What 1819 means for the financial centre

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The founding of 1819 established the institutional foundations on which the financial centre was later built. The first foundation is openness: a port open to the ships and merchants of every nation, without duties on trade. Openness remains the defining characteristic of Singapore's economy, which depends on trade to a degree that few other economies match, and of its financial centre, which serves clients and institutions from across Asia and the world.

The second foundation is protection under a strong external power. Early Singapore owed its security to the Royal Navy and to the East India Company. The independent republic has had to provide its own security, through defence and diplomacy. Its financial centre depends on the stability that this provides. The question of protection returns in Part F, which examines the foreign policy of a small state, and in Part K, which examines the geopolitical risks of the coming decade.

The third foundation is a plural merchant community linked by credit. The census of 1824 records a society of many communities. The commercial history of the first years shows how their networks of credit and information interlocked. The financial centre of today, with its international banks, its family offices from across Asia and its trading houses from every continent, continues this tradition.

The fourth foundation is state design. Raffles' Town Plan, his regulations and his dismissal of Farquhar show a willingness to shape the settlement according to a plan. The developmental state of independent Singapore, examined in Parts C and D, exercised the same willingness on a much larger scale. The combination of openness and design, of free markets and a planning state, is perhaps the most distinctive feature of the Singapore model.

The comparison with Geneva can again be drawn. Geneva's modern financial centre grew from the Reformation, the Refuge and a community of Protestant bankers who built their institutions over centuries without an external founder. Singapore's grew from a deliberate act of foundation by an imperial trading company. Geneva's institutions are older than the Swiss federal state, whereas Singapore's were designed from the outset by a government. This difference explains much of the contrast between the two centres examined throughout this book: Geneva's decentralised, family-based private banking and Singapore's state-led development of its financial sector.

In figures

Treaty allowances of 6 February 1819: 5,000 Spanish dollars a year for the sultan, 3,000 for the Temenggong. Agreement of 7 June 1823: monthly payments of 1,500 and 800 Spanish dollars. Treaty of 2 August 1824: an additional lump sum of 20,000 Spanish dollars. Trade in the first year: 400,000

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Spanish dollars. Population in January 1824: 10,683. Trade in 1825: 22 million dollars (older estimate) or 12.3 million dollars (Wong Lin Ken's series), against 8.5 million dollars for Penang.

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