

## REDEFINING HINTERLAND: THE SINGAPORE EXPERIENCE

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**ABSTRACT:** *Singapore is a small country centrally located in Southeast Asia with its city limits corresponding with its state and national boundaries. The island-Republic presents an interesting and unique situation of the absence of a traditionally defined hinterland. To understand Singapore's rapid development over the past 30 years, it is necessary to begin with a brief history of the city-state's colonial background. This paper explores modern-day hinterland building with Singapore as the case study and the island-nation's role in the regional and international economy.*

### INTRODUCTION

Singapore is a tiny island-city-state-nation set in the heart of Southeast Asia, significantly devoid of natural resources other than a nodal geographical location and its people. One of Asia's four rapidly developing "Little Dragons", along with Taiwan, Hong Kong and South Korea, Singapore is said to be a model modern society in today's world, a country that enjoys full employment and stability. It is also the only city in the world whose perimeter corresponds with its state and national boundaries. This presents a unique situation of the absence of a traditionally defined hinterland, that is, the land beyond or the region within the same political boundaries from which a central place draws its resources and over which it distributes goods and services.

Harvey (1973) argued that the appropriation and redistribution of surplus is one of the elements of urban systems; and the symbiotic relationship between the urban core and its periphery is characterized by an uneven surplus distribution in order for the city to accumulate wealth. The traditional core is the heart of political power where surplus from other regions are channeled to. If this notion of cities as surplus-extracting and concentrating machineries in relation to their hinterlands is central to the study of urban systems, how conforming is Singapore to

this theory given the fact that the political controls over the city and its periphery are exclusively distinct? For the island-Republic which is surrounded by the sea, the definition of a hinterland is a sphere of influence, transcending national boundaries, that extends to regions in its immediate vicinity, as well as to areas which are geographically distant from it. The question is then whether a city can sustain itself in the long-run without a hinterland that is administered by a regional or national government of which the city is a political entity.

### SINGAPORE'S COLONIAL PAST

In a recent study of 118 cities by the Geneva-based Corporate Resources Group on the standard of living, Singapore ranked ninth overall, placing it in first position among other Asian cities, with Tokyo coming in at twenty-eighth in the ranking (Straits Times, 19th Jan. 1995). In another 1995 World Bank report, Singapore took the ninth spot again of the world's richest countries after two other Asian countries, Japan and Hong Kong (Straits Times, 25th Feb. 1995). These statistics might come as a surprise to many who have not even heard of Singapore, but especially to those

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who still regard it as a Third World country.

Founded in 1819 as a British commercial base, Singapore came under British rule for the next 140 years. Owing to its natural deep harbor and strategic position in the maritime trade route, the island became the Southeast Asian base for commerce between China and Europe in the nineteenth century.

Western domination of Southeast Asia from the nineteenth through the mid-twentieth century caused profound social, economic and political modifications to the region. Most of the political demarcations that are seen today in Southeast Asia are those drawn up and agreed upon by European rulers in the historical battle for territory. The low level of contemporary regional integration even within the same nation is an outcome of such arbitrary parceling of the whole region into a jigsaw of rival imperialism. Although development in pre-colonial times was far from even, the impelling of the region into the world-economy by its colonial masters intensified the problem of uneven development at all levels (Dixon, 1991).

Singapore's vulnerability as a colonial staging - post without military support was

exemplified in the face of Japanese expansionism. In 1942, the city fell to the Japanese and for the next three and a half years the latter remained the new masters of the island. In that period of time, the Japanese conquerors renamed the city, Syonan, which means Light of the South, and made it the center of their co-prosperity sphere in Southeast Asia. Japanese used the island as their base for administrative and military command throughout the region and as the communication node for Japan's New Order (Regnier, 1991). This experience invoked a deep sense of vulnerability that still determines many government policies and the way political leaders of Singapore manage the country today.

When Singapore attained self-government in 1959, the island with 1.6 million people was epitomized by a severe housing shortage, poor sanitation, ethnic segregation, unrestrained population growth, unemployment and poverty. Singapore only became a sovereign, democratic and independent nation in 1965, after an unsuccessful attempt at a merger with the Malaysian Federation in 1963. Thirty years ago, it was inconceivable that Singapore would become what it is today.

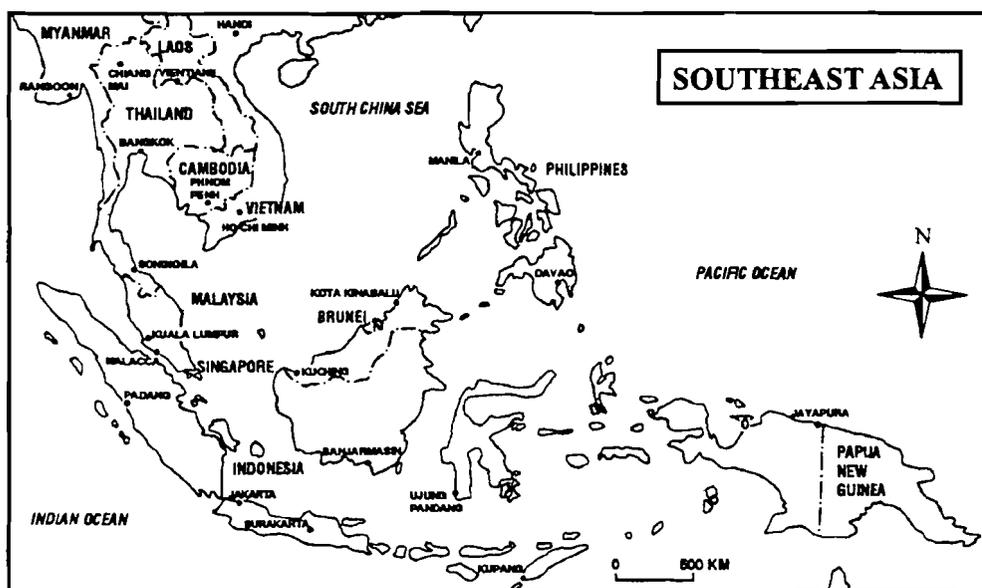


Figure 1: Southeast Asia

## **THE CITY-STATE AND ITS HINTERLAND**

When Singapore became independent in 1965, the prevailing view was that the new state would not be viable because of its small size and lack of resources. The island-Republic spanned 225 square miles at low tide. Singapore has since grown by 10 percent in land area from massive coastal reclamation. Still, the city presents the question of what constitutes its political hinterland.

### **The Association of Southeast Asian Nations**

The Association of Southeast Asian Nations (ASEAN), formed in 1967, originally comprising Indonesia, Malaysia, the Philippines, Thailand, Singapore, then Brunei in 1984, was to cultivate cooperative relations in this regional environment. Since July 1995, Vietnam has also joined ASEAN as a full member.

In a 1989 lecture given by the Prime Minister of Malaysia, Dr. Mahathir bin Mohamad talked about the need for countries of the South to present a united front because their individual markets were too small to influence the rich countries. He added that the regional grouping of the states of Southeast Asia was a political measure to facilitate problem solving between neighbors. At the same time, ASEAN has proved effective in the political field, in countering the pressures from the North (Mahathir, 1989). This association has helped define the city-state's hinterland.

Singapore's significant role at the commercial core of ASEAN manifests in two ways: the city-state carries a great deal of weight in the transactions that take place within ASEAN; it also serves as a channel for a large part of the flows between ASEAN and the rest of the world. Singapore's role in the ASEAN economy is that of a marketing center for regional producers (Regnier, 1991). Raw materials and energy resources already partly processed in their countries of origin are distributed via Singapore to other markets throughout the world; and a growing amount of durable goods and certain manufactured products from other parts of the world have found their way through this port to its neighboring countries.

In the last five years, a smaller economic-growth triangle has emerged, linking Singapore to the Malaysian state of Johor and to Indonesia's Riau Islands. Three key elements required to establish a sub-regional economic cooperation have been identified: first, a highly developed city that has run out of land and labor; second, a surrounding area plentiful in both of these elements; and last but not least, the political will to eliminate visible and invisible barriers dividing city from hinterland (*Far Eastern Economic Review*, 3rd Jan. 1991).

For three quarters of 1994 alone, Singapore invested US \$4 billion in regional economies (*Straits Times*, 20th Dec. 1994). However, Singapore's cooperation within the region is not simply the volume of its investment in the Southeast Asian countries. Apart from economic relations, Singapore and Malaysia signed an agreement on defense cooperation. There are also plans to organize an ASEAN peacekeeping team to operate under the auspices of the United Nations (*Straits Times*, 17th Jan. 1995).

### **Other Regional Cooperation Within Asia**

Other countries within Southeast Asia that have strong economic ties with Singapore are Cambodia and Myanmar. In Cambodia, Singaporean companies have four major projects worth over US \$100 million, establishing a firm foundation as Cambodia opens up to foreign investment. A total of US \$272 million in Myanmar makes Singapore the former's largest foreign investor (*Straits Times*, 20th Dec. 1994). These transactions are primarily in manufacturing and technology transfer.

The city-state and India signed an agreement in December 1994 to cooperate in technological development and scientific research between the two countries' government agencies, academic institutes of science and research, and scientific societies. In Karnataka, Singapore is developing the US \$165 million Bangalore Information Technology Park. Singapore's Prime Minister, Goh Chok Tong, also visited India twice over a span of twelve months to establish a partnership between Indian and Singaporean business communities for the future and to discuss economic reforms in India (*Straits Times*, 21st Dec.

1994).

Foreign relations, as well as economic links between Hong Kong and Singapore are also strong. The geography of Hong Kong-based transnational corporations (HKTNC) indicates that the ASEAN region is one of the most important destinations for transnational operations from the top Hong Kong companies. In particular, Singapore is the favored location hosting thirteen of forty-three HKTNCs in the ASEAN region as of 1993 (Yeung, 1994).

### **The United States, Japan and Europe**

More than two-thirds of the foreign investments in Singapore's manufacturing sector are from the United States, Europe and Japan. Many foreign companies developed a network of subsidiaries and joint ventures in the ASEAN countries, with Singapore as the regional headquarters. The latter also serves as the warehouse for sophisticated materials and services needed by the industrial plants in neighboring countries (Regnier, 1991). The small island-city of Singapore, with a population of 3.1 million, hosts one foreign company per 1000 inhabitants (Financial Times, 29th March 1993).

Mirza (1986) describes the city-state as the most internationalized economy in the world because of its dependence on foreign investments. However, there has been an effort to lessen that reliance by turning to local capital. The Department of Statistics found that dependence on foreign capital declined over the last few years. Foreign capital stock measured as a percentage of local capital stock fell from a high of 67.8 percent in 1988 to 52.9 percent in 1992, the most current year covered in the study (Straits Times, 30th March 1995).

### **People's Republic of China**

Currently, the limits of Singapore's hinterland are extending with the opening of China to more activities of international capital. China's role in the world economy has presented the island-city with more opportunities for growth. The largest project is in Suzhou, a land area almost three times the size of Singapore, where the Singapore government will design and develop an entire township for 600,000 people, billed as "a

mini-Singapore in China" (Roy, 1994). A second project of similar nature has been contracted for Wuxi (Straits Times, 20th Dec. 1994).

The draw of China to Singapore can be explained by the latter's ethnic Chinese composition. During the period of civil war in mainland China, Southeast Asia absorbed much of the Chinese work force. With the exception of Singapore, Chinese belong to minority groups in all other Southeast Asian nations. Recent studies on Chinese business networks revealed that the focal points of most Chinese overseas operations are personal trust and relationship based on common territorial origins and experience. Chinese entrepreneurship places strong emphasis on *guanxi* (meaning relations). In this aspect, Singapore provides the gateway between China and the rest of the world, or what some might even call, the "backdoor" to China.

One might wonder if Hong Kong and Taiwan, which are essentially Chinese societies and situated geographically closer to mainland China than Singapore, are in competition with the latter. Although Hong Kong and Taiwan are often referred to as "the other two Chinas," much of the trade relations between the so-called "Three Chinas" are handled through Singapore due to the political conflict which exists between them. The Taiwanese government banned direct trade and investment in mainland China, although it will allow Taiwanese companies to make indirect investments via Singapore subsidiaries in manufacturing of shoes and household appliances. The Taiwan Economic Affairs Minister also announced in 1991 that Taiwan is in favor of promoting Singapore over Hong Kong, as the conduit for Taiwanese investment in China (Far Eastern Economics Review, 9th May 1991). Besides acting as the business intermediary, Singapore has become the host for routine meetings between Taiwanese and Chinese officials to discuss political issues since 1993.

The interaction between each of these hinterland zones and Singapore is neither deterred by absolute nor relative distance, and the volume of trade is not determined by the population sizes of the two parties, contradicting the classic gravity model. Many other factors such as complementary needs, the state of technology, and goodwill are critical determinants in the volume of interaction, information exchange and trade between two places.

## CONCLUSION

Singapore's role as a middleman in the last two centuries has molded its function as a global distribution agent for manufactured goods, the regional bank channeling excess funds within Asia, and a center for services such as petroleum refining, research and design for new technology, and a hub for air traffic and containerized cargoes. For such a city, which has no political control over its hinterland, its prosperity has to be achieved through cooperation and its middleman role, not domination or conquest, characteristics of the surplus-extracting core in hinterland literature.

The success of Singapore makes it easy to forget the actual size of the island and its short history of independence. The city-state has the diplomatic advantage of smallness; not only can it make bold statements without causing the rest of the world to feel threatened, Singapore is also not held back by a national government that is too large and hence ineffective in coping with changing conditions. In addition, the absence of a poor, rural population also simplified the problems that Singapore had to face in terms of uneven development. One can compare city-states like Singapore and Hong Kong to small firms which rely heavily on subcontracting to other firms in an industrial organization, or contrast them with huge transnational corporations characterized by complex internal production and management structures.

Government policies since the country's independence thirty years ago have directly and indirectly encouraged foreign investment. The perception by investors of Singapore and the region's stability and profitability are reflected in the direction of investment flows. For Singapore, as in the case of a global city, its hinterland is more of an economic rather than a political one. It may not be too bold to say that for world cities such as New York, London, Tokyo and Singapore, the hinterland is the world.

A hinterland should no longer be perceived as the land beyond the city, as the backwoods or as a region which forms a concentric zone surrounding a core. A hinterland is a trading partner to a city with which the relationship should ideally be complementary. International trade has not only

brought about globalization of division of labor and mobilization of resources, but more importantly, the thawing of rigid national boundaries, transcending political ideologies of democracy, authoritarianism and communism. Singapore does not conform to the theory of cities as surplus-extracting and concentrating machineries in relation to their hinterlands due to the fact that the political controls over the city and its periphery are exclusively distinct. In contrast to the traditional core-hinterland relations, Singapore's international and regional partnership agreements and its economic functions are negotiated rather than imposed. The island-Republic strives for regional complementarity to ensure that its survival and well-being are in the interests of the other states.

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