Comparison with Geneva and Dubai

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Geneva: a city-state that joined a confederation and stayed

Geneva's history offers the closest parallel and the clearest contrast. Restored as a republic on 31 December 1813, Geneva sought membership of the Swiss Confederation because its leaders believed the small republic could not survive alone, surrounded by French and Savoyard territory. It became the 22nd canton on 19 May 1815. In November of that year the powers recognised Swiss neutrality. Like Singapore in 1963, Geneva gave up its foreign policy and later its currency in exchange for the security and market of a larger state. The federal constitution of 1848 gave the Confederation the exclusive right to coin money, and the federal Coinage Act of 7 May 1850 created the Swiss franc.[1]

The bargain held in Geneva and failed in Singapore, for reasons that illuminate both financial centres. The Swiss Confederation was a federation of small and medium cantons whose constitution reserved no special position for any one community. Geneva could remain a francophone, Protestant and cosmopolitan city inside it, as the Geneva volume shows. Malaysia rested on a communal settlement in which the special position of the Malays was a foundation of the state. A Chinese-majority city

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with a political party campaigning across the federation threatened that settlement. The Swiss order could accommodate Geneva's singularity, whereas the Malaysian order found no stable place for Singapore's.

The consequences for the two financial centres were mirror images. Geneva gained political stability, neutrality and, eventually, the Swiss franc, at the price of monetary sovereignty. Its bankers would build their business on the stability of the Confederation. Singapore gained full sovereignty, including its own currency and reserves, at the price of its hinterland. Its financial centre would build its business on the credibility of a small state that had to earn the confidence of investors through its own policies.

Dubai: joining a federation as a commercial city

Dubai offers a later contrast, since on 2 December 1971 it became one of six emirates that formed the United Arab Emirates, joined by Ras Al Khaimah on 10 February 1972.[2] Dubai, like Singapore, was a trading port whose prosperity depended on re-export trade. Unlike Singapore, it stayed in its federation and used the federal framework to build its own free zones and, later, a financial centre with its own common law courts. Chapter III of Part K compares the two centres in detail. In both cases the relationship between a commercial city and a larger political unit determined the space in which a financial centre could grow.

In figures

Singapore a separate Crown colony: 1 April 1946. First election: March 1948, 22,395 registered voters for six seats. Election of 2 April 1955: 300,299 voters after automatic registration. State of Singapore Act: royal assent 1 August 1958. Election of 30 May 1959: PAP 43 of 51 seats, 54.08 per cent. Referendum of 1 September 1962: Option A 397,626 votes, blank ballots 144,077. Malaysia Agreement: 9 July 1963, in force 16 September 1963. Singapore's federal contribution: 40 per cent of national taxes, about 37 per cent of total revenue. Borneo loan: $100 million interest-free for five years. Race riots of 1964: 23 and 13 dead. Separation Agreement: 7 August 1965; independence: 9 August 1965; Malaysian Parliament vote: 126 to 0. Real GDP in

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chained 2015 dollars: minus 3.1 per cent in 1964, plus 7.8 per cent in 1965. Population: 1,886,900 in 1965. Separate currencies: 12 June 1967; interchangeability with Malaysia until 8 May 1973.

Notes

1. Ressos, *Genève, place financière internationale*, chapter C.V, "La République en crise : révolutions, annexion et Restauration (1707-1815)", citing the Archives d'État de Genève, the Ville de Genève and the Dictionnaire historique de la Suisse: restoration on 31 December 1813; "Le 19 mai 1815, Genève devient le 22e canton suisse"; recognition of perpetual Swiss neutrality on 20 November 1815. Ressos, *Genève, place financière internationale*, chapter C.V, citing the Dictionnaire historique de la Suisse, art. "Monnaies": the federal constitution of 1848 reserved coinage to the Confederation; federal coinage law of 7 May 1850 creating the Swiss franc. ↩
2. Wikipedia, "United Arab Emirates" (accessed November 2026): formed on 2 December 1971 by six emirates; Ras Al Khaimah admitted on 10 February 1972. ↩

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