Global Cities and Developmental States: Understanding Singapore's Global Reach

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by

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Introduction

Let me begin this lecture by briefly revisiting one of the hottest corporate manoeuvres among three global cities[1] in recent years - the merger deal involving Singapore's Singapore Telecom (SingTel), Hong Kong's Cable & Wireless HKT (C&W HKT) which is 54.4% owned by Cable & Wireless Plc based in London, and Hong Kong's Pacific Century CyberWorks Ltd. (CyberWorks). SingTel is a former telecommunications monopoly in Singapore. Despite its privatisation in the mid-1990s, SingTel is still 76% owned by the Singapore government's official holding company, Temasek Holdings (*The Straits Times*, 15 February 2000: 68). Its CEO and President, 42-year-old Lee Hsien Yang, is the second son of Singapore's former Prime Minister and current Senior Minister Lee Kuan Yew. His elder brother, Lee Hsien Loong, is currently Deputy Prime Minister of Singapore and has been recently named by Prime Minister Goh Chok Tong as his successor in the near future. In a very similar kinship way, CyberWorks is founded and run by the 33-year-old Richard Li, the second son of Hong Kong's most famous Chinese multi-billionaire Li Ka-shing. However, as a 10-month-old internet set-up, CyberWorks certainly has no specific ownership and control relationships with the Hong Kong government or the Chinese government. It only wants to set its sights on becoming the largest internet company in Asia. So much on the suitors. The "prey", C&W HKT, has more than 100 years of experience in providing telecommunications services in Hong Kong. It was a colonial set-up by the British giant, Cable & Wireless Plc. It is now being ditched by its parent company in London because Cable & Wireless Plc wants to refocus on the internet and corporate data segments in Europe and to sell off all its "non-core" assets in Asia. While the merger talk started between SingTel and Cable & Wireless Plc in November 1999 and a deal was almost sealed in early February 2000, CyberWorks surprised the industry by announcing plans to merge with C&W HKT on 11 February 2000. A merger bidding war was initiated. By 29 February 2000, the verdict was out. The board of directors of Cable & Wireless Plc held a meeting in London on 28 February 2000 and CyberWorks got the deal to take over their 54.4% of the C&W HKT shares (*The Straits Times*, 29 February 2000).

This story has a key message for today's lecture on global cities and developmental states - the city-state of Singapore is globalising beyond its national territory through government-linked (and private) corporate vehicles and their foreign activities. Although the Singapore government had denied any political motives of the deal and sent a high-level official delegation to Hong Kong to explain to Chief Executive Tung Chee Hwa and his senior government officials (*The Straits Times*, 4 February 2000), the dissociation of the Singapore government from this merger talk is not convincing, particularly given the ownership and management links between SingTel and the Singapore government. The now failed merger between SingTel and C&W HKT illustrates the determination and capabilities of Singapore, a global city-state, in reaching out to other global cities and/or regions. It also underscores the role of the developmental state in driving Singapore's global reach. On the other hand, Singapore's global reach does not always go smoothly without counter-resistance in the host cities and/or countries. On 13 and 14 February 2000, both the Hong Kong and the Chinese

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[1] Although there are subtle differences between the two terms, "global cities" is used interchangeably with "world cities" throughout this lecture for simplicity purposes.

governments denied reports that they were trying to influence the outcome of merger talks between SingTel and C&W HKT for "political reasons". Given the close personal links between Li Ka-shing, father of CyberWorks' Richard Li, and the highest level of authority in China, it is hard to believe that China did not intervene in the merger process. In fact, the Beijing-controlled newspaper Wenhui Daily reported on 13 February 2000 that China had "indirectly expressed its disapproval" of the merger between SingTel and C&W HKT. This intervention from China did not come as a surprise for several reasons (*The Straits Times*, 28 February 2000: 56-57). First, a successful merger between SingTel and C&W HKT would give Singapore a significant stake in one of Hong Kong's oldest and most respected companies. Second, there was fear that Hong Kong's position as a key regional telecommunications hub will be diminished, given the intense rivalry between the two global city-states. In this regard, Singapore has recently further liberalised its telecommunications industry to welcome global competition (*The Straits Times*, 22 January 2000). Third, China Telecom, the state monopoly in China, holds a 10% indirect stake in C&W HKT. It would clearly like someone closer to Beijing to take over C&W HKT, rather than a rival government-linked company from Singapore.

The fact that city-states are globalising themselves is not new, as will be detailed further in this lecture. What is surprising, however, is that much of the literature on global cities has paid only lip service to the complex interrelationships between global city formation and the developmental state. This lacuna in the global city literature, to a large extent, is explained by the dependency of the literature on empirical studies of two to three major global cities - London, New York and, occasionally, Tokyo. There is an urgent need to extend our existing global city research agenda to incorporate other varieties of global city formation and to investigate, in historically and geographically specific ways, the processes through which these "other" global cities are formed, transformed, and extended beyond their immediate urban territoriality. The aim of this lecture is, therefore, to explore theoretically and empirically the interrelationships between global city formation and the developmental state in the context of Singapore's global reach. "Global reach" is defined as the complex processes through which a city articulates itself into and benefits from participation in the global economy.

I begin with a brief and, yet, critical evaluation of two decades of global city research. My main argument here is that much existing research has taken global cities as *passive recipients* of global flows and overlooked their important role as *active generators* of some of these global flows. I then develop a theoretical perspective on the global reach of city-states. In this perspective, global cities are conceptualised as co-ordinates of reterritorialised state institutions and power in an era of globalisation. For cities to extend their global reach, they must have the institutional will (political and non-political) to initiate and sustain it through certain material and discursive practices. These themes are then elaborated in the empirical context of Singapore, drawing upon recent studies of Singapore's outflows of capital, people, and knowledge to other cities and/or countries.

From the Global City to Globalising Cities[2]

Discourses on the "global city" and the "world city" continue to be developed and circulated by academics in a variety of disciplines (see Olds and Yeung, 2000; also Yeoh, 1999). Amidst the avalanche of writing on the topic, we now have access to a small number of detailed *research monographs*, several succinct *chapters and articles that summarize* associated concept(s), and *edited collections* that interrogate the global/world city concept and its application in particular parts of the world. We also have access to a plethora of *individual articles and chapters* that utilise the concept when examining such issues as regional development, the impact of globalisation on the urbanisation process, the reshaping of the nation-state in a globalising era, the emergence of social cleavages at a variety of scales, the impact of information technology on spatial development processes, the spatialisation of network forms of capitalism, the nature and impact of transnationalism in metropolitan/cosmopolitan contexts, the evolving nature of services and manufacturing sectors, and regional development planning.

All of this literature can be categorised into three main (overlapping) fields of knowledge: (1) characteristics of global/world cities; (2) processes creating global/world cities; and (3) governance issues and implications. The first field of knowledge is by far the largest in a relative sense, reflecting (amongst other things) positivist influences within disciplines such as geography and sociology. In terms of broad content, the first and second fields of knowledge typically analyse the role of global cities in acting as "key basing points" for transnational corporate headquarters. In doing so, global cities (so it is asserted) become embedded within global circuits of capital (Friedmann, 1986), both facilitating and reflecting the material and symbolic power of global capital. Given these *externally driven* dynamics (as posited by global city advocates), such cities have become associated with volatile economies, dense nodes of information and reflexive social networks, social polarisation, globalised property markets, social diversity (through migration in particular), cosmopolitanism, creativity, and considerable human suffering. Global cities are represented as the visible manifestation of the global cultural economy; they are the products of a transitory world system that is articulated in a "cross-border network of some 30-40 cities" (Sassen, 1998: 131; see also Godfrey and Zhou, 1999).

While these first two fields of knowledge are associated with considerable insights, it is clear that world/global city discourses have emerged from particular disciplinary, epistemological, institutional, and geographical contexts. For example, the world-systems lineage of much of the global cities literature can be (and has been) criticised for being overly economistic, and inattendent to the social, cultural and political practices that constitute the modern city (Smith, 1997). Certain economic characteristics (such as those outlined above) are outlined within dominant "global city" and "world city" discourses; discourses that provide insights while overwhelming more open ended and perhaps less economistic analyses. This is not to deny the emergence of alternative (less economistic) discourses - witness Janet Abu-Lughod's magnificent new book *New York, Chicago, Los Angeles: America's Global Cities*. Abu-Lughod, while observant of the utility of abstraction and modernist modes of analysis, incorporates (in insightful ways) more fluid and grounded methods of analysis. She highlights

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2 This section is a much condensed version of a similar section in Olds and Yeung (2000). Since full references of the global city literature are given in that paper, they will not be repeated here.

the "multiplexity" (Amin, 1997; Amin and Graham, 1997) of contemporary global cities in a manner that cannot be conveyed in accounts derived out of data sources such as leagues of producer services firms or TNC headquarters.

Another key criticism, one that applies with respect to both (1) and (2) above, is the Anglo-American (and especially London/New York) bias of much of the global cities research and literature. As Godfrey and Zhou (1999: 269) noted, "[t]he analytical bias inherent in world-city studies reflects and in turn perpetuates well-established Eurocentric views of the global economy under the guise of objective data". From a related angle, Hamnett (1994), amongst others, criticises Sassen for generalising from the American (or New York/London/Tokyo) experience. Sassen (and others of course) has effectively developed a social construct (*The* Global City) that enters and circulates within various discursive fields. Her global city becomes the global city, shaping numerous academic research projects and some public policy formulation processes (for good and for bad we might add). While generating insights, debate, and fame, the circulation of such a coherent global city discourse leads to resource allocation bias. The outcome of this bias is highlighting commonalities between global cities, or possible global city status in terms of function, role, linkages, structure, problems, form and process (Markusen and Gwiasda, 1994; Amin and Graham, 1997; McNeill, 1999). But, as Amin and Graham (1997: 417; my emphasis) argued:

> The problem with paradigmatic examples is that analysis inevitably tends to generalise from very specific cities, both in identifying the changing nature of urban assets and highlighting normative suggestions for policy innovation elsewhere. What should be a debate on *variety and specificity* quickly reduces to the assumption that some degree of interurban homogeneity can be assumed, either in the nature of the sectors leading urban transformation or in the processes of urban change. The exception, by a process of reduction or totalizing, becomes the norm.

Thrift (1997: 142-3) also highlighted the implications of adopting a "one city tells all" approach to urban studies; an approach that reflects the dominance of "representational" theories of urban change (on representational theory, see Thrift, 1996). Such totalizing discourses are particularly problematic when one moves from characteristics and attributes to *processes and governance*. The second and particularly the third fields of global city knowledge are relatively weak in terms of both volume and content. Academics have devoted the majority of their resources to abstraction and theorisation about what a global city is, how it relates to the modern world economy, what life is like within the global city, and what kind of relational networks might exist between global cities. Yet, as Douglass (2000) points out, there are many unanswered questions about issues such as how global cities have "come into being", and what is the "role of the state and national economy" in globalising cities.

Indeed, it is these types of questions that have greater purchase in public policy circles, with greater potential for enhancing quality of life within globalising cities. That said, such issues cannot be understood unless one grounds the research analysis in a historically and geographically specific manner. In other words, the focus is *process* (i.e. how are particular cities globalising at particular times). This point is particularly important when pursuing process and governance issues in Asia, a region associated with network forms of capitalism that are often meddled with an ethnic dimension (Hamilton, 1991; Olds and Yeung, 1999; Yeung and Olds, 2000). Asian countries often resist the adoption of liberal economic and

public policy prescriptions that are so evident, for example, in such global cities as New York and London).[3]

Varieties of Global Cities: Globalising the City-State

It is clear from this brief critical review of the global city literature that while much has been said about the attributes and characteristics of a global city, little attention has been devoted to the processes and governance of global city formation. The main proponents of global city research have ascribed the formation of global cities to their functional roles in global restructuring and international divisions of labour. To them, certain territorial entities emerge as global cities because of their mysterious capabilities in managing, coordinating, and servicing the global economy. Few studies in global city research have explained the sources and governance of these capabilities. I argue that the differential historical and geographical contexts in which these capabilities accumulate and emerge explain the different ways through which these cities are articulated into the global economy. One key component in growing and embodying these global city capabilities is the *territorial state* that operates at different spatial scales (e.g. national versus city-states). Though recent studies of the formation of global city networks note that in an era of trans-state relations, the nation state becomes less relevant in understanding global city formation (e.g. Taylor, 2000), the state, in its various institutional and spatial forms, continues to exert an important influence on the processes and governance of global city formation. In his study of global city formation in Europe, for example, Brenner (1998: 27) argued that "[g]lobal city formation cannot be adequately understood without an examination of the matrices of state territorial organization within and through which it occurs". Similarly, Douglass (2000: 45; my emphasis) recently expanded this argument by pointing out that "[t]he obscure nature of state-world city interaction is related to a larger mystery, namely, *how* centers currently identified as world cities *actually* became world cities". We therefore need to pay more attention to the processes through which some cities indeed emerge as global cities. The role of state territorial organisation is particularly important in this research pursuit. This section first starts with a typology of global cities. It then focuses on a specific type of global cities - global city-states - and examines their emergence and governance.

A typology of global cities

To begin, I argue that there are divergent pathways to global city formation such that the global mosaic of cities comprises different *varieties of global cities*. These differences among established and emerging global cities are attributed to their different historical and geographical contexts of emergence and path dependency, and different configurations of internal institutional capacities and discursive practices by strategic actors. Before explaining the origins of these differences, it is useful to elaborate on a typology of different varieties of global cities and to map out their differential territorial outcomes. I should note that this

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[3] On a related note, Godfrey and Zhou (1999) highlight the problems with relying upon TNC headquarter data to delineate ranked hierarchies of global cities. Some national economies (e.g. the U.K., the U.S., Japan, and South Korea) are dominated by large vertically integrated TNCs. They often have a relatively high rank of their cities as world/global cities. However, while economically dynamic, economies in some regions are associated with smaller firms and diverse inter-firm networks. The reliance on TNC headquarter data implicitly underestimates the economic importance of such cities as Hong Kong, Singapore, and Milan.

typology does not explain global city formation. Rather, it shows the nature of linkages and functions of these global cities in relation to the global economy. It also demonstrates the spatial organisation of these cities in the global economy. Figure 1 presents three types of global cities: (1) hyper global cities; (2) emerging global cities; and (3) global city-states. For clarity purposes, there is no attempt to put all three types of global cities into one map.

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Figure 1 here

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First, such *hyper global cities* as New York and London are very well known and established today, thanks to decades of global city research. These global cities have very extensive linkages with and are very well integrated into a nested hierarchy of regional, national, and global economies. In Figure 1, hyper global cities have strong embedded relationships with their immediate hinterland, the so-called "global city-regions". As argued by geographers from UCLA (e.g. Scott et al., 1999), these ""global city-regions" have emerged of late years as fundamental spatial units of the global economy and as political actors on the world stage. Their rapid emergence is explained by the fact that globalisation has accentuated the importance of spatial proximity and agglomerations in enhancing economic productivity and performance advantages. Large global city-regions function as territorial platforms for firms to compete in global markets. These firms are embedded in the relational assets of these global city-regions (Storper, 1997; Scott, 1998). In particular, these global city-regions "come to function increasingly as the regional motors of the global economy, that is, as dynamic local networks of economic relationships caught up in more extended world-wide networks of inter-regional competition and exchange" (Scott et al., 1999: 4). In Figure 1, these intense networks of flows are illustrated in the inner circle in which the global city is located.

Hyper global cities are not only embedded in their immediate global city-regions, but also engaged in competitive and/or cooperative relationships with other (global) city-regions in the same home country. This dimension of inter-regional interaction is very important to our understanding why few dominant global city-regions can co-exist in one country. Figure 1 shows only one dominant global city-region, although it has significant interaction with other regions in the same country (represented by various two-way arrows). A likely explanation for such a dominance of one global city-region in a country is its capabilities in developing extensive linkages with the global economy (represented by various two-way arrows). To a certain extent, the competitiveness of a particular global city-region is determined by its role and functions within global city networks that transcend specific regions and/or countries. For example, the City of London and the Greater London Metropolitan Area are the only viable global city-region in the U.K. because they have developed such a strong momentum in serving as a strategic node in the global economy that it is virtually impossible for another city-region in the U.K. to "catch-up". The same logic may be applied to understand the dominance of New York as a global city-region in the financial world of the U.S. and San Francisco-Los Angeles as a global city-region in American high-tech and cultural industries. They owe their successes in becoming dominant global city-regions less to their interaction and flows *within* their home countries than to their articulation into the global economy, particularly with other global city-regions. To sum up our first type of global cities, hyper global cities and their regions are functionally very well integrated into the global economy set within certain historical contexts (e.g. imperialism and transnational migration) and geographical contexts (e.g. national capitals and agglomeration advantages). Once set in motion, these hyper global cities

and their hinterland regions gain certain momentum of further dominance and the logic of path dependency becomes increasingly important.[4]

Second, while some cities in today's world economy are hyper global cities (and/or global city-regions), there are other cities that strive to become global cities. They are known as *emerging global cities* that draw significant resources and inputs from their home countries. As shown graphically in Figure 1, an emerging global city (A) has only limited linkages with the global economy (compared with hyper global cities). It is also much more dependent on inward flows of capital, people, goods and services, and information from the global economy. Instead of being a strategic node in the command and control of the global economy, an emerging global city becomes the command and control centres responsible for channelling transnational flows into its home countries. It does not host the origin of significant outward flows to service the global economy, as often expected in our definitions of global cities. The flow arrows in Figure 1 are mostly unidirectional, representing inflows from the global economy into particular emerging global city (A) before these inflows are further redirected and/or distributed further down the urban hierarchy in that country. Because these cities are still emerging, particularly in developing countries, there could be potential and actual competition from other urban centres in the same home countries. City (B) in Figure 1 may pose as a challenger to the aspiration of (A) to become a global city. This competitive condition, of course, does not apply to those developing countries dominated by one primate city (e.g. in Southeast Asia).

The processes of emergence among these aspiring cities depend significantly on their preconditions in terms of endowments in institutional resources, economic linkages at different spatial scales, and political fabric. Nation states often try to deploy resources to develop certain cities in their countries to become global cities that enable the nations to plug into the global economy. These cities play a critical role for they act as the specific locales within a nation where key actors and institutions analyse, represent, and associate with the global space of flows (see Amin and Thrift, 1992; Castells, 1996). This may not be something new in the history of capitalism (Held et al., 1999). In today's globalising and post-colonial era, however, what is significant is that many nation states in developing countries have engaged in certain discursive practices and mobilised a disproportionate amount of resources to "construct" global cities. How often do we hear that a particular developing country is trying to build the world's tallest building or the world's best "something" in order to showcase "development" and "progress" and to get its city to be qualified as a "global" city?

Malaysia's "multimedia super corridor" project and Shanghai's Pudong mega urban development are just two obvious examples from the Asia Pacific region (see Bunnell, 2000; Olds, 2000). In both cases, massive public resources have been poured into developing "show-case" projects that theoretically qualify both Kuala Lumpur and Shanghai as global cities. Both cities compete for hosting the tallest buildings in the world (Kuala Lumpur's twin Petronas Towers will soon be replaced by another building in Shanghai). Of course, the specific national contexts in the emergence of both Kuala Lumpur and Shanghai are quite different. But one common process in both emerging global cities is that there is a very strong political and institutional will to construct them as "national projects". Whereas Kuala Lumpur has obviously the personal favour of Prime Minister Mahathir, Shanghai's interests are well

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4 This path dependency, however, also creates problems for the decline of certain global cities (e.g. Tokyo).

represented by the sheer number of China's top leadership who came from Shanghai (from President Jiang Zemin to Premier Zhu Rongji). Whether these emerging global cities will eventually converge in their characteristics and developmental pathways towards those hyper global cities may be a moot point. The critical condition is the sustainability of national efforts in developing particular cities to become global cities. The politics of governance in this case represents a reterritorialisation of state power from the national scale towards the urban scale. As suggested by Brenner (1998), the European experience shows that global cities are increasingly coordinates of reterritorialised state institutions and power in an era of globalisation. They are part of the attempt by re-scaled "glocal" territorial states to promote the global competitive advantage of their major urban/city regions.

Third, the above national-urban convergence in the rescaling process is more apparent in none other than the third type of global cities - *global city-states*. To a large extent, city-states (e.g. Hong Kong and Singapore) are unique historical and geographical realities because a state is contained within a specific urban territorial system. Some cities even contain the nation state to become a peculiar urban form such that the city-state is more than just a city; it is a nation state in its own right. The national and the urban/local scales must be juxtaposed under the UrbaNational development processes of these city-states. Some of these complex emergence and governance issues will be discussed in the next sub-section. Referring to Figure 1, it is clear that in global city-states, the (national) state has a virtually direct access to the global economy. National or, in some cases (e.g. Malaysia), state policies can be channelled to develop a city-state to become a global city-state. This process implies that the city-state must be not only an attractive location for material inflows from the global economy, but also an origin of these flows to participate in the global economy. As defined in the introduction, the term "global reach" best captures global city-state formation. It illustrates how a specific territorial organisation (e.g. the city-state) is able to extend its influence and relations in the global economy through encouraging both inward and outward flows of people, capital, goods and services, and information.

Global city-states are also different from hyper global cities and emerging global cities because they do not have an immediate hinterland within the same national territorial boundaries.[5] Whereas hyper global cities benefit from their embedded global city-regions, emerging global cities may base their hinterland on the entire home nations. Global city-states, however, are limited in their geographic size, but not so restricted in their global reach. To a significant degree, the global economy becomes their hinterland when global city-states function like hyper global cities, i.e. as command and control centres within the global economy. These global city-states are different from hyper global cities in at least one very important way. They have the political power and will to mobilise resources and to engage in discursive practices to achieve (national) objectives that otherwise may be unthinkable in some hyper global cities (see the case of Singapore in the next section). On the other hand, the direct access to the global economy enjoyed by global city-states enables them to devise and implement strategic UrbaNational policies to gain sustainable national/urban competitiveness. Though these strategic initiatives are also replicable in some emerging global cities, as alluded above in the cases of Kuala Lumpur and Shanghai, global city-states are not constrained by the tensions inherent in national-versus-urban politics confronting so many developing, and for

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5 Even in the case of post-1997 Hong Kong Special Administrative Region (HKSAR), it remains a city-state with substantial autonomy. There are no free flows of capital, people, goods and services from other cities and/or regions of mainland China to HKSAR.

that matter, developed countries that aspire to "construct" their global cities. It can therefore be postulated that global city-states are one peculiar type of global city that deserve more research attention. Given the time limit of this lecture, I will focus below on the processes and governance through which city-states emerge as global cities.

Globalising the city-state: the emergence and governance of the global city-state

Of course, city-states are not something unique to today's global economy (see Nichols and Charlton, 1997). Taylor (1995: 59) argued that during the history of capitalism, there is always a changing mutuality between global cities and territorial states. The twentieth century Britain, for example, can be viewed as a "city-state" because its economic policies were so dominated by the "City-Treasury-Bank of England" nexus. He questioned, however, that in a trans-state era under conditions of globalisation, it is unlikely that such a mutuality between global cities and territorial states can be widely replicated. This is because of the divergence in their mutual interests. Whereas the interests of global cities rest with the global economy, territorial states may have their interests embedded in national affairs (see also Taylor, 2000).

On the other hand, global city-states seem to be the only exception to this changing mutuality between global cities and territorial states. Global city formation in city-states can be conceptualised as *a deliberate effort by strategic actors in these city-states to extend their influence and relations beyond their limited geographic space*. Strategic actors in city-states comprise of specific elites in private firms, social organisations, and state institutions. By building their material capacities and discursive legitimacy, these actors are able to mobilise a significant amount of strategic resources to achieve their (national/urban) objectives of "global reach". Globalising the city-state becomes a very important component in "a nexus of power which straddles geographical scales" (Taylor, 2000: 28). Global city-states are not only powerful nodes in the global economy, but also important windows for specific (nation) states to globalise and extent their "spheres of influence" in the global economy.

How then do some city-states emerge as global city-states and what are the processes of governance during their emergence? This section considers three main mechanisms of emergence and governance: (1) participation in material influences; (2) engagement in discursive practices; and (3) building institutional capacities. It should be noted that not all actors in a city-state or not all city-states are willing and/or able to initiate and complete such processes of global city formation. Much depends upon existing political-economic and social-organisational processes and the capability of key actors (firms, state, and institutions) in exercising power to implement certain strategies that situate the city-state in a beneficial manner to the global spaces of flows. Moreover, the above three mechanisms are not necessarily applicable to all city-states. Because of certain historical and geographical specificities, some city-states are more likely to engage in discursive practices to become a global city-state without simultaneously pursuing a deliberate strategy to participate in material influences and the construction of institutional capacities. I will elaborate on each of these mechanisms below.

First, it is common that city-states participate in the global economy through spatially extending their *material influences and relations* vis-a-vis flows of capital, people, goods and services, and information (cf. the earlier case of SingTel-C&W HKT merger talk). Like many global cities, city-states are able to attract significant material inflows through carefully designed and implemented urban planning processes. Many city-states deploy urban planning as a key mechanism to transform their physical landscapes in such a manner that facilitate

global inflows, particularly inward investments. Establishing industrial estates, constructing the central business districts, building new towns, and investing in transport and communications infrastructure are all part and parcel of this process of spatially matching the demands of global capital and the supply of local labour and services within these city-states. This dimension of the material transformation of city-states is not entirely different from similar process experienced in hyper global cities and other emerging global cities. In many of these latter cities, specific urban growth coalitions are formed to devise and implement such processes of urban transformations to attract global capital. The influx of global capital, particularly those investments attached with high levels of global command and control functions, is common in global city formation.

What really distinguishes some global city-states from other global cities - hyper or emerging - is that they are able to participate deliberately in global economic flows and processes through establishing direct influences and relations *outside* their city-states. By direct influences, I mean outflows of capital, people, goods and services, and information/knowledge. In a material sense, some city-states participate in the global economy not only by hosting the command and control functions within their territorial space, but also by providing a point of origin for the global reach of outflows from these city-states. Another distinctive feature in this global reach of city-states is that these outflows are often specifically and strategically targeted by the state and other institutions for support, promotion, and participation. Few city governments and institutions in today's global cities would actively seek global reach through such material outflows (cf. Los Angeles and Vancouver). For example, it may well be possible that these global cities host the headquarters of major transnational corporations. But speaking of a deliberate strategy to encourage homegrown and other TNCs to venture abroad is not only a radical proposition, but also an unthinkable political option for many global cities. Indeed, many of these global cities are competing with each other to attract more material inflows via TNCs. One may argue, however, that as the key command and control node of the global economy, global cities do export material outflows and extend their "global reach". What I am arguing here is that global city-states are more likely to initiate such processes of global reach *deliberately* because of their geographical and population size (i.e. as a city-state with limited "domestic" markets). They are also more capable in engaging in such processes of global reach because their key actors and institutions, for some historically specific reasons (see the case of Singapore later), are more powerful in both discursive and institutional ways.

Second, this theoretical argument leads us to the next mechanism of globalising the city-state: their engagement in *discursive practices* that refer to how some countries construct the myth of global cities to gain social and political support. These discursive practices are found in virtually every major city today. Their distinctive feature is "to place the politics of urban development in the context of broader forces at the level of the national, and, in some cases, international political economy" (Cox, 1993: 433). In many cities, local politics is expressed through the formation of urban regimes or urban growth coalitions that are organised by leading agents of local economic development (e.g. politicians, business people, chambers of commerce, and so on). They have vested interests in the continual growth and development of their particular cities. They see their cities as competing with other cities at a variety of sub-national, regions, and global scales (see Peck, 1995; Tickell and Peck, 1996; Ward, 1996; 1997). They often construct certain discourses to legitimise claims and strategies that will allegedly lead to the revitalisation of their cities to become "global cities". Throughout Europe, for example, local and regional coalitions are engaged in frenzied attempts to revitalise decaying industrial sites, to promote industrial growth in globally competitive sectors, and to acquire

the regional and global headquarters of TNCs (Brenner, 1998). Collectively, these discursive practices are known as "urban boosterism".

In the case of globalising city-states, these discursive practices take on a new dimension when the legitimising power of similar coalitions becomes significantly magnified and the scope of their power greatly enlarged. In the first place, a city-state is significantly different from other cities in specific national urban systems in terms of its political economy (see also the earlier section). Its limited geographical/population size and territoriality implies that the state has certain legitimising power unavailable to other global cities. For example, a city-state may construct certain nationalistic and other socio-cultural discourses that are much less possible in global cities. In fact, few municipal governments in global cities would like to evoke nationalism to legitimise their power simply because these cities take the global economy as their "constituency". In other words, their support comes from the global economy rather than from within their city boundaries. Global city-states, however, are national as well as global in their governance functions. They are therefore able to acquire discursive power by mobilising their citizens and residents for a common national goal, e.g. becoming a global city. They can evoke the "globalisation discourse" to legitimise their political, economic, and, in some cases, even social policies (see Yeung, 1998a; Kelly, 1999). I therefore argue that these city-states enjoy significantly magnified discursive power. Take Singapore as an example. Referring to his encounter in Singapore in the early 1990s, Friedmann (1995: 36; my emphasis) reflected that "[a] few years ago, I was invited by the government of Singapore to speak on world cities. In private conversations with senior government officials it became clear to me what the government really wanted. Singapore was embarking on 'the next lap' (Government of Singapore, 1991), and officials hoped to hear from me how their city state might rise to the rank of a 'world city'. The golden phrase had become a badge of status, just as 'growth poles' had been in an earlier incarnation. *There was little I could say that the government did not already know*". The fact that a global city expert like Friedmann was consulted by the city-state of Singapore is nothing more than a legitimising practice to get the state's "next lap" of urban planning policy endorsed by this "expert". The state planning authority would then be able to claim specific "expert" legitimacy in such planning document as *Living the Next Lap* (Urban Redevelopment Authority, 1991).

On the other hand, the *scope* of legitimising power possessed by global city-states is also relatively large. In their global reach, city-states may intervene in labour, capital, property, and other markets to achieve national developmental objectives. In almost all of these interventions, the state and its coalition will generate certain legitimising discourses and practices (e.g. "globalisation", "competitiveness", "global cities" and so on; see also Schoenberger, 1998). Once again, these discursive practices may not be too different from those in global cities. The key difference here is the wide range of effective discursive practices that are available to city-states. To cite just one example, Hong Kong was "successfully" transformed from an industrialising city-state in the 1970s to becoming a major global city-state in the 1990s, specialising in financial services, property development, and tourism. What is clearly missing in this "success" story of global city formation is the fact that in Hong Kong prior to the 1990s, commercial and business interests overshadowed industrial interests in the political process of the colonial government (Yeung, 2000a). The rise of Hong Kong as a major regional financial centre (and hence global city) cannot be explained by neoliberalism and *laissez-faire* capitalism. Rather, it can only be explained by the discursive practices of commercial and financial elites, in conjunction with the colonial government, in convincing the Hong Kong people that a global city based on financial services is both necessary and inevitable in sustaining its urban competitiveness in an era of globalisation. These practices

include the constant coverage of rags-to-riches stories of financiers and property developers by the mass media, the role of the colonial state in controlling land sale and property prices, and the inherent bias in the urban planning process against industrial capital.

Third, one begins to wonder how do global city-states acquire such material and discursive influences to engage in the global reach of their cities? To answer this question, we have to turn our attention to the *building of institutional capacities* in some global city-states. In particular, I consider two interrelated aspects of this process of building institutional capacities: *developmentalism* and *political control*. To some ultra-globalists, globalisation leads to the end of the nation state (Ohmae, 1990; 1995; cf. Yeung, 1998a). This view fundamentally distorts the transformational nature of the nation state in today's global economy. Held et al. (1999: 55 and 81) argued that the emergence of international regimes of governance has transformed the nature of global political economy such that national governments are increasingly "locked into an array of global, regional and multilateral systems of governance", resulting in a world of "overlapping communities of fate". This reconstituted role of the nation state in today's global economy, however, does not necessarily diminish its role in governing its national space. In the case of global city-states, the dialectical contest between the nation state and global forces is becoming even more apparent. Whereas a global city-state may serve the global economy well through its role as a command and control node, the nation state may have certain developmental objectives that run against the call for putting the global logic of capital above the local/national interests of real people. To accomplish these contradictory objectives of taking care of its citizens and serving the global economy, the nation state in global city-states often takes on a developmental role. Developmentalism and the developmental state may sometimes be a historical legacy (e.g. in Japan and South Korea). They may also be a consequence of intense political struggles that ended with the dominance of one political power/coalition. Their emergence is therefore highly specific within particular historical and geographical contexts (see the case of Singapore in the next section).

To Leftwich (1994: 78-80), developmentalism entails at least six important components: (1) a determined developmental state; (2) relative state autonomy; (3) a powerful, competent, and insulated state bureaucracy; (4) a weak and subordinated civil society; (5) the effective management of non-state economic interests; and (6) repression, legitimacy, and performance (see also Johnson, 1982; Wade, 1990; Evans, 1995; Weiss, 1998; Woo-Cumings, 1999). At a national scale, a developmental state that satisfies these conditions will be highly effective in its global reach. A good example is the overwhelming dominance of Tokyo in Japan's urban system. Clearly, the rapid development and globalisation of Tokyo to become a major global city today has at least something to do with Japan's developmental state and its affiliated ministries and institutions. If we transpose the above efficacy of a developmental state to the context of a city-state, the outcome is likely to be more significant and intensified. The city-state is able to rely heavily upon developmentalism to legitimise its political power and control within a bounded territory. Through developmentalism, the city-state is able to build strong institutions, both state and non-state, to support its developmental objectives (see Singapore in the next section).

The political power and control of a developmental city-state distinguishes it from municipal governments in most global cities because it is able to bypass national-state/provincial-city politics typical in many global cities. The juxtaposition of both national and city governance in the hands of the developmental city-state necessarily implies that it is able to extend its control over most aspects of social and political life of its citizens. The net outcome of this control is that the state is able to mobilise social actors and tremendous

resources to meet its national objectives (e.g. global reach). It is also able to eliminate major oppositions to its developmental policies through social control and discursive practices. Under these circumstances, the (nation) state becomes the city and the city becomes the (nation) state. The global reach of the city-state becomes an institutional extension of the influence and relations of the nation state on a global scale. The next section considers the experience of Singapore in fashioning itself to become a global city-state and in developing its external linkages through material outflows.

The Global Reach of a City-State: Singapore's Cup Runneth Over?

Singapore is a global city-state strategically located at the southern tip of Peninsula Malaysia in the Southeast Asian region. It has grown from a British colonial entrepôt in the late 19th century and early 20th century to a modern economic centre specialising in high value-added manufacturing activities and international financial and business services (Régnier, 1991; Huff, 1994; Murray and Perera, 1995; Perry et al., 1997; Low, 1998). As early as 1970, Singapore was ranked second in Asia in terms annual per capital income, only after Japan (Yeung, 1973: 6). Today, it boasts an impressive annual GNP per capita at US$26,400 (*Asia Magazine*, 16-18 August 1996: 17). The domestic economy has experienced high growth rates above an average of 6.7% in the past three decades (see Table 1). Foreign investment has always been one of the cornerstones of the island economy (Hughes and Sing, 1969; Yoshihara, 1976; Mirza, 1986; Rodan, 1989).

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Table 1 here

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Further to the above theoretical exposition of global city formation in city-states, this section argues that such global cities as Singapore are not necessarily passive recipients of global flows of capital, people, goods and services, and information. Indeed, the experience of Singapore shows that a global city can actively incorporate itself into the global economy through encouraging *both* inflows and *outflows* of capital, labour, product and services, and information. These processes are encapsulated in the key concept of Singapore's global reach. The fundamental issue here is how these flows are organised in both material and discursive terms. While it is not unusual for global cities to extend their planetary reach through outward movements of capital and skilled labour engineered by transnational corporations headquartered in these global nodes (cf. the global city literature), we know little about how these material flows are discursively organised. The role of state and non-state institutions is important here because, for example, the success of Singapore's global reach is highly contingent upon the state's capabilities to exercise power (real and discursive) in the implementation of its globalisation strategies and upon the capabilities of social institutions in organising this global reach over space.

To a certain extent, Singapore's fortune is always intertwined with the global economy. But one distinctive feature of Singapore's national competitiveness is that it is very much a city (in a territorial sense) coupled with a strong state (in an institutional sense); a state with powers far beyond those of any local state. Unparalleled in the Asian region, this city-state has relied heavily upon developmentalism to legitimise its political power and control (Yeung and Olds, 1998). The state's choice to pursue the strategy of global reach has been relatively uncontested, in part because the state has generated a political discourse of survivalism and ruthless competition; a discourse currently propagated in association with most discourses on

globalisation. The state has constructed a view of geographical space that implies the deferral of political options to the global scale. In effect, the (contested) discourse of globalisation "itself has become a political force, helping to create the institutional realities it purportedly merely describes" (Piven, 1995: 8). What then are the politics and discourses of their global reach? How are these outflows socially and discursively organised? For whose purposes do they serve? These are the key questions for reflection in the following section.

Though the process of urban planning in Singapore is significantly different from other global cities (see Dale, 1999), it is not as radically different as another key process in Singapore's global reach. This is the process of state-driven outflows of capital and people/knowledge to develop Singapore's "external economy". This process is officially endorsed as a mechanism to extend Singapore's influence in the wider global economy. It shows how the city-state influences other cities via its institutional capacities, economic resources, and corporate vehicles. This section first examines how the state establishes its institutional capacities in implementing national development strategies. It then discusses the role of the state in Singapore's global reach, in particular outflows of capital and people/knowledge from Singapore. I provide both general empirical data and specific case studies to illustrate my observations.

The rise of Singapore's developmental state and its key institutions

The rise of a developmental state in Singapore is influenced, to a certain extent, by immediate post-independence experience and subsequent political development. First, the ascent of the People's Action Party (PAP) to power and its enduring power in politics and government since independence in 1965 has given birth to a developmental state in Singapore when national economic development became the primordial goal of the PAP government for the past 30 or more years. As a consequence, Perry et al. (1997: 7) observed that "the state gives much greater priority to transforming economic conditions than it does to changing aspects of the social order". The First Development Plan, covering the period 1961-1964, focused on the provision of new jobs and the promotion of economic development (Yeung, 1973). During the 1960s, grave employment problem arose with the departure of the British administration and military and the rapid rate of population growth. The PAP's manifesto explained that only through the promotion of manufacturing industries could Singapore's existing and prospective unemployment be addressed. The PAP was apparently aware of the fundamental political, social and economic implications of unemployment and the remedy for it (Rodan, 1989; Huff, 1999). There was an urgent need for the state to build some initial state credibility and to enhance its subsequent reputation building.

Being a developmental state, the preoccupation with economic development must be supported by the establishment of élite economic bureaucracy to "guide" the market as argued by Johnson (1982) and Wade (1990). In 1961, the Economic Development Board (EDB) of Singapore was established as a one-stop investment promotion agency to assist foreign firms in their operations in Singapore.[6] Working closely with the Ministry of Trade and Industry, the EDB has since played a key role in shaping the Singapore economy through its efforts to solve the unemployment problems, promote investment, train manpower and develop the industrial sector (Low et al., 1993). It must be emphasised, however, that not until recently,

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6 General information on the Singapore Economic Development Board (EDB) is located at <http://www.sedb.com.sg/index1.html>.

the main concern of the EDB has been attracting foreign (preferably global) firms to invest in Singapore. The EDB offered generous incentive schemes to foreign firms to compensate for the lack of competitive advantage in Singapore during its early phase of industrialisation (e.g. the Pioneer Industries Ordinance in 1959 and the Economic Expansion Incentives Act in 1967). The establishment of the Jurong Town Corporation (JTC) in 1968 provided another institutional boost to the state's strategy of relying on foreign capital. The JTC was primarily responsible for the construction and management of industrial estates, the first of which was located in the Jurong area. These industrial estates were intended to provide low cost production sites for foreign manufacturing firms. Since its establishment, the JTC has planned, developed and managed more than 6,000 hectares of industrial land, of which over two-thirds has remained under its ownership (Perry et al., 1997: 158). Together, both statutory boards have been highly effective in attracting a large inflow of foreign investment into Singapore throughout the past three and a half decades.

A final attribute of Singapore's developmental state is the close alliance of the PAP and the state bureaucracy. Since the first general election for a fully elected legislative assembly in Singapore in 1959, the PAP has not lost to any single opposition party, thus ensuring a continuous domination of party ideology and preoccupation with economic development. There is a virtual monopoly of political power by the PAP in Singapore since its independence that creates a stable (albeit repressive to some observers) political environment and a significant space for closer party-state alliance (Hill and Lian, 1995; Huff, 1999). To a certain extent, the PAP has become the state and has a significant role in "guiding" developmental policies. The state bureaucracy, on the other hand, serves the general interests of Singapore exceptionally well by formulating development policies that enable the proliferation of foreign firms and state-owned enterprises. In the absence of strong local enterprises, the state has taken up a heavy responsibility for the provision of public infrastructure through major state-owned enterprises. The state maintained its influence in these enterprises through a small group of politically loyal senior civil servants appointed to their boards of directors. A recent study, for example, has identified a group of 13 persons each of whom were members of at least 18 boards of directors, mainly drawn from top civil service posts and with government careers starting in the 1950s and 1960s (Quoted in Perry et al., 1997: 127).

What then were the key institutions and agents for the PAP state to implement its national development strategies? In the early years of Singapore's independence, many state-controlled statutory boards were established to provide the city-state's roads, electricity, transport and communication services. State-owned enterprises spun off from these statutory boards sowed the seeds for the subsequent domination of government-linked companies (GLCs) in the Singapore economy during recent years. In fact, public investment in the industrial sector started as early as 1963 when seven public enterprises in manufacturing were established: Sugar Industry of Singapore Ltd., National Grain Elevator Ltd., Singapore Textile Industries Ltd., United Industrial Corporation Ltd., Singapore Polymer Corporation Pte Ltd., Jurong Shipyard Ltd. and Ceramics (M) Pte Ltd. (Rodan, 1989: Table 3.2). Most of these enterprises were established to respond to perceived large domestic markets. Rodan (1989: 77) argued that this trend reflected "the government's thinking that the question of industrial structure should not be left solely to the market - especially given the absence of a domestic industrial bourgeoisie of any consequence". By 1983, the state had directly invested in 58 diverse companies with a total paid-up capital of S$2.9 billion. These companies in turn wholly- or partially-owned some 490 firms in Singapore (Huff, 1995: 1428). Despite the government's privatisation program in the early 1990s, some of these large state-owned

enterprises have grown significantly and become today's major GLCs spearheading the regionalisation of Singapore's economy (e.g. the Keppel Group, the Sembawang Group and the Singapore Technologies Group). These GLCs, combined with the policy development and implementation strength of statutory boards like the EDB and the Trade Development Board (TDB), have the capacity to ensure that Singapore the city, and Singapore the nation, is developed in a manner that reflects and exploits the broader global system in which the city-state is situated.

Of particular interest is Temasek Holdings, the key vehicle for the state to extend its influence on the domestic economy and Singapore's global reach today. Temasek Holdings was set up on 25 June 1974 to hold and manage the S$345 million Singapore government's equity investments in 36 state-owned and other enterprises in Singapore (*The Straits Times*, 25 June 1999: 74). Temasek Holdings served as a holding company to monitor activities of its companies, to collate all the information of various government investments, and to keep the Minister for Finance and the Cabinet informed about the performance of these companies. Its present chairman, S. Dhanabalan who was a former cabinet minister, recalled that "there was no supervisory function [for Temasek Holdings]. Each company had its own management who were accountable to its own board... The Government's main interest was to make sure the right people were in charge and after that the management was to chart its own course. That approach carried on in Temasek" (Quoted in *The Straits Times*, 25 June 1999: 74-75). By 1979, Temasek Holdings adopted a new and more active approach: (1) to provide focus and direction to its companies; (2) to foster closer cooperation among the companies; (3) to seek out new investments and (4) to consider mergers with profitable companies. During the next two decades, Temasek Holdings began to shed its stake in non-strategic and viable companies through public listing and other forms of divestment, thereby kick-starting the privatisation of state-owned enterprises. The main purpose then was to promote market mechanisms and to allow the private sector to play a bigger role in the Singapore economy. Meanwhile, Temasek Holdings started to invest in new strategic or risky ventures and in companies that would bring foreign skills and technology and access to foreign markets.

The origins of Singapore's "external economy"

By the late 1980s, the PAP-dominated state had become much stronger politically and economically. The domestic economy had experienced unprecedented growth for several decades (see Table 1). As the global economy was becoming more competitive, Singapore began to realise that heavy reliance on foreign TNCs was no longer useful to attaining its long term strategic goals. It was necessary to respond to this new global competition by developing its indigenous economic capabilities that can tap into growth potential in other countries. One of such strategies was to regionalise its firms to capture the booming regional market, spearheaded by state-owned enterprises. Kanai (1993: 41) noted that "no matter what Singapore does in terms of business promotion policy, it is an unavoidable fact of modern economic life that Singapore will face keener competition from its neighbors as a center for regional manufacturing or service industry operations. So it would seem better for Singapore to promote the outward regional expansion of its own private sector, and in the process capture for itself some of the benefits of the region's dynamic development".

In what became the blueprint for Singapore's economic development in the late 1980s and 1990s, the report by the Economic Committee in 1986 recognised the vulnerability of Singapore's economy because of its over-dependence on foreign capital and the lack of indigenous entrepreneurship (Ministry of Trade and Industry, 1986). In 1989, then Deputy

Prime Minister Goh Chok Tong proposed the Singapore-Indonesia-Malaysia Growth Triangle idea as a response to drastic industrial restructuring within Singapore and perceived complementarity among the three countries (Perry, 1991; Parsonage, 1992; Toh and Low, 1993; Ho, 1994; Ho and So, 1997; Grundy-Warr et al., 1999). The emergence of a regional division of labour became apparent where all three countries contain different comparative advantages and, therefore, play different economic roles in this regional interdependence. The growth triangle strategy, however, was deemed unable to revolve the fundamental dilemma of vulnerability and deep penetration of the domestic economy by foreign capital. This fear of long term limits to growth was later transformed into the official argument for building an "external wing" to Singapore's economy in the early 1990s.[7] An explicit strategy of regionalisation was called for by the state in order to grow local firms domestically and internationally. Senior Minister Lee Kuan Yew announced in January 1993 that the state was taking new initiatives to generate a bigger pool of local entrepreneurs and to building up the "external wing" of the Singapore economy (see Régnier, 1993; Okposin, 1999). This national strategic thrust is known as Singapore's "Regionalisation 2000".

The Department of Statistics (1991) estimates that at the end of 1976, foreign direct investment (FDI) from Singapore was slightly above S$1 billion. This figure had grown to S$1.7 billion by 1981, S$13.6 billion by 1990 and S$55.7 billion by 1996 (Department of Statistics, 1998). Today, Singapore has become one of the major sources of FDI among the Asian Newly Industrialised Economies (see Figure 2).[8] Geographically, Singapore's outward FDI has been concentrated in the Asian region (see Figure 3). During the 1981-1996 period, more than 50% of Singapore's outward FDI went to Asian countries. In 1996, Malaysia, Hong Kong, China and Indonesia were the largest Asian recipients of outward FDI from Singapore. In Europe and North America, the U.K. emerged as the largest host country, receiving some S$4.3 billion or 7.8% of total direct investment from Singapore. It ranked as the fourth largest recipient of Singapore's foreign investment. In cumulative terms, Singapore is also one of the largest foreign investors in many Asian economies:

- ranked first in Myanmar (1989-1997) and Vietnam (1991-1997)
- ranked second in Malaysia (1975-1997)
- ranked fourth in Indonesia (1967-1997)
- ranked fifth in China (1979-1997)

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[7] In fact, the state's explicit encouragement of outward investment started immediately after the recession in the mid-1980s (Kanai, 1993). Investment measures, however, initially emphasised the globalisation of Singaporean firms into Europe and North America in order to promote a shift to higher value-added activities. They were ineffective because few Singaporean firms were capable of securing a market place in these advanced industrialised countries. For example, both Yeo Hiap Seng Ltd. (a major local food manufacturer) and Singapore Technologies (a state-owned enterprise) had bitter experience in the U.S. It was not until the early 1990s that the focus of the state was shifted to regionalisation instead of globalisation. As evident later, the recent Asian economic crisis has effectively forced the state to reconsider globalisation as a pathway to Singapore's future economic development.

[8] It should be noted, however, that much of this outward FDI flow from Singapore originates from Singapore-based affiliates of foreign TNCs. In 1996, foreign-controlled companies accounted for 46.8% of Singapore's total direct investment abroad (see Low et al., 1998).

Of this Asian-focus of Singapore's outward FDI, Malaysia has always been the most important destination country (Yeung, 1998b). Although its lion share in Singapore's outward FDI has been declining over time from 60% in 1981 to 19% in 1996, Malaysia was clearly the single largest recipient country. This relative decline can be explained by the recent 1993 regionalisation drive through which more investment opportunities in China and Southeast Asia are being opened to Singapore companies. Singapore's investment in China and Indonesia has grown significantly over the 1993-1996 period. This growth is in line with the Singapore government's heavy involvement in developing large industrial estates and infrastructural projects in China and Indonesia. A large amount of Singapore's investment in China is also channelled through Hong Kong (see also Low et al., 1998), explaining why Hong Kong's figures look rather impressive.

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Figures 2 and 3 here

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At the firm-level, Table 2 presents the geographical distribution of the 204 sample SINTNCs by five measurements:[9]

- earliest year of establishment
- mean year of establishment
- number of SINTNC having a presence there
- number of subsidiaries controlled by these SINTNCs
- number of expatriate staff sent by the headquarters in Singapore

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Table 2 here

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With the exception of the Philippines and China, SINTNCs have been operating in most regions and countries of the global economy since its independence in 1965. Interestingly, SINTNCs have established a presence in Europe, North America and other regions outside Asia as early as the 1950s and the 1960s. Singapore's global reach is therefore *not* a recent phenomenon. Rather, what is arguably new is its intensification and acceleration. This is

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9 These data originate from a study of the globalisation of 203 Singaporean firms (see Yeung, 1999c). At the initial stage of this project, we compiled basic corporate information of some 1,246 Singapore TNCs into the database. This information was gathered from various business directories and company reports between November 1997 and January 1998. Of these 1,246 companies, 340 companies had only correspondence information in China. As such, they could not be used for our survey in Singapore. Moreover, the database included 84 foreign TNCs in Singapore that were subsequently discarded in accordance with the requirements of the research project. Together, only 822 companies in our database fulfilled the preliminary requirements of being Singapore-incorporated TNCs. At the end of the survey in Singapore in January 1999, another 34 companies were disqualified because either they had been closed down (n=11) or had no foreign subsidiaries and investments (n=23). This means an *effective* population of 788 Singapore TNCs for our corporate survey in Singapore through which we have successfully interviewed 203 parent companies, representing a 25.8% response rate. This relative low response rate is attributed to the 1997/1998 Asian economic crisis that made top executives concentrate on their businesses and therefore reduced their willingness to participate in our research project.

evident in terms of the mean year of establishment which shows that most of the 204 sample SINTNCs had established their overseas operations from the mid-1980s to the early 1990s. This was a period of rapid growth in Singapore's domestic economy after recovery from the 1985-1986 recession. During these periods, Singapore experienced drastic industrial restructuring that propelled many Singapore companies to relocate their manufacturing operations and to seek new markets elsewhere in the region and beyond.

The 1993 regionalisation drive clearly has an impact on Singapore investments in China. To date, 151 of the 204 sample TNCs have established 365 subsidiaries in China. On average, each SINTNC has more than 2 subsidiaries in China. But the mean year of establishment is only 1992, indicating that at least half of these subsidiaries of SINTNCs in China must have been established after 1992. Other than China, Malaysia also experiences a high concentration of SINTNC subsidiaries. 119 of the sample 204 SINTNCs have established 273 subsidiaries in Malaysia. On the other hand, these SINTNCs are not as active in Europe and North America. Less than 20% of them have a presence in both major regions and each of them has barely more than 1 subsidiary in these regions. Based on these findings, it is fair to say that while Singapore's global reach has long historical roots, it is happening to only a limited range of Singapore companies. Most of the SINTNCs in the sample continue to focus on East and Southeast Asia as their main centres of business operations, an observation consistent with the investment statistics reported earlier.

Another important point to be inferred from Table 2 is that a disproportionate number of expatriate staff have been sent from Singapore to some of the host countries. In particular, Indonesia and China respectively account for 12.3% and 28.9% of all subsidiaries, but they also take up some 27.4% and 43.4% of all 858 expatriate staff sent from Singapore. On average, each subsidiary in Indonesia and China has at least one expatriate staff sent from the headquarters in Singapore. This phenomenon clearly has something to do with the nature of business environments in these two countries. Indonesia and China have some of the most opaque business rules and uncertain regulations in Asia. This problem necessitates more attention from the headquarters in Singapore through tighter control mechanisms, such as having one or more expatriate staff from Singapore to manage the local subsidiaries. On the other hand, while the sample 204 SINTNCs have respectively 47 and 48 subsidiaries in Europe and North America, they have sent only 19 and 10 expatriate staff to manage these subsidiaries in each region. This can be explained by the relatively open and transparent business environments and the availability of good quality management executives in these two regions. Geographical proximity explains why Malaysia has a large number of SINTNC subsidiaries (n=273) and, yet, only 49 expatriate staff have been sent there on a permanent basis.

The role of the state in globalising outflows from Singapore

As evident above, the extent of Singapore's outward investment was relatively limited before the early 1990s. Singapore's FDI in the 1980s was quite limited and very biased towards a few major geographical destinations. Compared to other advanced industrialised countries, the proportion of Singapore's FDI to its GNP is small. For example, Singapore's FDI reached 16% of GNP in 1991, compared to 30% for Switzerland, 36% for the Netherlands and 23% for the U.K. (Ministry of Finance, 1993: 20). In 1990, only 2,293 (6%) of 36,573 companies in Singapore had regionalised their operations (Ministry of Finance, 1993: 70). Even among the Asian NIEs, Singapore compared very unfavourably in terms of its extent of transnational operations (Yeung, 1994; 1999a). The historical underdevelopment of

indigenous entrepreneurship in the private sector has convinced the state that the regionalisation drive cannot be effectively taken up by private sector initiatives only. The state has to take up the role and the risks of spearheading regionalisation in two specific ways: (1) the regionalisation of government-linked companies (GLCs) and companies set up by statutory boards and (2) "political entrepreneurship" through which the state opens up overseas business opportunities for private capitalists and negotiates the institutional framework for such opportunities to be tapped by these Singaporean firms (Yeung, 1998c; 1999b). Today, the public sector and GLCs account for about 60% of Singapore's GDP (Ministry of Finance, 1993: 39; see also Singh and Ang, 1998). As at 31 May 1999, the market capitalisation of first-tier public listed GLCs controlled by Temasek Holdings alone was S$88.2 billion or 25% of total market capitalisation of the Stock Exchange of Singapore. The share of Temasek Holdings in these GLCs amounted to S$46.5 billion or 13.2% of total market capitalisation (*The Straits Times*, 25 June 1999: 74).

These GLCs have become one of the primary instruments through which the state inaugurates the regionalisation drive. When the regionalisation programme was launched in 1993, Temasek Holdings supported the Singapore government's long-term policies by co-investing with private companies abroad and by asking its companies to go regional, in particular in China and Indonesia. Its role remained as a *facilitator* to provide more focused direction to subsidiaries and associated companies and to foster closer coordination and cooperation among its companies. In principle, the Singapore government's involvements in regionalisation through GLCs and other companies set up by statutory boards are run on a commercial basis (cf. the Singtel-C&W HKT merger talk). With their specialised expertise and commercial experience, these GLCs and companies of statutory boards can partner with private sector companies and even take the lead in large projects. The Singapore government, however, does not take on a greater proportion of the risk than what the private sector investors of the project are prepared to take. The GLCs and companies of statutory boards are prepared to take the lead only in large infrastructural projects. In most other projects, the private sector entrepreneurs are expected to bear the primary risks and take on the majority stakes (e.g. see Yeung, 1999d for some case studies of private-sector SINTNCs).

Together with statutory boards, GLCs serve as partners to private sector companies in overseas ventures by selling their expertise to the private sector; forming joint ventures and consortia and leading in large infrastructural projects (Ministry of Finance, 1993: 42-3). First, a private company is often unable to undertake an overseas project because of its lack of expertise for some parts of the project. GLCs and statutory board companies may often have the requisite expertise which can be sold to the private sector. Second, the sale of expertise brings limited benefits to the GLCs or statutory board companies. They can make greater use of public sector capabilities by entering into consortia or joint ventures with private sector companies. This form of state participation in the regionalisation drive involves equity stakes in the ventures. The state becomes therefore an "quasi-entrepreneur". Third, for large infrastructural projects which require substantial investments and expertise and resources, the GLCs and statutory board companies are ideally endowed with these expertise and resources. Most of these projects also have long gestation and pay-back periods that are unattractive to private sector capital. The state can thus play a leading role by holding majority equity stake in the joint ventures. Here the state becomes a full entrepreneur in its own right.

How then does the global city-state govern its foreign investments in the global economy?[10] Before and during the recent 1997/1998 Asian economic crisis, the state had already spearheaded major acquisitions and mergers to consolidate further some key GLCs in order for them to compete effectively in the global economy (Yeung, 2000b). These policy responses represent a *qualitative* change in the role of the embedded state towards re-regulating Singapore's drive to develop a strong external economy. More recently in 1998/9, Temasek Holdings has experienced winds of change and become more proactive in governing its companies in order to nurture world-class companies through effective stewardship and commercially-driven strategic investments. This strategic change in corporate governance is related to two reasons. First, one of the controversial issues for corporate governance in Singapore is the unwieldy diversification by some GLCs both in Singapore and abroad before the Asian economic crisis of 1997/1998. Temasek Holdings chairman, S. Dhanabalan, remarked again that "we have made it clear to Temasek companies that while we have no objection to them diversifying into other areas, we want them to discuss with us and convince us that they need to go in that direction" (Quoted in *The Straits Times*, 25 June 1999: 1).

Second, a recent report by the Committee on Singapore's Competitiveness (Ministry of Trade and Industry, 1998) has called for an active role by GLCs in spearheading the development of more world-class companies from Singapore. The reorientation of Temasek Holdings, as a key holding company of most GLCs, towards more proactive corporate governance is therefore timely. Temasek chairman noted that "we have to strike a balance. I don't want to give the impression that we are going to be very intrusive in our stewardship role" (Quoted in *The Straits Times*, 25 June 1999: 1). Changes planned or implemented include: (1) closer monitoring of their diversification plans to ensure that they capitalise on what they know best; (2) specifying performance benchmarks to ensure they focus on the correct targets; (3) limiting the terms of the chairmen and directors to ensure fresh thinking prevails at the top and (4) keeping separate the appointments of the chairmen and the chief executive officers to ensure that their boards retain an objective view of proposals brought before them by the senior management. It can be seen from the above discussion that Temasek Holdings, as the ultimate parent company of many regionalising GLCs, is not only a holding company for the Singapore government, but its governance practices also approximate the state's prevailing views on Singapore's economic development and global reach.

The case of the China-Singapore Suzhou Industrial Park[11]

It is clear that the global city-state of Singapore globalises its material influence into other nations and/or regions primarily through state-driven outflows of capital and people/knowledge. In the introduction to this lecture, I have already mentioned the case of the tussle for control of Cable & Wireless HKT between Singapore Telecom, the largest domestic corporation in Singapore and still 76% owned by Temasek Holdings, and its Hong Kong competitor, Richard Li's Pacific Century CyberWorks Ltd. Before concluding this lecture, it is useful to include another case study to illustrate how the global city-state of Singapore,

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10 Another dimension to the role of the state in governing Singapore's global reach is the social regulation of Singapore's labour markets and the social/gendered constructions of Singaporean transmigrants abroad (see Hui, 1997; Willis and Yeoh, 1998; Kong, 1999; Yeoh and Willis, 1999; Yeung, 1999b). Time limits preclude a detailed discussion of this dimension.

11 General information on the China-Singapore Suzhou Industrial Park is located at <http://www.xinsu.com.sg>.

through its GLCs, is able not only to charter its investments abroad, but also to transfer its urban development knowledge to the host country. This is the case of the now infamous China-Singapore Suzhou Industrial Park (CSSIP) (see Figure 4; Yeung, 1998c; 1999e).[12] This high profile project has the symbolic support from top Chinese statesmen (e.g. late Deng Xiaoping, Jiang Zemin, Li Peng, Qiao Shi and Li Lanqing) and top Singapore statesmen (e.g. Lee Kuan Yew, late Ong Teng Cheong, Goh Chok Tong and Lee Hsien Loong). The township project represents the first-ever transfer of Singapore's economic and urban management "software" to another country - an intangible dimension of its global reach. As evident in the high level of personal involvement by leading statesmen from Singapore, the Singapore government has put its stakes, in the forms of reputation and credibility, into the CSSIP project. The strict adherence to Singapore government's guidelines has resulted in a very responsible and accountable institutional set-up in the CSSIP. For example, an article by China's official Xinhua News Agency in December 1998 noted that "[t]hrough strict laws and regulations, and drawing on Singapore's experience of honest and clean government, not a single civil servant in the [CSSIP] park's administrative committee has broken the law or committed a crime. This has earned the committee the high acclaim of the Central Commission for Discipline Inspection" (Quoted in *The Straits Times*, 11 December 1998).

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Figure 4 here

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The project started in May 1994 when Keppel Corporation, a major GLC with shipyard background, led a consortium of 24 Singapore companies to form the Singapore-Suzhou Township Development Company (SSTD). 10 of these 24 Singapore companies were GLCs and statutory boards and their share was S$115 million (*The Straits Times*, 15 January 1998). This idea of developing a township and bringing Singapore style of economic/urban management to China was first mooted by former Prime Minister Lee Kuan Yew when he met China's late leader Deng Xiaoping during his visit to Singapore in 1978 (Tan, 1995: 64). After a long period of discussion, the State Council of China approved this innovative concept in the early 1990s. Numerous top level official visits were exchanged between the two countries to identify a suitable site. Suzhou, located in the Jiangsu province of China (see Figure 4), was finally chosen after a state visit led by Singapore's Prime Minister, Goh Chok Tong, his deputies and other top officials. On 26 February 1994, the Singapore Government, represented by SM Lee, signed an agreement with China's Vice Premier Li Lanqing to transfer "software" to Suzhou. This "software" comprises economic development and public administration expertise. It involves the Singapore government taking the lead to develop an industrial township in China (Economic Development Board, 1995: 20-1).

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12 There are several other major overseas property and infrastructural developmental projects involving GLCs (e.g. Pidemco Land in London's Dockland; DBS Land in Sydney and Shanghai; Temasek Holdings in Beijing). The Singapore government and its GLCs are also actively involved in developing other industrial park and township projects, e.g. Wuxi-Singapore Industrial Park and Qingdao Warehousing Project in China, Sentosa City Township and Bangalore IT Park in India (Tan, 1995) and Batamindo Industrial Park and Bintan Industrial Estate in Indonesia (Economic Development Board, 1995). But due to time limit, I am unable to examine them in detail here. For some general information, see <http://www.jtci.com.sg/Inparkbiz/Induspk.htm>.

The China Singapore Suzhou Industrial Park Development Company (CSSD) is a S$75-million joint venture between the Singapore consortium, SSTD (65%), and their Chinese counterpart, China Suzhou Industrial Park Company (CSIPC) comprising 11 state-owned enterprises mainly from Suzhou (35%). It is commissioned to develop an industrial township covering an area of approximately 70 square kilometres. The total cost of the township is estimated to be S$30 billion and it takes about 20-30 years to complete. When fully developed, the township will be able to support a population of 600,000 and provide employment for more than 360,000 people. In November 1994, three consortia led by Keppel Group were set up to develop utility plants in the township. It included a massive S$4.5 billion power plant with a generating capacity equal to almost all the electricity consumed in Singapore in 1993.

By June 1998, four years after the initial launch of the Suzhou township project, it became clear that the loss-making developer CSSD could not expect to make money in the near future (*The Straits Times*, 18 April 1998; 19 June 1998). The Singapore consortium invested about US$155 million into the CSSD (*The Straits Times*, 10 July 1999). By the end of June 1999, the China-Singapore Suzhou Industrial Park (CSSIP) had attracted 133 projects, with cumulative contractual investment exceeding US$3.76 billion (*The Straits Times*, 29 June 1999: 1). This investment commitment figure, however, was still far below the US$20 billion target. It is also unclear how much of these investment commitments will be realised during and after the Asian economic crisis. The CSSD required a new loan of US$100 million to meet it operating costs. In term of physical development, the CSSD had only prepared 11 square kilometres (about 15.7% of total master plan) for occupation by tenants. On 28 June 1999, the Singapore government signed a memorandum of understanding with the Jiangsu government to cut its stake in the Suzhou Industrial Park project from 65% to 35% and to hand over the management and control of the project to the Chinese government on 1 January 2001.

Though the CSSIP project was not very successful as of June 1999[13], it remains a classic example of how a nation state within a global-city state has managed to extend its influence into another country through flows of both capital and knowledge. The Singapore government has put in its investments in developing the Suzhou township and has transferred significant experience (or "software") in urban planning and industrial park development to Suzhou, an industrial and commercial city in China within the immediate vicinity of its emerging global city Shanghai (see Figure 4). Given the unique discursive power and material capacity of the state in Singapore, it is difficult to expect another nation state to replicate the same process of global reach. In this case, the state in Singapore was able to legitimise its involvement in the CSSIP through its calling for regionalisation into China and building an "external economy" to reduce the vulnerability of the Singapore economy in an era of

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13 The real problem with the CSSIP project is that from the beginning of the project, the Singapore side did not really know whether *local* Chinese partners shared the same objectives as their national leaders. The Singapore consortium subsequently had a lot of problems in dealing with local officials in Suzhou (see Yeung, 1999d). In a recent interview, Singapore's Deputy Prime Minister, Lee Hsien Loong, admitted that "we under-estimated the length of the chain of command between the centre and the locals, and the extent to which the locals have latitude" (*The Straits Times*, 10 July 1999). He said that if Singapore had known that local perspectives in China often prevail over those of the central government in Beijing, "we might have made a different calculation".

globalisation. It was capable of exercising this discursive power through the state's control of the economy via major GLCs and their massive economic resources.

Conclusion

To conclude this lecture, I would like to reiterate that there are different varieties of global cities and different pathways to global city formation. Their processes of transformation and development must be situated within specific historical and geographical contexts. Having said that, the existing literature on global cities seems to have focused narrowly on a few "champion examples", in particular London and New York. As evident in the theoretical and empirical sections of this lecture, the global city literature fails to shed enough light on the complex interrelationships between global city formation and the developmental state. This complexity in global city formation is particularly apparent in the context of the evolution and development of the global city-state.

One clear lesson from this lecture is that the replicability of global city models is in serious doubt and the call for attaining global city status in many countries is unfounded. Similar to the idea of a "borderless world" in globalisation discourses, global cities should not be viewed as an end-state phenomenon (i.e. some kind of achievement), but should be seen as an evolving process resulting in highly divergent urban formation and transformation. Striving for the global city status is like shooting a moving target. While such hyper global cities as London and New York continue to reinvent themselves to service the global network of cities and their governance, emerging global cities will find it very difficult to replicate the success of London and New York as centres of excellence in the command and control of the global economy. On the other hand, such city-states as Singapore continue to pursue UrbaNational developmental strategies through reaching the wider global economy via material and knowledge linkages. The success of these strategies is not predicated on the fact that they are parts of an essential "global city strategy". There is no "cook book" approach to global city formation. Rather, their success is determined by the institutional capabilities and political will of the city-state in effecting its global reach. I believe it is the construction of these capabilities and wills, not their predetermined outcomes as a result of pursuing global city formation, that other cities and/or countries may consider in their drive to become global cities. In other words, whilst global city formation may be deemed highly desirable by the development state, whether a national capital or a major city of a country eventually becomes a global city remains an event highly dependant on historically and geographically specific contexts.

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TABLE 1. Singapore's Macro-Economic Indicators, 1960-1997
(in percentage)

Indicators	1960-66	1960-69	1970-79	1980-92	1990-97
Annual real GDP growth rate	5.7	8.0	8.3	6.7	8.2
Annual inflation rate	1.1	1.1	5.8	2.4	-
Savings ratio (over GDP)	6.7	11.5	28.8	42.7	48.2
Investment ratio (over GDP)	17.5	20.7	40.5	41.3	35.9
Foreign investment (% of GFCF)	-	-	22.1	26.3	-
	1960	**1969**	**1979**	**1992**	**1997**
Gross Domestic Product (S$m)	5,059	10,730	26,285	64,771	119,338
Agriculture & quarrying	3.8	2.7	1.5	0.4	0.2
Manufacturing	16.6	23.2	29.4	27.6	23.9
Construction & utilities	7.0	10.7	9.1	8.9	10.6
Commerce	24.6	22.9	19.4	18.2	19.7
Transport & communications	8.8	7.2	11.6	14.7	13.4
Financial & business services	14.0	16.5	18.9	26.1	27.9
Other services	19.6	15.7	12.2	10.2	10.5

Source: Huff (1995: Tables 1-2 and 6; 1999: Table 1) and Department of Statistics (1999: Table 5.3).

TABLE 2. Global Geographies of Transnational Operations by 204 Indigenous Companies from Singapore (percentage in parentheses)

Regions/ Countries	Earliest Year of Establishment	Mean Year of Establishment	Number of SINTNC Presence	Number of Subsidiaries by SINTNCs	Number of Expatriate Staff from Singapore
Southeast Asia	**-**	**-**	**-**	**582 (46.0)**	**354 (41.3)**
Indonesia	1943	1987	74 (36.3)	155 (12.3)	235 (27.4)
Malaysia	1910	1985	119 (58.3)	273 (21.6)	49 (5.7)
Thailand	1940	1987	34 (16.7)	52 (4.1)	15 (1.7)
Philippines	1979	1993	37 (18.1)	42 (3.3)	13 (1.5)
Others	1910	1990	45 (22.1)	60 (4.7)	42 (4.9)
East Asia	**-**	**-**	**-**	**484 (38.3)**	**411 (47.9)**
China	1975	1992	151 (74.0)	365 (28.9)	372 (43.4)
Hong Kong	1910	1985	61 (29.9)	87 (6.9)	26 (3.0)
Others	1960	1989	26 (12.7)	32 (2.5)	13 (1.5)
Europe	**1950**	**1990**	**35 (17.2)**	**47 (3.7)**	**19 (2.2)**
North America	**1967**	**1990**	**33 (16.2)**	**48 (3.8)**	**10 (1.2)**
Other Regions	**1958**	**1990**	**57 (27.9)**	**103 (8.1)**	**64 (7.5)**
Total	**-**	**-**	**204 (100)**	**1,264 (100)**	**858 (100)**

Source: Author's survey.

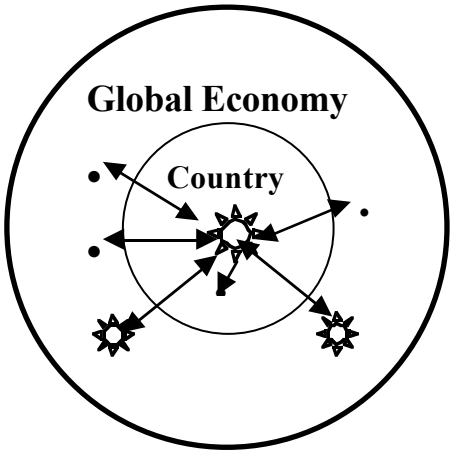
Figure 1. A Typology of Global Cities

1. Hyper Global Cities

Very well integrated into the global economy through both inward and outward flows

Global city-regions

• Cities



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2. Emerging Global Cities

More reliance on inward flows from the global economy

Global city-regions

A/B Emerging global cities

• Cities

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3. Global City-States

Very well integrated into the global economy and experience direct influence

Global city-regions

Global city-state

• Cities

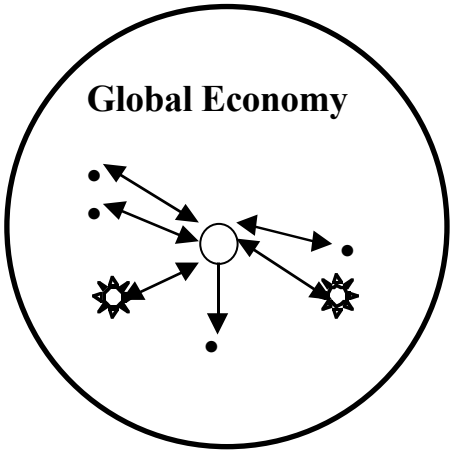
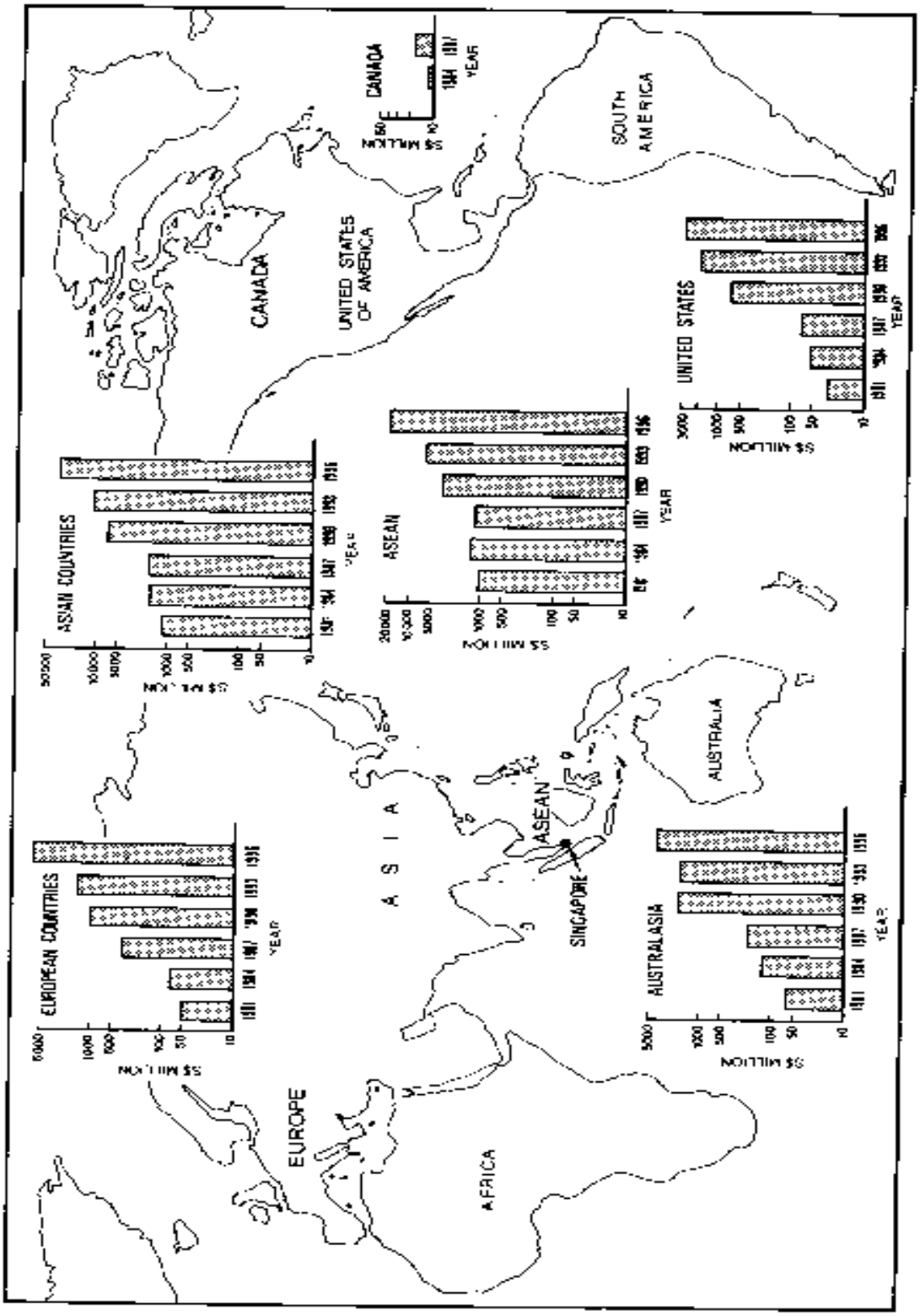
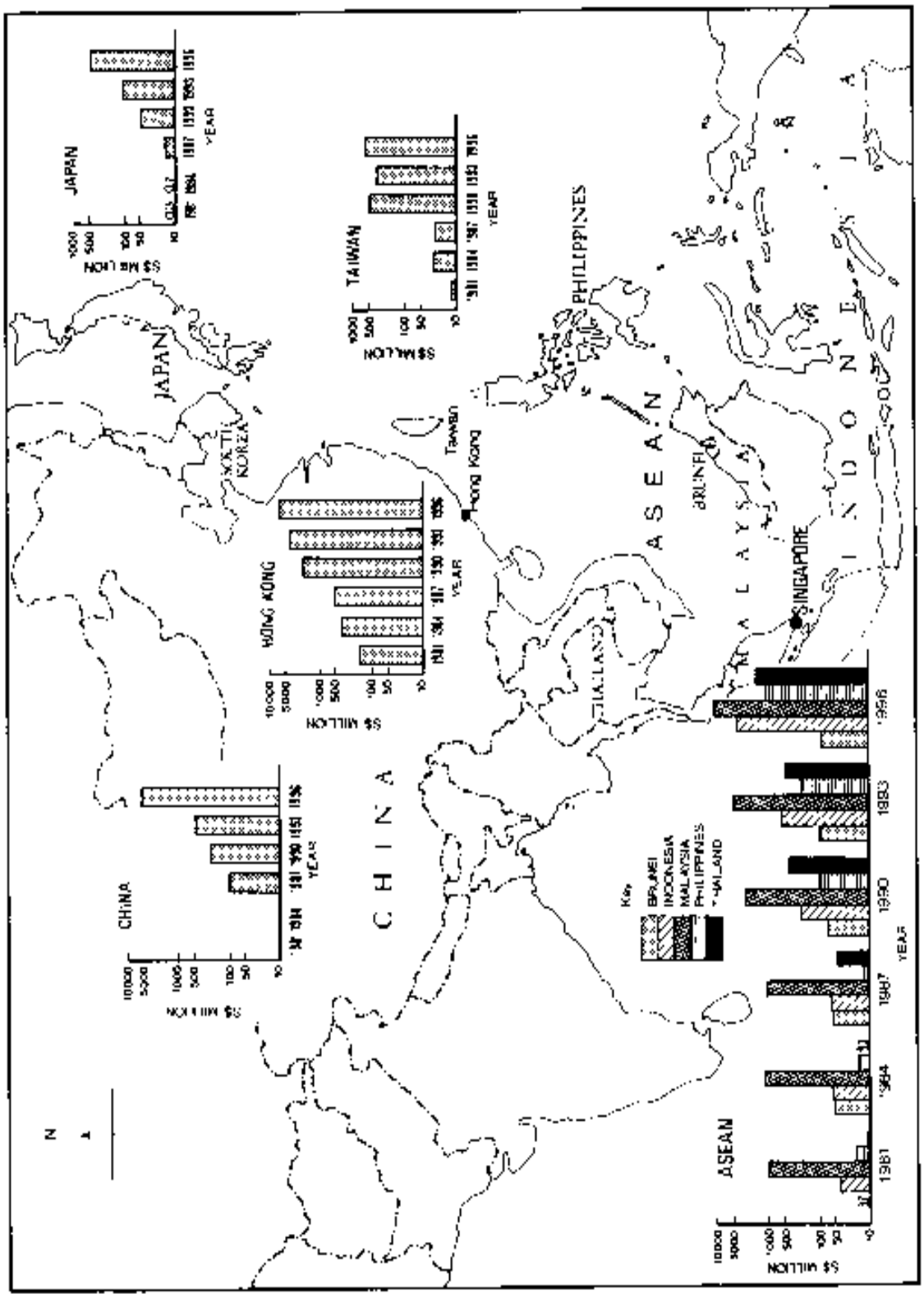


Figure 2. Outward Direct Investment from Singapore by Host Regions, 1981-1996 (in S$ million)



Sources: Department of Statistics (1991), *Singapore's Investment Abroad, 1976-1989*. Singapore: DOS. Department of Statistics (1996), *Singapore's Investment Abroad, 1990-1993*. Singapore: DOS. Department of Statistics (1997), *Yearbook of Statistics Singapore, 1996*. Singapore: DOS. Department of Statistics (1998), *Singapore's Investment Abroad, 1996*. Singapore: DOS.

Figure 3. Outward Direct Investment from Singapore within Asia, 1981-1996 (in S$million)



Sources: See Figure 2.

Figure 4. A Map of Jiangsu Province, China