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Globalizing Singapore

One Global City, Global Production Networks and the Developmental State

SINGAPORE – The fact that city-states are globalising is not new. What is surprising, however, is that much of the existing understanding of global cities has paid only lip service to the complex inter-relationships between global city formation and the developmental state. This lacuna in our understanding, particularly through popular discourses and media reports, can be largely explained by the dependency of these stories on two to three exemplary global cities – London, New York and, occasionally, Tokyo. This skewed representation of global cities is indeed misleading, if not outright wrong, in today’s inter-dependent global economy. I believe there is an urgent need to extend our existing understanding by incorporating other varieties of global city formation and by investigating, 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 chapter, therefore, is to explore the inter-relationships between global city formation and the developmental state in the context of Singapore’s global reach. ‘Global reach’ is defined as the diverse processes through which a city articulates itself into and benefits from participation in the global economy.

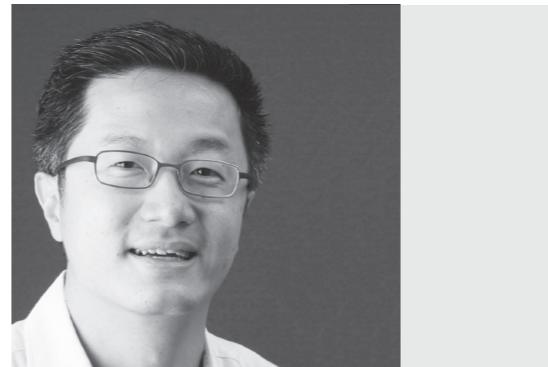
By examining the rise of global cities in relation to their dynamic articulation into the global economy, I consider the global connections and outward orientation of dynamic cities rather than just their internal characteristics. My approach to ‘globalising cities’ contrasts with the existing influential understanding of global city in both academic studies and public discourses which focuses primarily on the internal attributes of talents and creative cities, particularly those associated with the influential arguments put forward by public intellectuals such as Saskia Sassen, Richard Florida, and Charles Landry. I argue that we need to investigate how processes and mechanisms internal to global cities are coupled in strategic ways with the transnational network relations beyond these cities. In other words, we should be concerned with how a global city comes into being rather than merely accounting for its internal attributes. By unpacking this process of ‘coming into being’, we can have a better sense of what the future might look like for the global city.

To illustrate my approach in the context of Singapore as a global city-state, I examine the case for develop-

ing Singapore as an innovative knowledge cluster in the global economy. I show how Singapore has been strongly embedded in evolving regional divisions of labour spearheaded by lead firms in global production networks. Singapore’s articulation in these global production networks is contingent on its unique political-economic-urban configuration as a global city-state. By deploying its powers and capacities as a nation-state to transform society and space within the city, Singapore has successfully embedded itself within the evolving lattice of network relations that propel the global knowledge economy. Existing space and social formations are purged, restructured, and replaced by ‘world-class’ infrastructure, education, legal, financial, and healthcare systems. The city-state of Singapore has therefore harnessed the benefits from creative cluster development that offers significant economic synergies and economies of scale and scope to enhance high-tech and knowledge-intensive development potential through a peculiar combination of institutional support, foreign investment, and local knowledge development. Unlike their counterparts elsewhere in industrialised economies, innovative clusters in Singapore represent a deliberate and state-driven attempt to attract the location of high-tech or knowledge-intensive activities by transnational corporations and local enterprises. [...]

Beyond 2010: from global city-state to a global innovative knowledge cluster

How then do innovative clusters in Singapore emerge in the above context of global city formation? To locate sector-specific global production networks in these clusters, we need to bring in global lead firms and other relevant actors and show how selected industrial clusters grow hand-in-hand with the activity of these lead firms. This story shows the pathways taken by Singapore to achieve high-tech urban development. In particular, we need to pay special attention to the changing post-war economic development strategies in Singapore, thereby showcasing how state institutions matter in shaping the national system of technological innovation and in chartering a unique pathway to economic development. Unlike their counterparts elsewhere in industrialised economies, creative clusters in Singapore represent a deliberate and state-driven attempt to attract the location of high-



Henry Yeung

Biography. Prof. Henry Yeung obtained his PhD from the School of Geography, University of Manchester in England in 1995 and returned to start his career at the Department of Geography, National University of Singapore. He was Lecturer (1996-1998), Assistant Professor (1998-1999), and Associate Professor (2000-2005). He was appointed as Professor of Economic Geography in 2005.

He was a recipient of the National University of Singapore Outstanding University Researcher Award 1998 and Outstanding Researcher Award 2008 and Institute of British Geographers Economic Geography Research Group Best Published Paper Award in 1998. In the second half of 2006, he was appointed as Visiting Researcher at the International Center for the Study of East Asian Economies (ICSEAD), Kitakyushu, Japan, the University of Auckland Distinguished Visitor, and Visiting Professor, University of Hong Kong. He also holds adjunct professorship and research positions at Henan University, China, and the Institute of Geographical Sciences and Natural Resources Research, Chinese Academy of Sciences, China. Between 2007 and 2010, he was appointed Honorary Professorial Fellow, School of Environment and Development, University of Manchester, UK. In 2012-2013, he will take up a Writing Residency Fellowship at the Rockefeller Foundation’s Bellagio Study and Conference Center in Italy.

His research interests cover broadly theories and the geography of transnational corporations, Asian firms and their overseas operations and Chinese business networks in the Asia-Pacific region. He has conducted extensively research on Hong Kong firms in Southeast Asia, the regionalization of Singaporean companies, and the emergence of leading Asian firms in the global economy.

GDP and the City
Seminar and Panel Discussion
Value Lab Asia, Future Cities Laboratory
11 October 2012

SINGAPORE – In the extract from his paper ‘Globalizing Singapore’ reproduced in this issue of Gazette, economic geographer, Henry Yeung offers an important critique of the theory of the global city by focussing on specific histories and situated knowledge formations. The developmental state, and the history of Singapore’s rapid development, are specifying factors in his analysis. As Yeung puts it there is an urgent ‘need to extend our existing understanding [of the global city theory] by incorporating other varieties of

global city formation and by investigating, in historically and geographically specific ways, the processes through which these other global cities are formed, transformed, and extended beyond their immediate urban territoriality’.

Yeung develops this theme through a discussion of the emerging knowledge economy in Singapore, paying particular attention to creative clusters in that process.

This general thesis and the particular case material that he uses to develop it

are significant for the work of researchers at the Future Cities Laboratory. Yeung’s paper offers a theoretical framework for the wider themes of urbanisation and post-industrialising economies, and their particular consequences for Singapore.

STEPHEN CAIRNS

The paper was first published in *Singapore Perspectives: Home, Heart, Horizon*, ed. Tan Tarn How, 2010: 109-21. Singapore: Institute of Policy Studies.



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16	Globalisation, Singapore, Creative Industries, Knowledge Economy, Transnational Corporations, Local Enterprise, R&D Cluster
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tech activities by transnational corporations and local enterprises. Aiming to create specific places to ground globalising R&D activities, the Singapore government has encouraged cluster formation through various initiatives to generate agglomeration economies for R&D activities (e.g. superior physical infrastructures, generous financial incentives, and the proximity of universities and research institutes). These initiatives are predicated on a peculiar assumption about the spatiality of innovation and knowledge development inherent in the cluster model:

- R&D activities typically cluster in geographically favourable locations
- there should be spatial contiguity or proximity among those elements of the innovation process located in the clusters.

One would imagine that such agglomeration economies and cluster advantages might be better enhanced and reaped through deliberate government policies at the urban scale (a global city advantage), as evident in Singapore's relative success in industrialising the nation and the city.

Singapore's transition towards a knowledge-based economy points to the complex interaction between global production networks and creative clusters at the urban level. Through the cross-border activities of lead firms and their strategic partners, industrial clusters in Singapore are plugged into dynamic global production networks. More specifically, the experience of Singapore's hard disk drive, petrochemicals, and biomedical industries shows that creative clusters do not emerge as pure agglomeration in a natural and taken-for-granted sense. Instead, they are deliberate creations in the context of supportive government policies (free trade regimes and significant investment in education), institutional structures (pro-foreign business environment), and cost conditions (lower

labour and land costs). The key impetus to their formation and transformation comes from external actors such as lead firms and their strategic partners in global production networks.

To move beyond 2010, we need a revised model to foster the emergence of knowledge clusters within creative cities. Such a model must include both local and non-local links in each of these creative clusters. Those local links are related to such agglomeration economies as the existence of a local pool of cheap or specialised labour, the provision of non-traded inputs through talents, knowledge infrastructure, subsidies or grants, and access to local markets. However, these local links are insufficient in explaining the existing formation and future evolutionary growth of such creative clusters in global cities. We need also to understand their competitive position in global production networks which are mediated through non-local links, such as firm-specific organisation of value-chain activity. From such a global production network perspective, creative clusters in cities such as Singapore emerge to fulfill specific and yet complementary functions in particular global value chains. I have also previously used the concept 'strategic coupling' to explain such co-production of knowledge clusters. Such functional links are external to individual clusters and often ignored in the existing popular discourses on clusters and creative cities.

Singapore's experience in chartering its peculiar pathway to high-tech and knowledge-intensive industrialisation since the 1980s is unique among newly industrialized economies in Asia. Its entrepôt status and the state's pursuit of an export-oriented industrialisation strategy have inevitably articulated the city-state into the global economy. And yet the state in Singapore has been able to intervene in the market economy to develop a unique repertoire of innovative capacity in various sectors and clusters of

the national urban economy. By carefully managing the development of knowledge clusters as a spatial congregation of research and development activities, supplier networks as collaborators in high-tech production orchestrated by foreign transnational corporations (TNCs), and industrial clusters as a core pillar of Singapore's manufacturing industries, the developmental city-state continues to harness global forces to its own advantage. To a certain extent, Singapore's national innovation and knowledge system can be regarded as a highly coordinated and managed system that brings together contributions from the developmental state, foreign TNCs, and local enterprises. Such a unique tripartite combination of actors distinguishes Singapore's case from other innovation systems and creative cities in advanced industrialised economies where local enterprises and state institutions remain the main actors in economic development.

Implications for future public policies

One clear lesson from this chapter is that the replicability of global city models is in serious doubt and the call for many countries to attain global city status is unfounded. Global cities should not be viewed as an end-state phenomenon or some kind of achievement, but should be seen as an evolving process resulting in highly divergent urban formation and transformation. Striving for 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 their 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, global city-states such as Singapore should continue to pursue 'UrbaNational' developmental strategies

by reaching the wider global economy via material and knowledge linkages. The success of these strategies is not predicated on an essential 'global city strategy'. There is no cookbook 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 willpower, not their predetermined outcomes as a result of pursuing global city formation that will matter in the future of Singapore as a global innovative knowledge cluster. In other words, whilst global city formation may be deemed highly desirable by the development state of Singapore, whether we can sustain our relative position as a global city remains an event highly dependent on historically and geographically specific contexts.

This analysis of Singapore as a globalising city-state has important policy implications for its future development that extends well beyond its pivotal role in the global economy. I think continual and sustained strategic engagement with the global economy will pose significant challenges to the existing economic policies and practices in Singapore. The key issues to the future of Singapore's competitiveness as a global city-state are related to the kind of 'UrbaNational' innovation system and the role of the state. First, Singapore's national innovation system needs to be much less coordinated and managed from the above. As the global economy's focus moves increasingly further away from Anglo-American economies in the post-2008 financial world, a great deal of uncertainties and possibilities will emerge in the future global landscape of demand for knowledge and innovation. The developmental state is perhaps not in the best position to capitalise on this fluid yet challenging scenario, due to its inherent institutional rigidities and path dependency. Instead, a myriad of non-state actors, such as business firms, R&D institutions, industrial associations and so on, can play a much more effective

role in fashioning a national innovation network in which the global city knowledge cluster in Singapore is well embedded. This more decentralised approach is not easily acceptable to economic and urban planners in the Singapore state, as historical experience has locked them into a particular mindset that may indeed go against innovation and creativity. The challenge in future lies in how to harness the creative power and innovative synergy of non-state actors in fostering a sustainable future for Singapore as a global city-state.

This call for less state coordination does not mean the end of the state in Singapore's economic future. Instead, what has emerged from my analysis in this chapter is that the developmental state in Singapore has always been putting political credibility and policy consistency as the top priorities in its engagement with global capital and in managing economic forces associated with globalisation tendencies. This institutional capacity can be sustained through its labour and financial market governance. In both markets, the state has consistently managed flexibility and domestic interests to attract global capital. Its ability is predicated on the character and legitimacy of domestic institutions, not on the alleged external pressures created by globalisation pressures. While the state and its myriad of associated institutions cannot possibly guarantee the future success of Singapore's transition to a global innovative knowledge cluster, its accumulated capacity to effect changes and transformations can be crucial to the continuous remaking of Singapore's political economy into something that might just be more resilient and versatile in the face of growing global competition, especially in the context of the post-2008 state stimulus packages. In this way, the powerful combination of both the global city – as represented by a diverse mix of local and non-local flows and actors – and the city-state can unleash a new growth dynamic that might sustain our economic future in the next decades to come. HENRY YEUNG

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