

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## SINGAPORE

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$327,243,346,710 (1)	100.00%	\$62,524	5,233,926 (1)	100.00%	5	18	3.27%

**1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?**

With a population of more than five million, the unique city-state of Singapore is now among the five leading finance and business services cities in the world. At less than half the size of Greater London, rapid and well-managed infrastructure development means the city excels in external and internal transport measures, and stands out among global cities for its maintenance of seamless quality of life. Singapore has also been commended as the outstanding environmental city in Asia.<sup>9</sup>

Benchmarks assess Singapore’s main limitations as being in culture, higher education, and political influence. In terms of universities, significant investment and international partnerships have led the city-state to almost the top 10 in terms of the number and position of universities in the global top 100.<sup>10</sup> Improved entertainment and recreational provision is, in some survey-led assessments, being recognized by business and visitor communities, but in more quantitative analyses overall cultural density still falls some way short of Western European and North American leaders.<sup>11</sup>

**2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

Prior to independence in 1965, Singapore’s economic future and rationale within Southeast Asia was far from

clear. Its traditional entrepot trade industries had declined in the previous decade. Manufacturing activity had stagnated due to local and regional political uncertainty, while housing, utilities, and roads were all in urgent need of modernization. The city faced serious unemployment concerns among its fast-growing but averagely skilled population.

Since 1965, however, Singapore's entire ethos, economy, and culture have become imprinted with internationalism. Its first prime minister, Lee Kuan Yew, was not deterred by geographic limitations and immediately pursued a major labor-intensive industrialization policy as a solution to the city-state's difficulties. Emphasis was placed on tax incentives for industrial investors, improved industrial labor discipline, and technical education at secondary and postsecondary levels. The direct hire of foreign technicians and consulting firms accelerated the uptake of new industrial technologies.

Already a pluralist society in the 1960s, Singapore's diverse population was quickly channeled and condensed into an ambitious economic development trajectory based around the attraction of foreign direct investment (FDI) from North America, Western Europe, and Japan. In contrast to hostility found in much of the postcolonial world at the time, Singapore's state-directed institutions adopted a positive attitude to the benefits of multinational capital. They acknowledged resource and human capital deficiencies from the outset, and immediately sought to leverage multilingualism, links between East and West, and a strong Western legal model to help attract international business services and talent.<sup>12</sup>

From the late 1970s Singapore's offer to the global market was its business environment, investment incentives, increasingly skilled labor force, and a comfortable quality of life with low crime rates. Anglicized leaders and institutions recognized that the historical underdevelopment of local private-sector entrepreneurship meant the state had to assist the business community with global reach initiatives. Gradually a wide range of state-led policies and programs sought to encourage light manufacturing and high-technology research investment, often with the support of large Western firms, as a way to diversify and make Singapore's economy more resilient.

In the 1980s the government became concerned that its citizens were losing their national and "Asian" identity. The area's small size assisted the ruling People's Action Party (PAP) government in retooling the local population toward social and economic development ends. Japan's success was identified as a model for how late development could be accomplished. This agenda brought about a selective globalization, which on the one hand promoted global engagement through the synchronization of local financial policies with international standards, but on the other hand was fiercely protective of overexposure to Western cultural influences and commodities.<sup>13</sup>

By the early 1990s the government acknowledged that it needed to embrace the world more fully and promote and represent Singapore as a cosmopolitan, global city. The Asian economic crisis of 1997–98 hastened the realization that Singapore needed a more vibrant sociocultural life; its citizens needed to be more creative and less conformist in order to meet the demands of the New Economy.

Singapore's export-dependent model proved vulnerable to the external shocks of 2008–09. City-state leaders have immediately restated ambitions to become the prime Asian center for commodities trading, insurance, logistics and distribution, and media. The government has branded the city-state the "Global City for the Arts," drawing attention to new museum additions, and has nearly completed the Renaissance City Plan, a long-term investment in distinctive cultural attributes to add vibrancy to a rigid business ethos. The Economic Development Board has also supported the relocation of nonprofit and third-sector (community) organizations in a bid to capture a new wave of political and ethical ideas around poverty and climate change. The arrival of the World Wildlife Fund, World Vision International, and the International Air Transport Association indicates new ambitions to broaden appeal and be relevant to future global issues.

Ultimately, despite murmurs of discontent among its resident population, Singapore remains inextricably wedded to the global impulse; it aims to become the "talent capital" of the global economy to solve the

challenges of an aging workforce, and to become a preferred choice for high-caliber business, intergovernmental, and sporting events. An excellent credit rating and high revenue-generating capacity enables it to guide its own infrastructure path through the next phase of pan-Pacific services leadership. As the Singapore economy inexorably moves higher up the value chain, the management of openness and inclusion as income and skills gaps grow will be a key political test of the city's global fluency. Domestic human capital attainment will need to rise to achieve economic inclusiveness and social cohesion befitting of a multicycle global city.

### **3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

Foreign professional and managerial talent contributes significantly to the aspiration for cosmopolitanism and regional competitiveness. The foreign population, including professionals, workers, students, and their family members, rose from 300,000 in 1990 to over 1.3 million in 2012.<sup>14</sup> The attraction of world-class European and North American university campuses – including INSEAD and the University of Chicago – is an important new mechanism to make the city-state's knowledge base sustainable.

Singapore has become one of the top three destinations for Asia-Pacific travelers over the past decade. It has opened up new facilities, especially casino and cruise tourism. Interestingly, Indonesia and Malaysia account for a third of all tourist arrivals in the city, with China, India, and Australia the next most significant markets. The United Kingdom, United States, and Germany are the largest tourist markets outside the Asia-Pacific.

Singapore's stock exchange has been a major driver of financial connections. Almost half of its listed companies are from overseas, and the exchange has been quick to announce its listing of yuan-denominated securities in an effort to become an offshore trading platform for yuan assets.<sup>15</sup> This goal co-exists with efforts to attract Indian, Vietnamese, and Indonesian companies, such as through a new international investment arbitration center.<sup>16</sup> Singapore is also a pivotal link between Asia and Latin America. Singapore's FDI in, and trade with, Latin America rose dramatically since 1995, especially with Panama, Brazil, and Mexico.<sup>17</sup>

### **4) To what extent is the city's international dimension inherited or intentional?**

Many of what are now seen as decisive inherited mechanisms for Singapore's internationalism began as unpromising handicaps in the 1960s. The city's location was far from the primary networks of economic exchange, and its resource and population profile did not provide an obvious route to growth. The city-state had a very severe poverty predicament and faced water-resource challenges. In this context, the primary agenda upon independence was to attract elementary low-level manufacturing jobs and endure a low-technology development cycle in order to foster the productivity and technological capability that might empower more regional and global positioning.

Nevertheless the pursuit of quality and diversification since the 1960s has been strongly enabled by colonial legacies. The historic relationship with Britain left Singapore with an English legal and administrative system, and also implanted valuable linguistic capabilities and infrastructure systems that were conducive to entry into the global economy.

Singapore is therefore an example of a city whose inherited attributes only became favorable at a particular juncture in global economic history. It could become a gateway city in a region that has experienced unprecedented growth since 1980. But the vision of the city-state's leaders is illustrated in the way it confronted a competitive Southeast Asian market that included nearby Kuala Lumpur. They grasped the limitations of relying on the area's port function alone, and elected to leapfrog the regional dimension and transition into higher-value production as a means to attract multinational firms.

The unstable colonial character of Singapore's economic relationships also generated an attitude of openness to change among the city's leadership and a recognition that outside influences and trends are important and

need to be grasped. The public-sector leadership culture from the outset grasped Singapore's global context and was incredibly active in devising long-term strategies. Leaders, then as now, are capable of mobilizing the whole government around the same strategic proposition, especially as it involves the hard infrastructure. The absence of fragmentation about departmental and tier accountability and responsibility eliminates the opportunity for confusion and facilitates punctuality in project delivery. The combination of management rigor and the ability to command resources has fed into Singapore's business brand, whereby stakeholders expect government and business officials to be very knowledgeable, professional, and internationally aware. "Safe-haven," "open," and "world-class" brand values have gained traction despite a much more passive private sector where a clientelist perspective has predominated.

There are numerous examples of this adaptive and outward-facing attitude in Singapore's leadership. In response to the economic crisis of 1998–99, for instance, the government still encouraged foreign knowledge workers to live and work in the city despite local job losses. In 2000, Prime Minister Goh Chok Tong called on Singaporeans to change their mindset toward global talent and to welcome and absorb it into the community as much as possible. The government then also appointed foreigners to head two key institutions, the Development Bank of Singapore and Neptune Orient Lines.<sup>18</sup> What is distinctive here is that talent attraction has not been a quick fix to offset the deficit of local skills but rather a long-term commitment to ensure economic vitality and responsiveness.

At the same time, the government also began the Thinking Schools, Learning Nation (TSLN) project as a vision of educational reform that would make the city's public schools fit for the global age. This agenda was accompanied by numerous instruments of policy, legislation, school curricula, and media campaigns. TSLN was one of the first projects in any city to provide a vision of an urban school system that could develop creative thinking skills, a desire for lifelong learning, and an innovation-oriented society. Singapore's initial first on educational efficiency, and since 1997 on educational ability and creativity, reflects its fast adjustment to global economic trends. Educational reforms 15 years ago have left a legacy in information-technology proficiency and the capacity to respond to more innovation-led economic development in the new business cycle.

The integrated metro governance system is ultimately the key to reacclimatizing to a changing global economy. As an island country, agile interdepartmental cooperation and comprehensive development plans can be created, with unified processes at all tiers and across sectors. In terms of economic positioning this is most obvious from the role that the Singapore Economic Development Board (EDB) has had in strategic direction. A semi-autonomous agency since 1961, the board had wide powers to approve loans to local and foreign firms and to market economic opportunities internationally. At the same time the Ministry of Education has oversight over all three phases of education, and the Urban Redevelopment Authority has integrated responsibility for planning and is clearly accountable to EDB directives. Because of the unified and hierarchic character of governance, stubborn problems of water and land supply have been largely solved through effective solutions that have since been exported elsewhere. This political capacity to mobilize strategic resources contrasts with other cities that have more complex, incoherent, and less-strategic government configurations.

In this regard the dominance of Singapore's ruling PAP government has created the political space to pursue a pro-immigration agenda and new, disruptive economic strategies without opposition.<sup>19</sup> The PAP's political success and legitimacy has been attributed to its routine delivery of electoral promises; its achievement of consistent economic growth and security; and its investment in public housing, education, health care, and welfare.<sup>20</sup> Its dominance has ensured the successful communication of the imperatives of economic survival and strategic adaptation to more suitable global values and practices.

As a result, immigration policies have, uniquely, been strictly supervised to stimulate labor-market adjustments. The city-state is able to activate large resources to meet aims of global reach with minimal opposition. The capacity to acquire popular consent for the internationalization of its population and elite ownership base, despite inflation in housing costs and intensifying competition for jobs, has been a

remarkable product of exceptional political circumstances. It also has allowed a focus purely on policy strengths and weaknesses rather than political battles up or down the governance hierarchy.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> GFCI 12; GPCI 12; Cities of Opportunity, 2012; GaWC, 2010; Siemens, 2011, Asian Green City Index.

<sup>10</sup> "World University Rankings," QS, 2012, available at <http://www.topuniversities.com/university-rankings/world-university-rankings/2011>.

<sup>11</sup> Cities of Opportunity, 2012, PriceWaterhouseCoopers.

<sup>12</sup> Cjw-L Wee, "The End of Disciplinary Modernisation? The Asian Economic Crisis and the Ongoing Reinvention of Singapore," *Third World Quarterly*, Vol. 22, No. 6, 2001, pp. 987–1002.

<sup>13</sup> Marystella Amaldas, "The Management of Globalization in Singapore: Twentieth Century Lessons for the Early Decades of the New Century," *Journal of Alternative Perspectives in the Social Sciences*, Vol. 1, No. 3, 2009, pp. 982–1002.

<sup>14</sup> "Population In Brief 2011," SingStat, 2012, available at <http://www.singstat.gov.sg/stats/themes/people/popinbrief2011.pdf>.

<sup>15</sup> Gao Changxin and Oswald Chen, "Singapore to Give HK a Run for its Money," *AsiaOne Business*, 2012, available at <http://business.asiaone.com/Business/News/Story/A1Story20120709-357978.html>.

<sup>16</sup> "Tourism Sector Performance for 2011," Singapore Tourism Board, 2012, available at <https://app.stb.gov.sg/Data/news/3/fae034d20a4c0184e93c2c5594a934c4/tourism%20performance%20roundup%202011%20-%20factsheet.pdf>; "Singapore a Centre for International Investment Arbitration?" *Channel News Asia*, 2012, available at <http://www.channelnewsasia.com/stories/singaporelocalnews/view/1206766/1/.html>.

<sup>17</sup> "Fostering Trade and Investment Between Asia and Latin America," *Latin Asia Business Forum*, 2007, available at [http://www.latinasiabiz.com/latinasia%20mag\\_2007.pdf](http://www.latinasiabiz.com/latinasia%20mag_2007.pdf).

<sup>18</sup> Marystella Amaldas, "The Management of Globalization in Singapore: Twentieth Century Lessons for the Early Decades of the New Century," *Journal of Alternative Perspectives in the Social Sciences*, Vol. 1, No. 3, 2009, pp. 982–1002.

<sup>19</sup> "Singapore and Immigration: A PR Problem," *The Economist*, 2009, available at <http://www.economist.com/node/14859345>.

<sup>20</sup> Marystella Amaldas, "The Management of Globalization in Singapore."

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