but a growingly important one. It is in this sense that I have chosen to describe Singapore as a Global City.

## **Predictions Wrong**

That is why all the gloomy predictions about the future of an independent Singapore have been proved wrong. The pessimistic scenario was written on the assumption that an independent Singapore would be a self-contained city state; that it would, at the most, be a regional city and therefore its fate and fortunes would depend wholly on the economic climate in the region. The economic climate of the region is no doubt important to us and what happens in the region would have consequences for us economically, politically and militarily.

But we are more than a regional city. We draw sustenance not only from the region but also from the international economic system to which as a Global City we belong and which will be the final arbiter of whether we prosper or decline.

## **Not A Regional City**

If we view Singapore's future not as a regional city but as a Global City, then the smallness of Singapore, the absence of a hinterland, or raw materials and a large domestic market are not fatal or insurmountable handicaps. It would explain why, since independence, we have been successful economically and, consequently, have ensured political and social stability.

Let me, as an example, deal with the question of hinterland. We have, it is true, no hinterland of our own. Were we a self-contained regional city and nothing more we would today be in serious trouble. The pessimists would have been proved correct.

But once you see Singapore as a Global City the problem of hinterland becomes unimportant because for a Global City the world is its hinterland. This is no hopeful theory. Our shipping statistics show clearly that the world is our hinterland. In 1959 some 9,500 ships brought 14 million tons of cargo into Singapore. Some 10 years later, in 1970, the number of ships had doubled and the cargo trebled. The ships came from all parts of the world, carrying goods to and from all parts of the world.

## **Port**

Our port is not merely a regional port but a global port. Our port makes the world our hinterland. We can get all the raw materials

we lack cheaply and quickly because the sea remains the most economic way of transporting bulk cargo. You do not have to spend vast sums of money building roads and railroads to open up the sea. The sea is all highway. All you need is a ship to get to Singapore. The sea gives us ready access to other Global Cities.

Singapore is linked in other ways to other Global Cities. We are in constant and instantaneous contact, through cable and satellite communications, with some 140 countries.

## **Air Communications**

We are also linked by air. Some 24 international airlines operate scheduled services to most parts of the world. In 1970 there were slightly over 17,000 landings at our airport — almost treble what it was in 1960.

Some 521,000 visitors passed through Singapore, some for pleasure and others on business, in 1970.

We can best visualise the extent to which Singapore has become a Global City by tracing on a map the daily movements of aircraft and ships, the contacts made by telephone and cable and external trade and money transactions. Such a map would show how closely and increasingly we are being linked to other Global Cities. Each technological breakthrough in communications media annihilates distance and brings us closer to other Global Cities. We, like other Global Cities, are nearer to one another than we are to towns which are geographically nearer. A Singaporean can get to Hong Kong quicker than he can to Kuala Lipis. His major trading partners are other Global Cities rather than cities near home. We can, via the satellite, see and hear on our television events in London, Tokyo or Djakarta a split second after they happen.

## **International Financial Network**

Singapore's claim to being a Global City does not rest on its communications network alone.

We are also being connected to other Global Cities through the international financial network. We have become an important gold market centre. The Asian Dollar Market has become an important aspect of our banking system. When the market was first established

most of its funds were reinvested in Euro-dollars or U.S. dollars in Europe and the United States. But now a growing number of companies in South-East Asia have taken to borrowing from the Asian Dollar Market. The funds which in 1970 stood at \$1,200 million are now being increasingly used to finance businesses and projects in the region. The establishment in Singapore of a still growing number of foreign banks and merchant banks whose operations are world-wide is yet another indication of the fact that we are becoming a Global City.

## **Multi-National Corporations**

The strongest evidence of Singapore's absorption into the emerging system of Global Cities is its link-up, more and more, with international and multi-national corporations. We have been aware for a long time that consumption is no longer wholly a national matter. Economic nationalism has not prevented people from buying and consuming goods from all parts of the world.

But now production itself is becoming an international matter. The conventional idea that goods move internationally but that factors of production do not is being eroded by new realities. Internationalisation of production through the world-wide expansion of international and multi-national corporations is moving forward at amazing speed. As far back as 1968 it was noted that the growth rate of internationalised production exceeded the growth rate of the vast majority of nations and far exceeded the growth rate of their exports. In the same year the total output of all foreign affiliates of American corporations was four times the total American exports for that year. Foreign production of U.S. firms has been growing twice as fast as the domestic economy.

In fact the American international and multi-national corporations abroad have been described as the third largest economy in the world after the United States and the Soviet Union.

## **Internationalised Production**

Internationalised production is only in its infancy. At the moment the Americans are in the vanguard of this movement, though in certain sectors of internationalised production the Europeans are equally prominent. But whatever the final shape of internationalised production it will be the major channel of international trade, commerce and production in the decades ahead.

By linking up with international and multi-national corporations Singapore not only comes within the framework of a world economy but is offered a shortcut to catch up or at least keep pace with the most advanced industrial and technological societies. By plugging-in in this way we can achieve in 20 to 30 years what otherwise would have taken us a century or more to achieve.

This is because the international and multi-national corporations introduce us to high technology, complex managerial and marketing skills in addition to bringing in investments. They start complex industries for which we have neither the capital resources nor the expertise to initiate ourselves. Whether the host countries can absorb and utilise the opportunities offered will depend on whether the peoples concerned respond rationally or irrationally to these mammoth and occasionally unfeeling institutions.

## **Global Economic System**

There are admittedly grave political and economic dangers implicit in the entry of powerful foreign concerns into weak and underdeveloped countries. I believe that many of the men who control these big concerns from remote Global Cities are not idealists. They may not even understand that the institutions they have created may be powerful instruments for shaping the world economy our vastly shrunken world demands.

But Singapore must be prepared to undertake these risks simply because the alternative to not moving into the global economic system is, for a small Singapore, certain death. We can, if we have the will and the intelligence, create the necessary anti-bodies within our social system to give us immunity against the many dangers that close association with giant foreign corporations could bring.

But they also provide, as I said, shortcuts to enable us to catch up with the advanced societies. It will ensure that when the 21st century dawns those Singaporeans living then would be men of the 21st century — this means well over half the Singaporeans now living.

As a matter of fact we are already plugged into the 21st century through these foreign corporations. In manufacturing, which is the leading growth sector of our economy, the more substantial investments

have come from international and multi-national corporations. Most of the \$1,700 million now invested in industries have come from international firms. Their presence will partly explain how Singapore has been able to expand industrially despite its small domestic market. The reason is that these international and multi-national concerns simultaneously bring not only industries but also established markets. For these firms the world is their hinterland; the world is their market and through them we are automatically linked to the world hinterland and world markets that would on our own be unavailable to us.

## **Interdependence**

I hope I have elucidated somewhat the mystery why an independent Singapore, far from collapsing as many expected, continues to make progress. The gist of this possibly lengthy discourse is that an independent Singapore survives and will survive because it has established a relationship of interdependence in the rapidly expanding global economic system. Singapore's economic future will, as the years go by, become more and more rooted in this global system. It will grow and prosper as this system grows and prospers. It will collapse if this system collapses. But the latter is hardly likely to happen because that would be the end of world civilisation.

## **Other Implications**

In this address I have dealt largely with the economic aspects of Singapore as a Global City. But the political, social and cultural implications of being a Global City are no less important. I have not dealt with them simply because my talk would have been five times as long. The political, social and cultural problems, I believe, would be far more difficult to tackle. These may be the Achilles' heel of the emerging Global Cities.

Laying the economic infrastructure of a Global City may turn out to be the easiest of the many tasks involved in creating such a city. But the political, social and cultural adjustments such a city would require to enable men to live happy and useful lives in them may demand a measure of courage, imagination and intelligence which may or may not be beyond the capacity of its citizens.

For those people who cannot develop the necessary capacities, the Global City may turn out to be another monster — another necropolis.

So it is up to us and newspapermen like you, who shape men's minds everyday, to equip our people intellectually and spiritually to make the Global City now coming into being into the Heavenly City that prophets and seers have dreamt about since time immemorial.

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