Rajaratnam’s global city vision for S’pore vindicated 40 years on

BY HENG YEE KUANG

N FEB 6, 1972, Singapore’s first foreign minister S. Rajaratnam delivered a visionary speech at the Singapore Press Club entitled “Singapore: Global City”, laying down the vulnerable city-state’s strategy for survival. Forty years on, the oratory by one of Singapore’s eminent thinkers deserves far more recognition by Singaporeans, given that Mr Rajaratnam’s arguments have since been vindicated on numerous counts. Indeed, several of my Singaporean students were unaware this speech existed but were, like me, deeply impressed after reading it. No wonder - the intricately woven arguments in Mr Rajaratnam’s speech continue to resonate today.

He began by rebutting the naysayers that minuscule Singapore had a “near-zero chance of survival”, with no natural hinterland or raw materials. Instead, Singapore conceived such dismal predications because it “was transforming into a new kind of city - the global city”. Indeed, Mr Rajaratnam employed the term “global city” decades before it was to become a popular buzzword and academic fad. By further emphasizing that “whether cities are good or bad, the trend towards urbanisation is irreversible”, his words were a remarkably accurate harbinger of global trends today. In 2006, the United Nations reported that more than half of humanity now lives in cities. By last year, China’s urban population exceeded 50 per cent of its total population for the first time in history. US scholar Parag Khanna goes so far as to predict that “the 21st century will not be dominated by America or China, Brazil or India, but by the city. The age of nations is over. The new urban age has begun.”

Mr Rajaratnam continued that “once you see Singapore as a global city, the problem of hinterland becomes unimportant. For a global city, the world is its hinterland”. This explains why in 2010, Singapore’s trade-to-gross domestic product (GDP) ratio was 297 per cent, one of the highest in the world. In 2005, the average equivalent ratio for the OECD countries was about 41 per cent. Further foreshadowing the contemporary emphasis on “connectivity” and being a “hub”, Mr Rajaratnam stressed that Singapore needed to be “plugged into” the international system: “The sea gives us ready access to other global cities. Singapore is linked in other ways, through cable and satellite communications, by air, through the international financial network. Our port makes the world our hinterland.”

On all counts, Mr Rajaratnam has been proven right. As a maritime hub, Singapore’s port has become an aviation hub, with over 5,700 weekly scheduled flights to more than 200 cities in 60 countries and territories worldwide. Singapore has also become a major node in the international financial network, being the fourth largest foreign exchange market in the world after London, New York and Tokyo. Assets under management rose to $1.2 trillion in 2009 – a fivefold jump from 2003.

On the flip side, Mr Rajaratnam also alluded presciently to several downsides. He argued that “there are admittedly grave political and economic dangers implicit in the entry of powerful foreign concerns into weak and underdeveloped countries. But Singapore must be prepared to undertake these risks simply because the alternative to not moving into the global economic system is certain death.”

Many of these dangers are even more apparent today. An open global city is exposed to all sorts of flows, both positive and negative. Recent financial crises have highlighted how volatile capital flows can flip in and out of financial markets, destabilising entire countries as a result. While attracting foreign talent is characteristic of a global city, immigration and income inequality have also emerged as hot-button political issues in Singapore.

Last month, Deputy Prime Minister Tharman Shanmugaratnam observed that “we can only survive and do well by staying open, but it brings inequality...it’s a fact of life as a global city”. Likewise, being an aviation hub brings businesses and tourists but also exposes Singapore to the importation of global risks such as infectious diseases like Sars and HIV.

Indeed, four decades after Mr Rajaratnam’s speech, the need to strike a fine balance between openness and local concerns is one of the most pressing public policy challenges for Singapore. As former foreign minister George Yeo has put it, Singapore needs a “kind of semi-permeable membrane to preserve our own bubble”. Last year, former deputy prime minister Wong Kan Seng pointed out low the need to balance policy trade-offs is particularly complex when global issues intersect with the local. He added: “As a global city, Singapore needs to remain open so as to grow... However, Singapore is also a city state and our home. While we bring in new immigrants, we must continue to retain what is distinct and unique about Singapore.”

Mr Rajaratnam’s monumental “global city” speech should thus be commemorated for not only correctly presaging the rising global significance of cities, but also its emphasis on Singapore’s connectivity and hub status and the policy challenges that subsequently arise.

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