

研究

The Transformation of Tokyo, Singapore and Hong Kong into Global Cities and International Migration

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1. Introduction

Asian cities are historically, cities with large populations. The United Nations, in *Estimates and Projections of Urban, Rural and City Populations 1950-2025* (1985) and in *The Prospects of World Urbanization* (1987), show that in 1950 already five of the world's biggest cities were in Asia (Shanghai, Beijing and Tianjin in The People's Republic of China, and Calcutta and Bombay in India), with populations ranging from 3 million to 10 million. In 1960, of the world's twenty-five biggest cities, six were in Asia (Shanghai, Beijing, Tianjin, Calcutta, Greater Bombay and Jakarta). In 1980 there were nine such cities, with populations ranging from 6 million to 12 million (Shanghai, Calcutta, Beijing, Greater Bombay, Seoul, Tianjin, Jakarta, Manila and Delhi). By the year 2000, about half of the world's twenty-five largest cities are expected to be in Asian countries (Calcutta, Greater Bombay, Shanghai, Seoul, Delhi, Jakarta, Karachi, Dhaka, Beijing, Manila, Bangkok and Tianjin). The populations are expected to range from 10 to 17 million. All of these cities are in developing Asian countries.

Tokyo, the capital of Japan, was moved from Kyoto after the Meiji Restoration (1868). Thereafter, Tokyo has been playing the role of the political and economic center of the nation. As a result, population has increased rapidly in Tokyo and its metropolitan area (Tokyo, Kanagawa, Saitama and Chiba). As long ago as 1785 Tokyo had a population of 1.4 million people, and was almost certainly the biggest city in the world in terms of population. It reached a population of over 2 million in the early 20th century. At present, Tokyo's population itself is about 11.8 million (1990). In the case of the Tokyo Metropolitan Area (Greater Tokyo Area), the population is approximately 31.8 million, occupying 25.7 percent of the national population (1990). Tokyo Metropolitan Area or Greater Tokyo stands as the most advanced example of the fast-growing cities of Asia which have a high rate of population growth in comparison to other cities of the advanced world and those of the developing world.

The flood of people pouring into Asian cities is not about to stop. If current projections are right, by 2020 a staggering 1.5 billion people will be added to the urban centers of Asia. As a result, Asia threatens to become a region of 'mega-cities'¹⁾-huge urban populations that will

have a major influence not just on Asia's economic, social and political prospects in the coming decade, but on the world's as a whole.

The transformation and the globalization of the world economy today has been adversely affected by the impact of liberalization and internationalization of capital. More interesting here, it also has sharply changed the image of Asian cities to a "new" city with different characteristics and roles. In term of economic performance, while some of these cities are moving from agriculture-based economies towards manufacturing-based economies, some have already approached and will continue to move towards service-based economies²⁾. In term of status, some of them have achieved a high level status of "global cities" emerging as world financial and banking centers. So far, only three cities in Asia, Tokyo, Singapore and Hong Kong have successfully achieved this high level status.

Tokyo, as a leader of global cities in the Asian Pacific Region, now ranks with London and New York as a major center of worldwide activity in business and finance. The recent rise of the "city-states" of Singapore and Hong Kong as financial and business centers also spurred both cities into newly-achieved global cities status from the region. Compared to Tokyo, the rise of Singapore and Hong Kong to global city status has been very recent and rapid³⁾. The roles of these cities are becoming more important in the world economy, offering worldwide economic activities and functions and also being centers for advanced business services and commercial transactions for the largest trading gateways not only for the Asian region but for the whole world. Their roles are similar in many ways, but in terms of value and size, Tokyo is much more significant.

The purpose of this paper is to explore the role of international capital and the dynamics of Tokyo, and the city-states of Singapore and Hong Kong, as global cities in the world economy. It will be interesting to compare the features of the these three global cities because they are basically in different situations⁴⁾. The role of international capital is a main focus in this paper. The paper consists of five parts. The first part will provide some basic definitions and requirements for global city status. The second part will then examine the role of transnational corporations (TNCs). The third part will examine how Tokyo, Singapore and Hong Kong have successfully achieved global status, explaining their historical factors and their new functions as global cities. The fourth part will discuss the appearance of international migration, especially the issue of foreign workers as a "power" and a "problem" to these cities. It is worth noting that free mobility in capital, trade, information and technology are not the only considerations in global cities; the mobility of labor (migration) is also very important. Even in Friedmann's *The World City Hypothesis*, world cities are described as points of destination for large numbers of both domestic and international migrants. The last part will conclude this paper with the strengths and weaknesses of these global cities and a rise of potential global cities.

2. Survey

2. 1 Definitional Problems : Transnational or Multinational, Global City (*chokokusai toshi*) or World City (*sekai toshi*) ?

Before embarking on a discussion of international capital and the impact of TNCs on the rise of a global city it will be useful to clarify a few points concerning definitions. But, it is important to bear in mind that still there are no universally accepted definition of transnational corporations itself. The United Nation Center on Transnational Corporations still has not been able to find a specific definition of TNCs. The UN Economic and Social Council, in broadest definition, only refers to '**all enterprises which control assets-factories, mines, sales offices and the like-in two or more countries**' (UNCTC 978,158). In order to avoid unnecessary confusion, the term 'multinational corporation', 'multinational enterprise', 'international firm' and so on will not be referred to in this paper. The term of 'transnational corporation' is chosen. This term is more relevant and used in United Nation publications and institutionalized with the creation of the UN Center on Transnational Corporations in 1974.

The second term that requires definition is 'global city'. There are many ways to clarify the status of city. In 1915 the pioneer thinker and writer on city and regional planning, Patrick Geddes, introduced the term 'world city', originally to explain the rise of a city to a high level function in the world economy. Peter Hall (1966) used the same term in explaining the eight cities of London, Paris, Randstad, Moscow, New York, Tokyo, Hong Kong, and Mexico City. Other authors who use the same term are John Friedmann (1986), Peter J. Rimmer (1986), and Kuniko Fujita (1991).

This term has not been used continuously. Other authors described these cities in different ways like 'world's metropolitan'. For example, David Kingsley (1959), wrote *The World's Metropolitan Areas* while Richard L. Forstall and Victor Jones wrote in Simon Miles, ed., *Metropolitan Problems* (1970). Some authors referred to this phenomena as an "international city" (*kokusai toshi*) because the role of the city is at the international level.

Nomura Research Institute (Nomura Sogo Kenkyujo, 1982) has used the word '*chokokusai toshi*' to explain the role and status of Tokyo. This word has been referred as 'global city' by Peter J. Rimmer (1986). The newest work in this field has been done by Saskia Sassen who also used the term 'global city'. According to Sassen, the expansion of the world economy through the mobility of capital has diversified the role of the city into a real global one. Her works, *The Mobility of Labor and Capital* (1988) and *Global City: New York, London and Tokyo* (1990), are examples. The Japanese translation by Kiriro Morita (1992), mainly preferred *sekai toshi* instead of *chokokusai toshi* to explain 'global city'.

In many cases, these terms explain the same thing in the same way and have the same meaning. Today, in many cases in Japan, 'world cities' and 'global cities' are both called *sekai toshi*. To avoid undue repetition this paper will refer mainly to the term 'global city' but the term 'world city' also will be used from time to time.

2. 2 What are Global / World Cities ?

Peter Hall in *The World City* (1966) has distinguished the characteristics of these cities from other great centers of population. Basically, global cities are usually major centers of political power and trade. They are the seats of the most powerful national governments and sometimes of international authorities too ; of government agencies of all kinds. Around these gather a host of institutions whose main business is with government ; the big professional organizations, the trade unions, the employers' federations, and the headquarters of major industrial concerns.

Global cities have up to date facilities, like ports, which distribute imported goods to all parts of their countries, and in return receive goods for export. Beside being the sites of major international airports, global cities also offer important networks of roads and railways.

Traditionally, they are the leading banking and financial centers, not only of the countries in which they stand but also of the region. Here are housed the central banks, the headquarters of the trading banks, the offices of the big insurance organizations and a whole series of specialized financial and insurance agencies.

Global cities are also the centers of education, commonly containing leading universities, as well as a host of specialized institutions for teaching and research in the sciences, the technologies and the arts. The great national libraries and museums are here. Inevitably, the global cities became the information center for books, journals, newspaper publishers and the headquarters of the great national radio and television networks.

As the world economy is expanding, the role of the global city is changing too. It is not just a contact point of various cultures and worlds but has been a base for long-distance trade. During the last few decades, the transnationalization of capital and the role of transnational corporations (TNCs) has led cities to the consolidation of a new kind of economic center, the global city, from which the world economy is managed and serviced.

Some recent discussions of these trends have linked the growth of global cities to the importance of the new information technology, and thus to high-tech and as information centers (Castels, 1988). Other have refocused on the traditional role of the global city as a finance center (Thrift, 1987). Some authors argued that a different production system in a different political economy and its globalization resulted in different effects in the formation of global city. The growth of Tokyo, for example, has more to do with the flexible production system (Fujita, 1991).

2. 3 General Requirements for an Asian Global City

Asian cities with a large population characteristic are not all diversified enough to be global cities. Since global cities are multifaceted centers of world trade, finance, and industry, the qualifications to be a global city today lies in the realm of economics and requires modern communication. In order to obtain and reach global status, a city would have to play an essential role in the global economic network including personal services, goods and community transactions, information flow and financial services. Besides, diversification in terms of products and services traded and also in terms of trading partners and foreign investors is also very impor-

tant. Diversification will give the city a cosmopolitan quality. Population size, by itself, is not so important. Calcutta, Bombay, and Shanghai are very large, but less important in global terms than some smaller cities. Beijing is the political capital for about a billion people, but its global economic transactions are limited, although they are growing.

Many people see industrialization as a key to greater national and global power, but even the concentration of industry in a single city does not necessarily provide a sufficient basis for a city to achieve global status. In the case of South Korea, for example, the petrochemical, textile, electrical, and shipbuilding industries have concentrated in or near Seoul (metropolitan population 13.7 million in 1982), but Seoul is not yet a global city because it does not play a major role in international activities. A city cannot achieve global status solely on the basis of industry or size but must also provide essential services to foreign markets.

Worldwide communication and trade are the main paths toward global status. Cities with a sophisticated telecommunication network are more likely to have a chance to grow as global cities, because business activities can move as fast as people desire. Tokyo, Singapore and Hong Kong which have highly advanced telecommunication networks, including mobile communication, have moved forward and achieved global status. Hong Kong emerged as a global city also because of its role as a regional relay and information hub. For example, it provides services as the Southeast Asian base for publishing, new services, electronic media, and the distribution of films and television programs.

Many Asian countries tried to develop through import substitution but experience has shown that this does not work very well. Most have found that their development strategies must be export-oriented. Singapore, itself, developed its export-oriented economy soon after gaining independence and has now successfully achieved global status. It means here that a city can start toward global status by exporting a large percentage of the goods it produces, but to achieve global status it also has to be able to export its expertise (know-how), which requires building communication networks. Tokyo, Singapore and Hong Kong have traded not only their goods, but also large amounts of their capital and expertise to almost all regions.

Because trade among Communist bloc and free-market economies constitute two quasi-separate systems and because trade is significantly greater among free-market economies, Asian cities that are part of the free-market system have more potential to become global cities than those in the Communist bloc. Cities with ties to both blocs, such as Hong Kong and Singapore, are in a very favorable position because of their role as an entrepot between the two blocs. Both these island-ports have the flexibility, incentive, and good location required to serve as major trade and transport crossroads for the world.

Few Asian cities benefit from having a strategic location that provides a basis for developing the necessary skills, resources, and communication infrastructure that global cities require. Singapore and Hong Kong are very important since they are located on the strategic East-West trade route. Cities in economically backward or neocolonial countries are also at a disadvantage because national policies often intentionally preclude their playing a global role.

Political independence is not, by itself, the key to a country becoming an industrializing economy or to a city's achievement of global status. Bangkok is free from colonialization but has

not become a global city. Former colonies usually become a part of the global economy indirectly through colonial channels. Hong Kong, although still a crown colony, and Singapore, which was also a British colony, still receive advantages from these historical ties. In the future, such beneficial relationships may help propel Singapore and Hong Kong to join the top rank in the hierarchy of global cities.

2. 4 Sassen's Model of a Global City

Sassen (1990) demonstrates that the transformation of the world economy and its expansion have increased the process of internationalization of trade, increased direct foreign investment (DFI) and the global expansion of multi service financial firms. Advanced technology and telecommunications facilitate a decentralization of economic functions around the world. In particular, manufacturing and routine jobs have been shifted from central locations to low-wage areas, both domestically and internationally. The technological transformation of the work process and the ascendancy of the financial sector in management have transformed major urban centers to a new kind of economic center-global cities from which the world economy is managed and serviced. Sassen has cited Tokyo, New York, and London as leading examples.

The decentralization of the manufacturing sector, together with the internationalization of capital, generally have contributed to a sharp rise in domestic and international demand for advanced services. Many factories left major urban centers. But services, particularly management and control operations, largely remained and expanded. Furthermore, the transnationalization of capital has induced a sharp expansion in the financial system. Just as financial services expanded with the rapid creation of globally traded financial instruments, so the sites for producing these services were progressively narrowed to Tokyo, New York and London.⁵⁾ Tokyo, itself, by far out paced its nearest competitors, Osaka and Nagoya,⁶⁾ and is mostly active in global services, from financial trading to advertising, accounting,⁷⁾ and law. Tokyo has also increased its attraction as a location for corporate headquarters and the site of advanced high-tech manufacturing. Furthermore, Tokyo, together with New York and London, are not only the linchpins of the global productive system, but are also the kingpins of a global urban hierarchy.⁸⁾

The increasing importance of global transactions and global service firms suggest the creation of a new, homogenous, transnational economic space. Sassen found the services had created a large work force of temporary, part-time, and day workers.⁹⁾ Aggregate data show increases in high-income and low-income jobs, in the growth of the service industry, and Tokyo appears to have had more vertiginous increases in high-wage jobs in the 1980s.¹⁰⁾ Sassen's important discovery about Tokyo is the growing numbers of illegal immigrants, and the fact that some of them are university educated.¹¹⁾

3. International Capital and Transnational Corporations¹²⁾

Transnationals spread like mushrooms after World War II as a response to the transforma-

tion of the world economy. Its role has been so effective because transnationals are international, mobile and relatively unregulated. In recent years, there has been a proliferation of studies on the impact of TNCs on various aspects of development in home and host countries. One aspect that remains relatively neglected is the contribution of TNCs to the creation of global cities.

3. 1 The stages development of TNCs.

The early involvement of TNCs activities was in resource-rich developing countries to participate in trade of primary commodities. First, it is mostly as key agents to the exploration and processing of raw materials like many minerals and some agricultural products, or agents in the exploitation of natural resources. For instance, British TNCs in U. K. colonies in early twentieth century. TNCs also have played an important role in labor-intensive countries, which have undertaken an export-oriented economy mainly in export processing zones (EPZs) that have been established in many developing countries, by fostering unskilled labor-intensive manufactured exports, especially in textiles and electronics.

The second was the participation in import-substituting countries to take advantage of the domestic market through an establishment of foreign affiliates, for example, United States TNCs in Less Developed Countries (LDCs) after World War II. Their activities in these countries significantly have forced domestic firms to adopt more efficient production methods, at least similar to those used by the affiliates of TNCs. On the other hand, they have lead to displacement of domestic enterprises that are not able to resist the competitive pressures of their foreign rivals. TNCs operating in these countries began to export a few years later in response to export demand, followed by domestic firms, especially subcontractors of TNCs. This resulted from their learning to produce skill-intensive goods competitively.

The more recent is the role in the export-oriented country especially in the production of goods in manufacturing and services that required skilled labor, professional management and high capital investment for export-oriented production. But in many cases, as a matter of fact, service industry also has a high demand for unskilled labor. Since the late 1960s, export manufacturing has evolved considerably in a number of developing countries, particularly in Asian newly-industrializing economies (ANIEs) like Hong Kong and Singapore, and newest NIEs like Malaysia, Indonesia and Thailand undertaken by American and Japanese TNCs. They are expected to use the latest technologies as export-oriented production has to meet international quality, delivery and price competition, but in reality, low-end or unsophisticated technology mostly has been transferred to these countries, because of the problems of the way of thinking and decision-making between home and host countries, and local capabilities in adapting process and product technology.

3. 2 TNCs and Global City

TNCs are major transmission mechanisms for the introduction of new capital from capital-rich country to developing countries. Capital now moves across borders at a high pace because TNCs are very international and mobile. They have long been a prominent feature of the mod-

ern sector of developing countries. In the colonial era, much of the investment was directed towards plantation agriculture and minerals. And today, they are involved not only in trade or banking but in manufacturing and service sectors. The strong presence of TNCs in manufacturing can be seen in Singapore, Hong Kong and other East Asian countries. Singapore stands with high TNC penetration where these firms generating almost 90 per cent of manufactured exports and 63 per cent of production. Hong Kong as a British colony, with the most open and unregulated international capital market in the world, has received large investment from Britain. Both Singapore and Hong Kong also are now very important and active investors in the region.

Transnationalization of capital, mainly through TNCs, later contributed to the decentralization of the manufacturing sector internationally and domestically. When many factories shift their production from major urban centers to abroad or to other local areas, the services especially management and control operations remained there and expanded, and successfully achieved advanced services. On the other hand, the transnationalization of capital has induced a sharp expansion in the financial sector. These two elements have all contributed to the consolidation of the global cities. Tokyo, with the rise of the yen, has witnessed the out flow of capital, and later the downgrading and decentralization of the manufacturing sector and became more specialized in service industries. Singapore and Hong Kong, especially constrain by land and labor, experienced the same situation by shifting out their capital abroad and both cities becoming more specialized in service industry. Tokyo, Singapore and Hong Kong, all have a sharp rise in their role in the world economy offering their highly specialized services, the corporate headquarters complex, international banking and high technology industries.

4. The Making of Asian Global Cities

According to the world city hierarchy, as summarized by Friedmann (1986), some cities in Asian countries have joined the world city hierarchy, along with cities in Europe and America. Tokyo is in the first rank, followed by Singapore and Hong Kong. These three cities, has fulfilled the global cities criteria, particularly with reference to their role as a world-wide financials and distribution centres. Other cities, like Taipei, Manila, Bangkok and Seoul, which Friedmann included as world cities, are not going to be discussed here because their role today are not multifaceted enough for them to be called global cities (see section 2.3).

The key process to be explored here is the internationalization of capital. The global restructuring of the economy means transnational flow of capital is becoming more and more dominant at the world level. Direct investment by industrial corporations and the establishment of production operations abroad has encouraged cities to respond and change. The cities are rapidly restructuring their global control functions while responding to current transformation in the world economy. This phenomenon is seen not only in cities in developed nations but also in other cities in developing nations. It means here that the transformation of the global economy is not only affecting the growth of the world economy but also the expansion of the

city to that of high status global city.

4. 1 Tokyo Metropolitan Area (Greater Tokyo)

Tokyo is an ever-growing city and has emerged as the greatest city of the world's greatest economic power. The concentration of economic activities in Tokyo continues and shows no sign of stopping. Decision-making activities and the headquarters of large corporations are in Tokyo. Tokyo has become a powerful magnet for high level business and government services. Even though it is now approaching the threshold of a population of 31.8 million (1990) the majority believe in a bright future. Tokyo will be richer and more globalized than any city in history. The city seems to continue enjoying its size, its great economic power, and its vast variety of urban functions.

The rapid economic growth in Japan has changed the structure of Tokyo. It has become the world's largest industrialized city. Centralization to Tokyo progressed on a much larger scale than ever. The degree of centralization can be seen in the share of Tokyo or the Tokyo Metropolitan Area to the national statistic. Data from the Tokyo Metropolitan Government (1988) shows that with only 3.6 per cent of the land area of Japan, Tokyo Metropolitan Area is home for 25.0 per cent inhabitant population, 44.0 per cent of the number of college students, 62.2 per cent of corporate headquarters with over one billion yen capital, and 50.0 per cent of employed persons in corporate service industries. Besides, Tokyo handled more than 25 per cent of industrial shipment and holding 41 per cent of wholesale sales and retail trade. The 23 wards of Tokyo itself contain more than 600,000 enterprises and this number has been increasing. More impressive, according to tax returns in 1991, as many as 65 per cent of the Japanese top 500 companies are located in Tokyo.

The active expansion of Japanese capital abroad has caused a growing influx of foreign companies into Tokyo. DFI in Tokyo also grew sharply in the years after the yen shock, by American and European transnationals and also mini-transnational corporations from newly-industrializing countries, particularly rose in services and finance. Tokyo at once became a global command center for corporate headquarters, foreign banks, the center of gravity for high technology industries and the finance center for the foreign financial institutions. According to Tokyo Metropolitan Government more than 64 per cent of foreign banks are located in Tokyo (1988). Tokyo also has an increasing number of international conventions, increased use of international communications and telecommunications, and growing numbers of resident foreigners. Statistics from the Japan Immigration Association shows that the number of registered foreigners in 1991 was 1,075,000, an increase of 24 per cent over the number in 1987. This number hit 1,281,644 at the end of 1992, and most of them are expected to live in Tokyo. By the year 2010, it is estimated that 1.5 million foreigners will live in Tokyo.¹³⁾

The success of Tokyo can be seen from two aspects. First was the urbanization process which started as early as the Tokugawa shogunate (1603-1868). Tokyo, then called Edo, underwent urban development under very strict, centralized feudalism. International trade and the internal movement of people was limited by feudal barriers. During the Meiji period (1868-1912), the urbanization pattern changed when reformers eradicated institutional barriers

to population mobility and to international trade. The elimination of feudal restrictions on internal migration initially spurred urbanization and stimulated the growth of cities. By the 1880s, industrialization also began to fuel the growth of cities, particularly Tokyo.

Second, Tokyo has entered into its second transformation of the twentieth century. The first, largely completed by the early 1970s, was a mass rural-urban migration driven by urban industrial growth, which brought millions of peasants to the Tokyo metropolitan area.¹⁴⁾ This was the era of transformation in the agrarian Japanese economy. By 1970, agricultural employment had declined from 50 per cent to 19 per cent of total employment. The second transformation was the dramatic increase in the value of the yen against the dollar (*endaka*), which started in September 1985,¹⁵⁾ following the Plaza Accord, named after the Plaza Hotel in New York, and is one of the main factors which led Tokyo to becoming a world financial center.

Notorious trade surplus has accelerated trade conflicts with other nations and prompted the Japanese government through the Ministry of International Trade and Industry (MITI), officially, to encourage imports and Japanese companies to reduce exports, as part of the restructuring of Japanese economy. Following the Maekawa report in the Spring of 1986, the commission led by Maekawa, the former governor of the Bank of Japan which suggested that Japan should stop being an export-driven economy and direct its economic focus to the long-neglected domestic market.

Japanese transnationals started transferred part of their production, especially industrial processes using lower-end technology into the Asian neighbourhood mainly to take advantage of cheap production costs (such as labor costs, materials, land prices), tax breaks and the advantage of Generalized System of Preference (GSP) status which granted to developing countries.¹⁶⁾ The movement of capital abroad, which the Japanese call the "hollowing out" (*Kuudoka*) of their national economy, has become an important and significant factor in the growth of Tokyo as a global city.

The impact of strong yen and weak dollar on the internationalization of capital has been profound. Japanese enterprises have been promoted to the multinational development. Their activities have expanded to various areas including Asia NIES, ASEAN, North America, European countries and China. Japanese DFI steadily climbed in the early 1980s until in 1985 it was more than twice the level of 1980. During the years 1986 and 1987 it increased almost threefold to reached a record US \$33 billion. Mike Douglas (1988) called it a *tsunami* or tidal wave of *endaka* because of this sudden rise. Japanese capital poured into Asia in ever increasing quantities : US \$1,600 million in 1986 ; US \$3,600 million in 1987 and over US \$5,000 million in 1987. By 1990, it reached US \$8,000 million, making Japan the biggest foreign investor in Southeast Asia, a position traditionally held by the United States or Europe. The post 1985 pattern of DFI marks a leap into a new era not only for the Japanese economy but also for Tokyo City.

Tokyo is changing its structure on a global scale. As part of this change, the globalization of Tokyo has been progressing rapidly with international and global significance. Its growth has been supported by information and telecommunication industries. Tokyo experienced the concentration of service sector activities, such as personal services, publishing, education and

broadcasting. It has transformed Tokyo into a highly advanced information-oriented city based on services and high technology. For example, information services, research, and advertising occupy as much as 58.6 per cent of the total income of the service industries in Tokyo, which had a scale of 178,188 business offices and 1,780,000 employees as of 1990. In short, the *endaka* in 1985 sharply accelerated the transnationalization of Japanese trade, production, and investment and firmly established Tokyo as a major world financial and information center on par with New York and London. Tokyo is now playing the role of an international commanding center and now is one of the three largest world financial centers.

A structural change in Tokyo toward services, finance, and insurance was already well under way in the late 1970s. However, only after 1982, when Japan became an important exporter of capital, did international finance capital become a prominent feature of Tokyo's economy. And again with *endaka*, economic restructuring in Japan turned into a fixation on transforming Tokyo into a world financial and transnational corporate command center.

Tokyo's economy increasingly dominates the world economy. The inflow-outflow of capital, people, and international institutions like global banks and brokerage houses will continue to be mobile at the world level. While many worldwide firms have located in and have headquarters in Tokyo, many Japanese financial institutions have become increasingly visible in the world market including London, New York, Los Angeles and Chicago. Such developments have helped Tokyo to concentrate its role in corporate administration deals with international business.

According to Masai Yasuo (1989), the government has played a significant part in making Tokyo a successful global city. The present governor of Tokyo, Suzuki Shunichi, is conservative and pro-growth. In 1982 he announced the "My Town Tokyo" policy to encourage growth which had been changed under the previous government.¹⁷⁾ In order to compete with the capitals of other advanced nations, both central and local governments of Tokyo have always been eager to support all kinds of economic and cultural activities. Tokyo is going to host an international exposition planned next year. The World City Expo Tokyo '96 is scheduled to start in March 1996, mainly in the Tokyo Bay waterfront development project area to celebrate the debut of the main part of the man-made area.

4. 2 Singapore and Hong Kong

Both Singapore and Hong Kong have historically developed as entrepots and share a fundamental similarity in this sense. It is an undeniable fact that Hong Kong and Singapore prospered as entrepots long before their era of export-oriented manufacturing. It also is an undeniable fact that the evolution of these city-states as entrepots is really the product of British colonial rule. The British brought these economies the practices of modern capitalism.

Besides prospering because of their favorable historical experiences, the turning point in their economic development really came when policy makers in Singapore and Hong Kong made a deliberate transition to export-oriented manufacturing. Transformation of the world economy has led Singapore and Hong Kong to expand their roles not only at the regional but at the international and global level. The structure of the Singapore and Hong Kong econo-

mies has changed dramatically with particular emphasis on financial and business services. Both cities are now undergoing rapid structural change, moving from a predominantly manufacturing to a services-oriented economy. The service sector now accounts for about two thirds of both economies.

4. 2. 1 Singapore

Singapore's achievement of global city status has been very rapid. It benefits from international links stemming from its former membership in the British empire as well as its ties to the far-flung network of overseas Chinese. Built on an important location on the Straits of Malacca, Singapore has strategically positioned itself as a world center. Today, many of the world's leading international financial institutions are in Singapore. There are 132 commercial banks, 76 merchant banks, 50 banking representatives and 142 insurance companies (1993). The majority have addresses at or near Raffles Place, the center of Singapore's financial success.

Why was Singapore able to achieve a financial center and global city status so quickly? Singapore only recently gained political independence and it is not exactly a free-market economy. Nor is it a democracy; it is a one-party, highly militarized state. A number of factors contribute to Singapore's competitive edge over other cities. Not least its people. Up to 11 per cent of the work force provides 25 per cent of its total wealth. The population of about 2.65 million is made up of Chinese, Malays, Indians and other races, are almost 100 per cent urbanized, providing well-educated and skilled work force to Singapore.

Another vital ingredient of Singapore's success is its level of infrastructure. The infrastructure is well-developed, efficient and cost-effective. There are good telecommunications and transportation networks, and quality legal, accounting and other support services. The judicial system is based on the British model, providing investors with a well structured legal environment, therefore enabling more efficient business transactions. A growing number of transnational corporations have been attracted by the excellent financial infrastructure and financial management operation in Singapore.

Singapore's development as an international financial center started 27 years ago with the establishment of the Asian Dollar Market in 1968. The Asian Dollar Market grew rapidly from US \$30 billion to US\$386 billion in 1993. It has reached a record level of US\$417 billion at the end of June 1994, while the number of financial institutions participating in the market has grown to over 200.¹⁸⁾

Singapore has firmly established its position as the fourth-largest foreign exchange market after London, New York and Tokyo. The market is truly international. In the Asian time zone, Singapore is the largest center for trading of the major international currencies, other than the Japanese Yen which is traded more actively in Tokyo.

Industrialization was a key element in the strategy. The government encouraged direct foreign investment as a way of upgrading. The government, too, made substantial industrial investment. For example, in 1983, the Singapore government either wholly or partially owned 450 companies involving \$2.4 billion in paid-up capital and \$18.2 billion in fixed assets. They em-

ployed 5 per cent of the total labor force and made up 21.4 per cent of sales in the manufacturing sector.

Trade was emphasized. By 1982, Singapore's world trade totalled \$105 billion, but imports were only about \$60 billion. Its port played an important part in international trade. By 1979, Singapore had overtaken Yokohama as the second busiest port in the world after Rotterdam and handled a large amount of shipping tonnage in the world. Because of the ships, Singapore had become the third largest oil refining center in the world after Houston and Rotterdam, surpassing Japan's Kobe.

Major improvements were also made in the transportation infrastructure. The island was linked by road and rail to Malaysia, Thailand, and the countries of the Asian Highway. Changi International Airport in Singapore is one of the best airports in the world in terms of facilities offered. As of 1988, 45 airlines provided air links to 90 cities. Singapore Airlines itself is the most successful airline in the world. In 1992, the net profit for Singapore Airlines was US\$518.5 million, the largest of the "World's Top 10"¹⁹⁾.

In telecommunication system, a British Commonwealth telephone cable service system provides high-quality circuits to Hong Kong, Australia and Guam. A new satellite communication system and fiber-optic cable network was built in the mid-1980s. Singapore is also launching a new cable venture which is expected to transform the republic into an international multimedia hub.²⁰⁾ Singapore is keeping pace with its Asian neighbours by having its own satellite in orbit by 1999.

The most important considerations for Singapore's status as a global city came when Singapore expanded its role as a regional service, financial, and distribution center. This expansion broadened Singapore's economic activities. Until 1989, Singapore's economic growth was led by manufacturing but since then the economy has been primed by the financial and business service sector. The financial and business service sector grew by 16.4 per cent in 1990, maintaining the lead it established when it grew by 14.6 per cent in 1989. This sector showed a strong rebound from slow growth in 1992, largely owing to heightened stock market activity and domestic and offshore lending. The services sector, which contributes about two thirds of GDP, expanded by 10.3 per cent, the highest rate since 1990, and it expected to grow by 5.3 per cent in 1995.

Singapore also aspires to be the "Switzerland of the East" and achieve per capita income levels of \$17,000 by the year 2000. This implies an average growth rate of only 5 to 6 per cent per annum which, judging from past history, would appear easily achievable. For this purpose Singapore has been offering itself as the "total business center" in the region by providing incentives for multinationals to make Singapore their operational headquarters and to establish international purchasing offices there. Singapore is also attempting to move up the value-added and technology-intensive chain and as its most important move is now embarking on a co-operative "Growth Triangle" which links it to the Malaysian state of Johor and the Indonesian island of Batam.

4. 2. 2 Hong Kong

Hong Kong consists partly of territory on the Southern Chinese mainland which lies west of the southern tip of Taiwan and northwest of the island of Hainnan. It is comprised of Hong Kong Island, Kowloon Peninsula, several other islets, and the New Territories on the mainland. The total area of the colony is 1000 square kilometers of which 755 kilometers is coastline and 31 kilometers borders land. The land was ceded to Britain in 1842, as a result of the Treaty of Nanking, and will remain a British crown colony until 1997.

The global city of over five million inhabitants, Hong Kong now is Asia's business and trading hub. Its advanced trade infrastructure has already attracted 900 companies, 11 states and 12 port authorities from the U. S. to establish office in Hong Kong. It also has proven to be its ideal gateway to the dynamic economies of the Asia-Pacific region.

Hong Kong, like Singapore, benefited from its ties to the British Commonwealth as well as its economic linkage to Communist China. Access to cheap land and labor in China has led to large flows of Hong Kong's capital, particularly manufacturing investment to China. Hong Kong-China economic integration is perhaps most evident in the re-export trade. China is the largest market for, as well as the largest supplier of, Hong Kong's re-export. For example, about 88 per cent of the goods re-exported through Hong Kong in 1993 were destined for, or originated, in China. Most come from Hong Kong-owned export processing facilities in southern China. Since China adopted an "open door" policy in 1978, Hong Kong's primary role switched from that of a light manufacturer to that of a broker of China trade. It is now China's gateway to the world, intermediating its trade with many countries-including Taiwan, with which China has no official links. In short, Hong Kong functions not only as an important service center for China but also has been serving as an entrepot between China and the free-market economies.

The expansion of world markets for manufactured commodities in the 1950s saw the beginnings of industrial diversification in Hong Kong. From cheap plastic products, it became involved in the assembly of semiconductors and radios in the 1960s, and further diversified into consumer electronics, including TVs, videos, calculators and personal computers in the 1970s and 1980s. Hong Kong, then, became the second Asian society after Japan to industrialize, and as early as the beginning of the 1960s had become the developing world's largest supplier of manufactured commodities. Even today the colony's manufacturing sector remains one of the principal sources of economy. In 1993, manufacturing sector generating about 15 per cent of Hong Kong's economic structure and providing jobs for over a third of its labor force, or about 850,000 people. Electronics, textiles and garments were the main Hong Kong manufactured products in 1989.

In common with Tokyo and Singapore, there has been an exploding growth in the service sector in Hong Kong. Of all the services, financial services has been one of the fastest growing. Hong Kong's transformation into a service economy continued, with the proportion of the workforce employed totalling 64 per cent in 1991, compared to 62.4 per cent in 1990 and 41 per cent in 1971. It has grown to 69 per cent in 1993 and now account about 75 per cent of the GDP and employ about two-thirds of the workforce. The rise in service-sector employment was matched almost exactly by a fall in manufacturing employment. For example, in 1991,

only 26 per cent of the workforce was recorded in manufacturing compared with 27.7 per cent in 1990.

Foreign investment plays a major role in Hong Kong's economy. Since the 1980s, Hong Kong has actively solicited foreign investment, particularly in manufacturing. In 1989, foreign investment in manufacturing was already valued at HK \$26.1 billion. Major sources are the U. S. A., Japan, China and the U. K. In the last few years, China has been emerging as the largest investor in Hong Kong. Chinese investment includes such diverse activities as banking, importing and exporting, wholesaling and retailing, transportation, property development and infrastructure projects. In 1992, China invested some HK\$150 billion in Hong Kong (and Macau) and its total is larger than either American or Japanese investment. China now holds about half its foreign reserves in Hong Kong and about 30 per cent of Hong Kong's currency circulates in Southern China.

Trade and communication play very important roles in Hong Kong's economy and its progression to world status, a global city. As a bastion of open markets and free trade, Hong Kong government imposes almost no restrictions on imports and exports. Unlike Tokyo (Japan) and Singapore, Hong Kong neither subsidizes nor protects its industries to maintain a trade surplus. Hong Kong now ranks 10th among the world's trading economies (1994). Total exports are growing as the strength of the manufacturing sector and trade with China increases. Over the last two decades Hong Kong's exports have increased in value by more than 3000 per cent. In 1988, exports totalled approximately \$1.04 billion and Hong Kong enjoyed a balance of payments surplus of \$20.4 billion, with no foreign debt. In 1993, Hong Kong's total export to grow by 13 per cent to \$135 billion, grew by 21 per cent in 1992. The success of manufacturing, services and trade has spurred Hong Kong as an international banking, financial and shipping center for the world economy.

Hong Kong is home to the world's busiest container port. From 11,000 to over 20,000 ocean ships called in at Hong Kong each year in the 1980s. Over half of the cargo went through Kwai Chung's container port, which, by the early 1980s, was by far the largest facility in Southeast Asia (Singapore's container port was second). Hong Kong was nudging New York / New Jersey as the world's second busiest port after Rotterdam. In 1987, Hong Kong's container port surpassed Rotterdam's. In 1992, Hong Kong held the lead in the running for the world's busiest container port, retaking it from Singapore. Hong Kong shifted 7.58 million 20-foot equivalent units (TEUs)- a 29.5 per cent increase over the 1991 figure-against Singapore's 7.56 million TEUs, which represented a 19.1 per cent rise. In 1993, Hong Kong's total was 9.3 million TEUs up 17 per cent from 1992.

Air freight handled at Hong Kong's Kai Tak airport is increasing rapidly. The airport is served by more than 30 airlines. Hong Kong's flagship airline, Cathay Pacific, is the most important. Passenger traffic has risen by 4 per cent since 1987 and was 16.2 million passengers in 1989. In 1993, the airport handled more than 24 million passengers and 134, 000 aircraft movements, a 12 per cent increase over 1992 making the airport the busiest international airport in Asia and the sixth-busiest in the world.

Hong Kong is going to have a new HK \$127 billion (US \$16.3 billion) airport and port in

the future, under the Port and Airport Development Strategy (PADS). Phase one of the new Chek Lap Kok airport, which is being built on the northwest coast of Lantau Island is expected to be completed in June 1997, just before the colony reverts to China on July 1, 1997. More than 30 per cent of the site formation work which involves land reclamation of the 1,248-hectare site has been completed. The new airport will be open 24 hours a day and will have two runways, compared to only one runway at Kai Tak airport. When it is complete, it could handle about 35 million passengers and 1.5 million metric tons of air cargo on its single runway and with a completion of a second runway it could increase its annual capacity to 45 million passengers and 2.5 million metric tons of freight. By the year 2040, the airport expected to handle 87 million passengers and 9 million metric tons of cargo. This new airport is designed to preserve Hong Kong's role as an international financial and trade center and will play an important role in the Hong Kong's function as a global city. A new port will also be built on Lantau Island, near the new airport, with the cost estimated at HK\$50 billion (US \$6.4 billion).

Hong Kong also has a wide range of international telecommunication services. Telecommunications links in Hong Kong are said to be among the most sophisticated and successful in the world. The territory has 3.6 million telephones served by the first fully digitized network. Worldwide, it ranks among the top five in the density of fax lines and is first in per capita subscription to radio paging. Mobile communication services is also at a high standard in Hong Kong. The ready availability of such technology has contributed significantly to Hong Kong economy and has helped Hong Kong to keep its status as world financial center and a global city.

Security trading began in Hong Kong in 1866 and its Stock Exchange was formed in 1921. By 1987 its Futures Exchange was second in size only to Chicago's. Hong Kong also has become one of the world's largest gold markets along with London, New York, and Zurich. Its gold dealings are international.

More than that, in 1987, over 75 per cent of the world's largest banks operated in Hong Kong, including 25 Japanese banks and 22 U. S. banks. Some American Wall Street firms also have offices there. These foreign banks offer various services including corporate advice, investment management and foreign exchange. Hong Kong had 294 insurance companies, including 163 branches of firms incorporated in 23 foreign countries. Financial services combined to contribute 25.9 per cent of the GDP in 1980. As a financial center Hong Kong rates third in the world, after London and New York.²¹⁾

5. The Appearance of Migration

The appearance of migration is one of the major issues of concern in the growth of a global city. The growth of the service industry, as an implication of the international capital, has created a large demand in the labor work force not only for high-level and specialized jobs but also low-wages jobs. Since the demand is much bigger than the supply which cities could

afford, chronic labor shortage rose to a high degree and induced the incoming of foreign labor. Tokyo, Singapore and Hong Kong became the destination of the vast majority of immigrants.

In theory, decentralization of manufacturing sectors from global cities has reduced middle-income jobs in cities while centralization of management function and services generates an increase in high-income and low-income jobs. The life styles of high-income workers in global cities, in turn, also generate a demand for low-income workers, for instance maids, house cleaners etc. On the other hand, the shift out of capital from the global cities has effected in the expansion of a downgraded manufacturing sector and this sector has stimulated the expansion of an informal sector like sweatshops and industrial homeworks associated with the garment, toy, footwear and electronics industries. The demand for low-wage workers to service the high-income life styles of the high-income workforce is also one key factor in the expansion of an informal sector in global cities such as various kinds of services for cleaning, repairing, etc.

The combination of fast economic growth and slow labor-force growth in global cities caused labor shortages in some sectors. Tokyo, for example, with one of the highest per capita incomes in the world and an economy which is considered to be consistently fast-growing, experienced severe labor shortages. Even though Japan has been closing the economy to foreign workers, it has experienced surprisingly large numbers of foreign workers, mostly concentrated in Tokyo. Singapore, a country with a small population of only about 2.65 million, is more open, and has been relying on a large pool of foreign workers amounting to 20 per cent of the total work force to meet the problem of labor shortages. A large number of workers from Malaysia, Thailand and Indonesia are welcomed in Singapore's rapidly-growing economy. Hong Kong, the British-run territory, recently allowed the use of foreign workers in some sectors which were suffering labor shortages.

The appearance of migration in Tokyo's economic growth can be seen in two phases. The first was mass internal migration in its 'miracle economic growth period' of the 1960s and 1970s. Urban industrial growth in Tokyo was an important factor, and led millions of peasants to Tokyo. The second phase was the inflow of international migration in the 'high growth period' of the 1980s. Some came legitimately, but many came illegally as cheap labor. Americans and Europeans, mostly legal migrants, have been working in education, in information and financed-related companies or in corporate international divisions. Asians, mostly illegal migrants, have been working in construction and service industries. The major source of illegal workers was Southeast Asia, particularly Korea, China, Malaysia, Pakistan, Bangladesh and the Philippines. Tokyo is the most popular site for illegal foreign workers in Japan, where they fill acute labor shortages in construction, service and the small manufacturing sector.

Small-medium enterprises (SMEs) in Tokyo suffered the severe labor shortages. Japanese workers avoid these enterprises because of their "bad labor conditions." To make the situation worst, Japanese government through its immigration policy has refused to import unskilled or semi-skilled foreign workers to alleviate labor shortages, preferring to invest heavily in labor-saving technology and to move labor-intensive industrial activities off-shore to nearby countries which have a big supply of low-cost labor.

Despite its "closed door" policy, however, Japan has experienced a surprisingly large number

of illegal immigrants coming to work. Estimates of these illegal migrants are more than 200,000.²²⁾ The detailed statistic from the Immigration Office, November 1991, was 216,399, and these are mostly males who are factory and construction workers or day laborers who perform the three "D's"-difficult, dirty and dangerous jobs (in Japanese, the three "K's" ; *kitui, kitanai and kiken*). On the other side, females are found to be working as "hostesses" or in other related "entertainment" jobs, often connected to sex industry.

Singapore changed its 'tight immigration' policy and implemented a more relaxed policy in 1968, in response to increasing labor shortages. By 1973, the number of foreigners with working permits was reported to be more than 100,000 and constituted one-eighth of Singapore's labor force (as noted by Pang and Cheung, 1988). The 1980 census reveals that out of a labor force of 1.1 million workers, nearly 120,000 or 11 per cent were foreigners. By 1988, the foreign workforce was already estimated at 170,000. In 1990, there were probably about 200,000 foreign workers in Singapore's labor force of over 1.3 million.²³⁾ Malaysia is the principal source but many workers also come from the Philippines, Thailand, Bangladesh and Indonesia.

To maximize the benefits of foreign workers and minimize the social and economic costs, the Singaporean government has restricted the labor import policy in a number of ways. Prior to March 1990 foreigners were allowed to work only in approved labor-intensive sectors, such as hotels, construction, manufacturing and shipbuilding. They are not allowed to settle in Singapore or to bring their families. Even if they marry a Singaporean it does not mean they will automatically receive the right of residence. In contrast to this, Singapore²⁴⁾ encourages the permanent settlement of persons with trade or professional qualifications. This rule is believed to be designed to attract more skilled workers (and capital) from Hong Kong, whose residents started to emigrate in concern about the political uncertainty after 1997.

In the case of Hong Kong, the decade of the 1980s was a golden age for the economy. Its economy consistently grew at over 10 per cent per year, which resulted in greater demands for labor and higher labor costs. During the 1980s, Hong Kong, along with Singapore (Korea and Taiwan), leaped into the status of a newly industrialised economy (NIE) and became well known as the "four little dragons". Fast economic growth and labor shortages in Hong Kong have brought important implications for the flow of illegal foreign workers.

The most important is illegal migration from China. Political upheavals and economic difficulties in China and labor shortages in Hong Kong have been important influences on the number of individuals from China trying to enter Hong Kong illegally. According to the Hong Kong Immigration Department, the number was only 3,416 in 1970, but beginning in 1978 massive numbers of Chinese attempted to cross into Hong Kong and this reached a peak during 1979 (192,766) and 1980 (150,089).²⁵⁾

In 1989, Hong Kong's government policy on immigration changed. In May of that year, the government instituted a scheme to admit 3,000 foreign workers under two year contracts to alleviate labor shortages, especially in the construction and manufacturing sectors. In 1990, the government increased the quota to 14,700. Two thousand were for construction workers for the new airport and airport-related projects.

In a different case, the government has introduced a contract scheme for domestic helpers

with a minimum wage of HK\$3,000 in 1990. Since no quota was introduced under this scheme and initially the goal was to recruit English-speaking workers, some 58,000 domestic helpers, largely from the Philippines, have been admitted. Figures released by the Immigration Department show there are now 206,300 foreign residents in Hong Kong, up 38 per cent from the 149,000 recorded eight years ago.

Besides the labor shortage problem, the globalization of the city itself is an influence factor of the incoming of foreign workers into global cities. Since **“the ‘things’ a global city makes are services and financial goods”²⁶⁾**, the global expansion of this industry has increased many job opportunities. The most important is the creation of various kinds of low-income labor intensive work, including building attendants, cleaners, and domestic helpers. It also created a large work force of temporary, part-time and day workers. Since local people are mostly reluctant to do low-income jobs, demand for the low-income labor intensive work in cities is left to newcomers. Immigrant workers find that low-income jobs offered by these cities are good enough for their survival and are much better than what is available in their place of origin. The creation of low-income labor intensive work is a major demand for cheap foreign labor. It has brought the influx of foreign workers to the global cities.

The above discussion has shown that the globalization of the cities is becoming a magnet, attracting a large number of foreign migrants into Tokyo, Singapore and Hong Kong. Singapore is a city which has successfully enjoyed the “power” of foreign workers. Hong Kong has started new policies to allow them to enter, learning from their failed policies. Tokyo is in need of foreign migrants to fulfill demand in low-wages jobs but is in a dilemma, since the Japanese government continues its “closed door” policy toward unskilled workers. Even though the Japanese government introduced a ‘training scheme’ policy to alleviate the labor shortage, it will not help much because the number is still lower than the expected demand.

5. Conclusion

5.1 Dilemmas

Internationalization of capital has culminated in the establishment of the global cities of Tokyo, Singapore and Hong Kong. However, their role as global cities in the future will depend largely on how these cities will cope with a mix of problems and new roles. Even though Tokyo is expected to be richer and busier than any other global city in the future, the rise of Tokyo as a global city today has already caused what are called “Tokyo problems”. The rise of Tokyo to global city status lies in “the profits of concentration” and the benefits of this are enjoyed by many enterprises but not by ordinary citizens. Citizens suffer from many aspects of “the drawbacks of concentration”²⁷⁾, for example, land prices and house rents are increasing because of “the sudden demand for office buildings for Japanese and foreign enterprises and the speculation in land by corporations with huge surplus profits.”²⁸⁾ Pollution, long commutes, traffic jams, homelessness, and broken families are among the other issues which are very important for local governments to think about, for the future of Tokyo’s next generation.

The role of Tokyo as a financial center has faded because of high cost, heavy regulation and a weak economy. During the "bubble years" of the late 1980s, foreign banks and brokers crowded into Tokyo to profit from the boom. Government especially the Ministry of Finance took great care to make sure that Tokyo could serve as financial center of world economy. It eased the rules on issuing yen bonds and let foreigners buy seats on the stock exchange and manage pension funds. The yen was declared to be an international currency. But today, not only foreign companies but also Japanese ones have moved out from Tokyo. Investors and foreign issuers of shares began turning away from the Tokyo Stock Exchange and looking elsewhere for their opportunities, for example Singapore, Hong Kong and China. At the end of 1990, 125 foreign firms listed their shares on the Tokyo stock exchange but today, only 97 remain, and 20 of those are expected to go by year-end. Slowdown in this industry, an engine of growth for Tokyo city may disadvantages Tokyo's future as global city.

The dilemmas of Singapore as global city to be that the backing industrial sector is not adequate enough, because the manufacturing industries have been hindered from progressive development due to the shortage of labor, and also the surrounding hinterland of Malaysia and Indonesia has not yet been industrialised. For that reason, Singapore's economic development is to emphasize the service industries, particularly tourism, hotel business, transport and communication.

Hong Kong has its own problems. Faced with rising labor costs, housing costs, higher office rent and the uncertainty of the future after 1997, Hong Kong will have many disadvantages to keeping competitive in the global economy. Office rentals for new clients in Hong Kong are now higher than in Tokyo. Hong Kong's central district, favored by banks and security houses, has become the most expensive location for office space in the world. In Exchange Square, home to the stock exchange, rents are more than three times those in Singapore. Besides, residential prices are soaring too. Rents for some luxury apartments doubled in 1994 when their leases came up for renewal. In 1993, the average home price rose by 28 per cent.

Rising costs are making multinationals rethink their presence in Hong Kong. Some are considering relocating altogether, but more are contemplating hollowing out their operations, moving some functions, such as marketing, finance and human resources management to other areas. The most obvious choice is Singapore, although costs are rising there too, just not as fast.

The stability and prosperity of Hong Kong also tightly depends on events in China, much on the restructuring of the Chinese economy to a free market economy. It depends upon the degree of confidence, which investors and depositors may have on Hong Kong. If market liberalization and reform in China successful, Hong Kong should continue to prosper and consequently the rise as a global city would continue to progress unabated. Unfortunately, the current Sino-British tension over proposed democratic reform may cast a dark shadow in future. This may be a worry and a big disadvantage of Hong Kong to keep competitive as a global city in future.

A new Hong Kong's airport development has been delayed because of the "airport dispute" which has become the most enduring symbol of the distrust between China and Britain in the

countdown to the 1997 transition of Hong Kong to Chinese rule. China and Britain had been at logger-heads over the airport almost from the minute that then Governor David Wilson unveiled the idea in October 1989, as a confidence booster to the colony reeling under the shock of the Tiananmen Square crackdown of student pro-democracy protests in Beijing. Even China and Britain closed a five-year airport dispute at the end of 1994 by signing a broad agreement on funding Hong Kong's new airport, the signing, however, does not close the book on the airport dispute. A dispute over a seaport and a contract for China's future naval base in Hong Kong appears to be replacing the airport as targets in the Sino-British political tug-of-war over control of Hong Kong.

One of Hong Kong's undeniable problems is the labor shortage. Hong Kong's economy is growing faster than the labor force. In 1989, while the GDP rose by 2.5 per cent, the work force grew by only 1%. Labor-intensive sectors such as construction and hotels have been particularly hard hit.

A potentially more serious problem is the loss of well educated middle and upper managers to emigration—the brain drain. On July 1, 1997, Hong Kong's sovereignty reverts to China and due to concern that Hong Kong's economy will suffer badly from this takeover, some companies have already started to move to other countries with greater political stability. By 1989, Hong Kong had also lost some 60,000 people. It could eventually lose as much as 15 per cent of its population to the 'brain drain', not counting how many might flee as refugees if the political situation is bad in 1997. Independent surveys show 650,000 hope to leave before 1997.³⁰⁾ This percentage will be almost entirely middle-managers, civil servants and professionals, just the people the city needs most. Without these people, all the new infrastructure projects that Hong Kong is being fitted out with will be useless. With no natural resources to sustain it and with its manufacturers having mostly left in search of cheaper labor, Hong Kong has few option except to grow as a service center. To grow it needs skilled people but it's precisely those people who are even now moving to Australia, Canada and America.

5. 2 Future Prospects

To keep competitive in the world economy and to rebuild its role as a global city in future, Tokyo, Singapore and Hong Kong are taking various measures. Government also plays a very significant role through development of large projects. Tokyo has stimulated a series of large projects focused on five "core-city areas" of Yokohama-Kawasaki, Tama, Tsukuba, Chiba and Saitama. Key projects are located on land reclaimed along the Tokyo Bay waterfront and the expenditures are expected to run into trillions of Yen.³¹⁾ The purpose of this project, which is oriented toward service, leisure and high-technology industries, is surely to reconstruct and enhance Tokyo as a world global city.

Tokyo's financial industry, even though it has fallen to less than a quarter of its bubble-years volume, has still remained the world's second largest equity market. The Finance Ministry is trying very hard to keep financial jobs in Tokyo and promised to ease regulation that crimp the financial sectors's growth. Through deregulation the Tokyo market will be more competitive with Singapore and Hong Kong, (or even London), and will have a greater in-

fluence in the world-global economy.

For Singapore's future, the Singaporean government itself has a "Concept Plan" to develop the island to the perfect city-state. The Concept Plan plots development well into the 21st century and provides a basic blueprint dividing the republic into 55 separate areas, each with its own localized development guide. This plan is going to increase Singapore's land area by 17 per cent through reclamation and will be used for the expansion of the city's business district. It is projected to have 6.1 million square metres of commercial space (three times the city's current capacity) and 10,500 hotel rooms (about 2,000 more than the main tourism belt of Orchard Road holds today³²⁾).

Singapore has a tendency to become more important in the near future, could very well become 'the Switzerland of the East', with a crucial role as a financial and management service center for multinationals and as a vital gateway to the Southeast Asian hinterland. Singapore will take an important role as an investor in other ASEAN nations, and will serve as the entrepot and service center for the increasing manufacturing power of Indonesia and Malaysia. It is important to bear in mind that the real strength of Singapore as a global city comes not only from its well-developed financial structure and telecommunication system but most significantly from its hospitableness to transnational corporations.

The strength of Hong Kong to keep competitive as a global city is based much on history and geography, and government's action. Hong Kong has long been a financial center, much longer than Singapore. Hong Kong's free gold market, free exchange rates, and the not-too-strict government regulation are well known in the world. Capital internationalization or financial liberalization have long been the established policy of Hong Kong. The Hong Kong Government usually adopts a non-intervention policy, allowing market forces to express themselves. Hence the history and geography of Hong Kong have demonstrated the strength of Hong Kong as a financial center and a global city.

There is nothing to worry about Hong Kong's future after 1997. China has promised to preserve capitalism and liberal society for 50 years after 1997 in Hong Kong under the Sino-British Declaration. China also must have realised what will happen to Hong Kong if they do not respect this agreement. The issue of the brain-drain is no longer seen as a major problem because there is a high tendency in return migration to Hong Kong today, encouraged by its strong economic performance relative to that of their adopted countries. Some of them also just want to emigrate in order to obtain a foreign passport and after having obtained it to which they can retreat if necessary in later years they are to return back to continue their life in Hong Kong. By this progress, in 1993, labor shortages is no longer a big treat to Hong Kong. It's labor force has increased by 2.5 per cent in this year.

The most significant point that will keep Hong Kong alive as a global city in the future is the role of international capital. Hong Kong has internationalized its capital today. Hong Kong is now a prominent investor in the region, especially in China's Special Economic Zones and in Southeast Asia to which many labor-intensive activities have been transferred. Hong Kong accounts for almost 70 per cent of foreign direct investment in China (1994) and dominates most of the country's export-processing zones. This phenomenon is similar to the *kuudoka* of

Japanese capital. Since the process is almost in the same pattern, it is possible for Hong Kong to grow and keep competitive in the future as Tokyo has.

Hong Kong also generally welcomes foreign capital. Hong Kong has been enjoying a solid presence of international capital particularly from the USA and Britain. In recent time, the flow of new Japanese investment to Hong Kong has outstripped that of American and British companies. The presence of roughly 20,000 Japanese expatriates in Hong Kong is not a small advantage for its global city.

On the long run, the prospects for Hong Kong's economy is very good. Having advantages of the market opportunities presented by the high phase economic development of China will enable Hong Kong to strengthened its position as a financial and service center. If China continues to grow at rates of around 10 per cent and the world economy begins to recover, Hong Kong's growth prospects remain bright.

5. 3 City of the Future

The success of Tokyo, Singapore and Hong Kong can serve as models for other Third World cities that aspire to become global cities. At least, the future scenario can be seen as a chain of financial centers at the edge of the Western Pacific Basin, with Tokyo, Singapore and Hong Kong as the traditional active centers, and Osaka, Taipei and Shanghai as the emerging centers.

Osaka, the city of 8.5 million which has long languished as No. 2 behind Tokyo is moving beyond Tokyo now and focusing to become a world and global city. Osaka's home region, Kansai (Kansai Area includes Osaka, Kyoto, Nara, Hyogo Shiga and Wakayama prefectures), is to promote more international trade with the rest of the world. Osaka has set up a network with seven other Asian cities-Singapore, Kuala Lumpur, Bangkok, Manila, Jakarta, Seoul and Hong Kong-to promote more economic cooperation.

The most promising development has been the opening of Osaka's \$15 billion Kansai International Airport (KIA) in September 1994, on a 511-hectare artificial island. KIA which operates 24 hours a day, a first in Japan, can accomodate 30 million passengers a year, twice Tokyo's Narita International Airport's capacity. Even Kansai's gross domestic product (GDP) in 1991 stood only at \$587 billion compared to \$1,294 billion in the Kanto Area (this area includes Tokyo itself, Chiba, Saitama, Kanazawa, Ibaraki, Tochigi and Gunma prefectures), by the year 2000, the new airport is expected to be adding \$15 billion a year to Kansai's GDP.³³⁾

Internationalization of Osaka started when it became the site of world expo in 1970 which was held in Minoo. Since then, Osaka started to take over Tokyo on holding international meetings and conferences. Osaka became the host of the World Tourism Forum and the Asian Pacific Economic Conference (APEC) ministerial conference of small- and medium-size businesses in October 1994. And this year in November, Osaka will hold the most international meetings, the 1995 APEC Summit, first time out of Tokyo.

Another promising project is Rinkuu Town, a land-reclamation development across the bay from the new airport. It will have a business center, a residential zone and amusement facilities. With the KIA just five minutes' drive away, new trains to Osaka and Kyoto and hydrofoil

services to the port city of Kobe, this town will serve as a new infrastructure to Osaka beyond a global city.

Economic success and government action has made Taiwan's capital Taipei secure about its place in future global city.³⁴⁾ The strength of Taipei lies in the fact that Taiwan is now an export surplus country with huge and increasing international reserves and manufacturing industries are thriving, providing a good industrial hinterland for the financial center. It has about US\$75 billion in reserves to get markets moving and between a third and a half of top-ranking government officials are behind the plan to build Taipei as an international financial center.

Shanghai, China's largest city with 13.4 million is also optimistic about its future in global city. Shanghai, and not Beijing, is now China's city for foreign investor. More than 300 American multinationals alone have set up offices in the city. The city also has a wealth of universities and technical schools, offering overseas companies one of China's strongest concentrations of workers with higher education. More than anything else, Shanghai hopes to become a corporate town like Manhattan, full of high-tech company headquarters and the New York of the China for its role in finance and trade.³⁵⁾

5. 4 Conclusion

It is worth noting that the expansion of the world economy, particularly the part played by international capitals, has had a strong impact not only in the direction of labor flow but also in the formation of global cities. The above discussion has shown that TNCs are significant. The expansion of international capital, mostly through TNCs has created a vast supply of jobs in global cities. The most significant phenomenon is the creation of low-income jobs in manufacturing and service industries in global cities which attracts large numbers of migrant workers. Some consideration has to be given to increasing the importation of foreign workers for selected sectors of economy. A more flexible immigration policy for foreign workers could be a solution to the labor shortage problem. Finally, the emergence of Japan, Singapore and Hong Kong as capital exporter countries have spread the process of the internationalization of capital in the global economy and pushed their cities to high world city status ; global cities.

- 1) Fletcher, Matthew (1994), "Megacities, Mega-solutions", *Asian Business*, February, p. 33.
- 2) Services-comprising wholesale, retail, and import / export trades ; restaurants and hotels ; transport ; storage and communications ; finance insurance ; real estate ; and business services.
- 3) Gilb, Corinne Lathrop (1989), "Third World Cities : Their Role in the Global Economy", pp. 96-107, in Knight R. V. and Gappert G. (ed.) *Cities in a Global Society*, Beverly Hills, CA : Sage, Vol. 35.
- 4) Generally speaking, global cities can be classified into two main types ; one is located in well-developed economies with big industrial hinterland such as London, New York and Tokyo, and other type is located in developing economies like Singapore and Hong Kong.
- 5) for detail, see Gilb, Corinne Lathrop (1989), *op. cit.*
- 6) Sassen, Saskia (1990), *The Global City : New York, London, Tokyo*, Princeton University Press, pp. 64-84.
- 7) *ibid.*, pp. 126-167.

- 8) *ibid.*, pp. 162-164.
- 9) *ibid.*, pp. 168-191.
- 10) *ibid.*, pp. 197-319.
- 11) *ibid.*, pp. 307-315.
- 12) this section mostly based from The United Nations Library on Transnational Corporations, Transnational Corporations and Industrialization, in Daniel Chudnovsky (ed.), Vol. 11, Routledge.
- 13) Rimmer, P. J. (1989). "Japan Under Three Administrations". In Smith, M. P. (ed.) Pacific Rim Cities in the World Economy.
- 14) In rural areas the outmigration of men became so pervasive that a new term, *san-chan nogyo* (three family member farming) became popular to describe an agriculture sector being run by grandpa, grandma and mother. Many of the men, the *dekasegi*, were in construction and heavy industries as temporary or seasonal workers in urban areas.
- 15) In September 1985, financial ministers from the five leading industrial powers, Japan, America, Britain, Germany and France met in New York and agreed to increase the value of the yen against the dollar. Exchange rates over the next years saw the value of the yen against the dollar steeply appreciate from 265 (summer 1985) to 130 (summer 1988).
- 16) Many found later that cheap labor is just the short-term advantage of developing countries and lead many TNCs to shift their production location to more cheaper labor cost countries or back to origin countries.
- 17) The former governor, Minobe Ryokichi, is a socialist and anti-centralizationist. To cope with the rapid growth of population in Tokyo he had encouraged the movement of people and relocation of manufacturing plants out of Tokyo under the "Blue Sky" policy. As a result, the Japanese have experienced the urban "doughnut" phenomenon. For details about the Japanese doughnut phenomenon, see Miyamoto Kenichi (1993), "Japan's World Cities : Osaka and Tokyo Compared", in Fujita and Hill (eds.), Japanese Cities in the World Economy, pp. 53-82.
- 18) for more details see Ooi Guat Tin, "Singapore : New Generation Keeps The Faith", Asian Business, October 1990, pp. 36-38.
- 19) "Aviation", Asia 1994 Yearbook, Far Eastern Economic Review. p. 59.
- 20) Jonathan Sikes, "Singapore : On Line For More Choice", Asian Business, March 1994, p. 8.
- 21) see " Hong Kong", Asia's 7500 largest companies 1993, p. 27.
- 22) Toshikazu Nagayama, 1992.
- 23) Pang Eng Fong (1992), "Absorbing Temporary Foreign Workers : The Experience of Singapore", Asian and Pacific Migration Journal, Vol. 1, No. 3-4, pp. 495-496, 504.
- 24) *ibid.*, p. 495, 497.
- 25) for more information about illegal migration from China, see Chung-Tong Wu and Christine Inglis (1992), "Illegal Immigration to Hong Kong", Asian and Pasific Migration Journal, Vol. 1, No. 3-4.
- 26) Sassen (1990), *op. cit.*, p. 5.
- 27) Miyamoto, Kenichi (1993), *op. cit.*, p. 59.
- 28) *ibid.*, p. 70.
- 29) see, Marc Levinson, Business : Sayonara to a Grand Dream", Newsweek, August 1, 1994, pp. 30-31.
- 30) see, John Keating, Hong Kong, "Human Resources : A Major Worry", Asian Business, April 1990, p. 46.
- 31) for more information about these projects, see, Rimmer Peter J. (1989) "Urban Change and The

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- 32) for detail, see "Singapore : Plans For A New Frontier", *Asian Business*, January 1994, p. 5.
- 33) *Asiaweek*, September 14, 1994.
- 34) for more details about the merits of Taipei as a financial center and a future of global city, see Lee Sheng Yi, "Taipei as A Financial Center", *The Singapore Economic Review*, October 1992, pp. 89-100. Also, see, "How Taipei Plans to Become A Financial Center", *Asian Business*, March 1990, pp. 28-34.
- 35) *Asiaweek*, August 8, 1994.

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