The Development Progress of HONG KONG and SINGAPORE

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Preface to the Macmillan Edition

This study was published in the United States a few weeks before the outbreak of the Arab-Israeli War of October 1973. Since then, a succession of major world developments has occurred–the oil embargo, the enormous increase in petroleum prices and the 1973–74 boom in the prices of other commodities, and the onset of the longest and severest worldwide depression since that of the 1930s. Although these events have had important repercussions on the two city-states, the difficulties experienced by Hong Kong and Singapore have not been of such nature as to invalidate our original analysis of their ability to weather serious adverse changes in the international economy, upon which not simply their prosperity but their very existence depends. In consequence, we concluded that such limited updating as would be desirable could be accomplished by preparing a new preface for the Macmillan edition.

Essentially, the effects on Hong Kong and Singapore of recent adverse international economic developments are manifested as unfavorable changes in their terms of trade and as a decline or slower growth of their exports. In turn, these trends have resulted in lower or no growth of gross domestic product and in rising unemployment. Each city-state is adjusting somewhat differently to these adverse effects in accordance with the nature of its own economic system and the constraints of its particular macroeconomic-management policy. These differences in economic structure and policies are summarized in Chapter I and analyzed in greater detail in Chapters IV and VIII.

In Hong Kong's case, the effects of international economic developments during 1974 were to lower the rate of GDP growth (in constant 1966 prices) to a nominal 1.5 percent compared with 12.5 percent in 1973 and 7.3 in 1972.[1] This largely reflected the direct and indirect effects of the 7 percent decline in the volume of domestically produced exports during 1974, after increases of 7.2 percent in 1973 and 4.5 percent in 1972. The volume of imports declined by over 4 percent. However, in value terms, domestically produced exports rose by 18 percent and reexports by 9 percent, while total imports also increased by 18 percent. Beginning in late 1972, Hong Kong's terms of trade changed adversely, with the index falling to 105 in mid-1974 compared with 117 in mid-1972. However, since mid-1974, the terms of trade have been improving due to the decline in international commodity prices.

An estimated 80–85 percent of Hong Kong's production of manufactured goods is exported, making it the largest exporter of manufactures among the developing nations of Asia, Africa and Latin America. Hence, the decline in exports resulted in a drop of 11 percent in employment in the manufacturing sector. Although no estimates are published of changes in employment in other sectors, nonmanufacturing employment undoubtedly also declined, especially in view of the fall in construction activity. Many enterprises eliminated or reduced overtime, discontinued second and third shifts, cut the length of the work week, or shut down their production lines for greater or lesser periods. The impact of these measures on employment was in some cases mitigated, however, by rotating the required working time among the firm's employees.

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1 Unless otherwise noted, all Hong Kong statistics in this preface are from *The 1975–76 Budget: Economic Background* and *The 1975–76 Budget: Speech by the Financial Secretary* (Hong Kong Government, 1975); and *Foreign Economic Trends: Hong Kong* (U.S. Department of Commerce, December 1974 and June 1975).

or declining real costs also reflect the levelling off of wage rates, the recent fall in industrial and residential rents, the lowering of interest rates, and the decrease in world raw-material prices since mid-1974. In view of the decline in demand in Hong Kong's major export markets in North America and Western Europe, these adjustments could not prevent a number of enterprises, especially in the small and medium-size categories, from going out of business or into bankruptcy. Nevertheless, if Hong Kong's economy were less flexible and its businessmen and workers were less willing or able to take advantage of cost-cutting possibilities, its export performance would be worse, its unemployment would be higher, and its business failures would be greater than they have been since the onset of the current world depression, or are likely to be before the expected upturn develops.

Indeed, the adjustments that have already taken place and are continuing to occur should maintain Hong Kong's competitive position *vis-à-vis* its major rivals in Asia and elsewhere. Owing to political and economic differences between them and Hong Kong, the capacity to hold the line on costs in the ways noted in the preceding paragraph may not be as great in Taiwan, South Korea, the Southeast Asian countries, and other developing nations as in the city-state. Conversely, Hong Kong's ability to raise productivity through improved labor and management skills, technological innovation, increased capital investment, and the shift to more sophisticated manufactures is at least equal to theirs. Hence, there is a substantial probability that Hong Kong can take advantage of the revival of world demand more rapidly than can its chief competitors. Also, the current and prospective adjustments in Hong Kong's economy may enable the city-state to retain its export competitiveness even for the traditional products in the clothing, electronic-assembly and other labor-intensive industries, from which it had previously expected to be increasingly displaced by lower-wage countries. In this connection, it is significant that employment is currently reported to be rising in the clothing industry.[2] And, Hong Kong's entrepreneurs have continued to move into new manufacturing activities, reporting growing production and exports of disposable clinical thermometers, outboard motors, electronic coils, and other more advanced goods.[3] Finally, capital is plentiful in Hong Kong to finance expanded production and new investment in more sophisticated lines of industry, which the government is seeking to encourage by developing industrial parks and making individual factory sites available on concessionary terms.

Nor is the appreciation of the Hong Kong dollar likely to nullify much, if any, of these competitive advantages. True, the strength of the Hong Kong dollar may have put the city-state's exports at a temporary disadvantage compared with those of other exporters, such as South Korea, that have substantially devalued their currencies. But, relative to its major markets in Western Europe and North America, the effect of the appreciation of the city-state's currency is slight. Most European currencies have also appreciated against the U.S. dollar, in some cases by substantially more than the Hong Kong dollar. And, in recent months, the strengthening of the U.S. dollar has reduced the appreciation relative to it of the Hong Kong dollar to only about 3.5 percent–a differential not too large to be offset by holding down export price increases, which would be feasible in view of the cost adjustments noted above. Also, the import restrictions against Hong Kong's products in its major markets in North America and Western Europe have not been substantially raised,

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[2] See the Chairman's International Survey for the Year 1974 in the *Annual Report of the Hongkong and Shanghai Banking Corporation.*

[3] Ibid.

and the city-state will probably be included in the generalized preferences for manufactured goods now being accorded by the developed nations to the developing countries, although the benefits granted to it will be less than to most of the others.

Thus, Hong Kong's economic outlook will again be bright once the current world depression has run its course. True, the depression has caused substantial unemployment and business failure in the city-state. But the human suffering involved would be much greater and the recovery would be much slower if Hong Kong's economy lacked the capacity for flexible adjustment that it possesses. Moreover, painful as these adjustments may be, Hong Kong's people are enduring them peacefully. Except for some increase of New Left types of radicalism among students at the two universities, economic adversity has not led to significant manifestations of popular discontent.

One reason for Hong Kong's quiescence is the apparent willingness of China to accept the existing political and economic order in the city-state. While critical of the British regime, Hong Kong's communists have not been agitating for drastic political or economic changes. Nor did the Chinese government protest at the recent visit of Queen Elizabeth to the city-state–the first by a British sovereign–despite China's insistence on the principle that no Chinese territory can ever be alienated. Moreover, China's apparent desire for continued Portuguese rule of Macao, which the new Portuguese government would undoubtedly have given up upon request, has reassured those worried about Hong Kong's political future. Thus, both internal and external political factors reinforce the economic considerations noted above in revalidating the optimistic projection of the city-state's future given in the study.

Before concluding this summary updating of Hong Kong's development, we need to modify one assessment made in the course of our original analysis. In the light of subsequent revelations, we clearly underestimated in Chapter VI the extent of bribery and corruption in the city-state, especially on the part of British civil servants. But, granted that bribery and corruption have been more serious than our inquiries led us to believe, they are nevertheless still on a much smaller scale than elsewhere in noncommunist Asia, except Singapore. More important, and again in contrast to other countries, Hong Kong's government is demonstrating both the will and the ability to discover and prosecute offenders and to adopt safeguards for deterring future occurrences.

Turning now to Singapore, we believe that it, too, has been weathering the recent adverse changes in the international economic system without great difficulty.

In 1974, Singapore's gross domestic product grew by 6.8 percent in real terms compared with a rate of 11.1 percent in 1973.[4] However, only 7 percent of GDP growth was contributed by manufacturing output, which itself rose by only 2 percent in 1974. In contrast, half of GDP growth resulted from the increase in the category comprising wholesale and retail trade (including entrepot trade, hotels and restaurants), reflecting Singapore's continuing importance as a regional entrepot and tourist center for Southeast Asia.

As measured in constant 1972 prices, Singapore's total exports rose by 12 percent in 1974 compared to 18 percent in 1973. Most of the increase resulted from the city-state's growing importance as a manufacturer of machinery, transportation equipment and petroleum products. In contrast, reflecting the fall in world import demand, exports of rubber, wood and their products, and of some manufactured

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[4] All statistics on Singapore in this preface are from the *1975 Budget Statement* of the Finance Minister and *The Economic Survey of Singapore, 1974* (Ministry of Finance, 1975).

consumer goods declined. Imports in constant 1972 prices increased by 13 percent in 1974, as they had in 1973. But, because of the quadrupling of crude-oil prices and the higher cost of other imported materials and foodstuffs, imports at current prices increased by 63 percent while exports at current prices rose by 59 percent, almost doubling Singapore's trade deficit. However, like Hong Kong, Singapore experienced large inflows of capital during 1974, producing a total balance-of-payments surplus of over S$700 million and pushing up the city-state's foreign-exchange reserves to S$6.5 billion by the end of 1974. Again, as in Hong Kong, one consequence of continuing capital inflows has been appreciation of the Singapore dollar, which has been floating against the U.S. dollar since June 1973, and, as of the end of May, was at about S$2.25 = US$1, compared with the former fixed (central) rate of S$2.5376 = US$1.

Because only 54 percent of Singapore's domestic output is exported compared with Hong Kong's 80–85 percent, the drop in world import demand has had a smaller impact on employment in the former than in the latter. Thus, Singapore reports total unemployment in 1974 at only 4 percent, although unemployment in manufacturing industry was 7 percent and some of the unskilled and semiskilled immigrant workers from Malaysia may not be included in the statistics. It is believed that reduced absenteeism and turnover, as well as improved management methods and work discipline, may have raised productivity per worker in manufacturing industry by roughly 4–5 percent in 1974 compared with 2–3 percent in 1973.

Inflationary pressures pushed up the consumer price index by 34 percent from March 1973 to March 1974 but thereafter they eased, with the average monthly increase in the index during 1974 amounting to 22.3 percent. During the period from September 1973 to September 1974, rough preliminary estimates indicate that increases in earnings of workers may have averaged 22 percent. Given the limitations of these indicators however, it is difficult to know whether or not real incomes have been sustained.

In essence, the government believes that the most effective counterrecessionary approach is to intensify and expand the new development strategy adopted in 1972 (described in Chapter VIII). Thus, it is increasing estimated development expenditures in 1975 by over 40 percent. The main, or recurrent, expenditures will rise by only 6.5 percent over 1974, while estimated revenue is expected to increase by 5 percent. As is customary in Singapore, a large contribution to the development budget–S$500 million in 1975–is included in the recurrent expenditures estimates. Most of the remaining development expenditures are financed by domestic borrowing as explained in Chapter VIII. Owing to the lag in revenue growth, taxes are being raised on tobacco products, alcoholic beverages and automobiles and, to meet the development expenditure targets, the government estimates that it will have to draw down the reserve accumulated in the Development Fund by some S$200 million. This continuing high rate of development expenditures enables Singapore not only to maintain employment but also to make progress towards its economic, housing, educational, and social-welfare goals.

The Singapore government is convinced that other elements of its new development strategy have also contributed to mitigating substantially, if not nullifying, the effects of the world depression on the city-state. Its policy of actively encouraging multinational American, European and Japanese companies to invest in more advanced products and "brain-service industries" has paid off in several respects. One has been the diversification of manufacturing activities so that no industry category now produces more than 22 percent of total value added. In turn, the diversification of products has led to greater diversification of markets, and the growing exports of the newer products through and by multinational companies has more than offset the decline in the older types of exports, such as textiles, clothing and manufactured consumer goods. These gains in the production and export of more advanced products and services have more than doubled the value-added per worker in manufacturing industry since 1972, as well as expanded employment and improved labor skills. Finally, these developments have helped Singapore's entrepot trade to adapt its capabilities to meet the growing needs of the Southeast Asian region for more sophisticated capital equipment and industrial raw materials.

In consequence, the government plans to intensify during 1975 its efforts to attract multinational corporations and small foreign companies, and to assist domestic firms, willing and able to use advanced technologies and produce more sophisticated goods and services in the city-state. A new loan fund for skill-intensive industries is being established, special export-financing and credit-guarantee facilities are being started, consideration is being given to extending the tax exemption for "pioneer industries" in the desired fields from 5 to 10 years and to liberalizing it in other ways, and the governmental and joint government-private programs for training skilled workers and technicians are being substantially expanded. At the same time, the government continues to control the increase of labor costs through the National Wages Council and in other ways, as explained in Chapter IX; in his concluding remarks in the 1975 Budget Statement the Finance Minister stressed "once again the crucial importance of worker-management co-operation and their working in with Government policies to ensure Singapore's continued progress and prosperity."

However, although the economic outlook is certainly bright, the Singapore government has become more concerned about the political uncertainties in Southeast Asia and their possible repercussions inside the city-state that are discussed in Chapter X. This greater worry results, of course, from the communist victories in Cambodia, Laos and South Vietnam and the corresponding decline in the regional power and influence of the United States. While tightening its control over the press, the students and other critics and dissenters, the government has begun the process of adapting to the new regional realities and working out a new relationship with China. Given the skill and pragmatism of Singapore's leaders and the strength of popular support for their rule, there is every reason to expect that the city-state will continue to be politically stable provided that expansionary nationalist or communist regimes do not come to power in Malaysia or Indonesia.

In sum, both Hong Kong and Singapore have been able to meet the challenge to their respective macroeconomic-management and development policies generated by the world inflation and depression of the past two years. And, unless the current depression proves to be even longer and more severe than most economists forecast and import restrictions against the products of the two city-states become substantially greater than they now are, there is every reason to expect that, each in its own way, Hong Kong and Singapore can surmount the effects of adverse international economic developments and resume their progress toward a better life for their people.

Theodore Geiger
Frances M. Geiger

May 1975

In turn, the fall in the volume of exports and the increase in unemployment during 1974 put an end to rises in manufacturing wage rates, which are estimated to have increased by roughly 10 percent a year in 1972 and 1973. At the same time, the average monthly increase in the general consumer price index was 6 percent in 1972, 18 percent in 1973, and 14 percent in 1974, with most of the latter occurring during the first seven months of the year. Since then, inflationary pressures have substantially slackened in the city-state due to the worldwide depression and the fall in commodity prices, especially for foodstuffs. In turn, this development has checked the decline in real income that Hong Kong's employed families had suffered during the preceding period. But, improvement in the situation of the unemployed and the partially employed awaits the recovery of Hong Kong's exports.

Despite these effects of world inflation and depression on Hong Kong's economy, the city-state has continued to enjoy substantial capital inflows. Indeed, so large did the demand for Hong Kong dollars become during 1974 that the fixed exchange-rate (central rate) of HK$5.085 = US$1 could no longer be maintained. Accordingly, in November 1974, the Hong Kong dollar was untied from the U.S. dollar and it subsequently floated upward to a high of HK$4.55 = US$1 in February 1975 despite repeated reductions in interest rates in the city-state. However, further declines in interest rates and a general strengthening of the U.S. dollar brought the exchange rate to around HK$4.90 = US$1 by the end of May 1975.

The Hong Kong government has been following a counterrecessionary policy consistent with its basic approach of relying upon freely operating market forces. Instead of cutting public expenditures to match the falling revenues resulting from lower economic activity, the government drew upon its accumulated fiscal reserves to finance the budgetary deficit, as it has long maintained it would do in such circumstances. A deficit is planned for 1975 as well, but it is to be financed from external borrowing, and probably also from internal borrowing, rather than by a further drain on the reserves. Even so, to keep this borrowing within manageable limits, the government is raising the corporate profits tax for 1975 from 15 percent to 16.5 percent and making slight increases in indirect taxes, licenses and fees. By these means, the government can continue to make progress, although at a slower pace than originally planned, toward the ambitious goals for new town development, housing, education, health, and social-welfare improvements described in Chapter V.

The government anticipates that the net impact of the 1975 budget on the city-state's economy will be expansionary. Expenditures will increase in real, as well as in monetary, terms owing to the easing of inflationary pressures in the course of the year. Foreign borrowing will augment the resources available to the economy, and the increased taxes will be met, it is believed, at least in part from business and private savings. The government expects that these stimulatory effects will at least partially offset a possible further 5 percent decline in the volume of Hong Kong's exports during 1975 before world demand turns upward at the end of the year or early in 1976. Thus, the official forecast is for little, if any, growth of real gross domestic product in 1975, a 5 percent rate of growth in 1976, and 7 percent growth in subsequent years.

The capacity of Hong Kong's economy for flexible adjustment to changes in its external economic environment is being manifested in a variety of ways. The fact that gross domestic product has not fallen despite a decline in total employment of perhaps as much as 10 percent indicates that productivity has increased significantly. Clearly, businessmen have been eliminating waste and cutting costs while workers have been performing even more conscientiously than previously. Stable

Statement by the Committee on Overseas Development

The Committee on Overseas Development has been sponsoring a series of studies of significant and lasting progress by developing countries. The previous studies in our series dealt with Latin American nations. In the current effort, we turn for the first time to East Asia to survey the progress, policies and prospects of Hong Kong and Singapore.

These two city-states have been achieving high rates of economic growth, with full employment and rising living standards, by one of the most difficult means: the development of manufacturing industry based on exporting to competitive world markets. This accomplishment has been difficult because such industries must from the beginning be efficient and capable of continuously improving their productivity so as simultaneously to meet competition in export markets and to raise the real incomes of the people. In Hong Kong's case, these stringent requirements have been fulfilled mainly through the efforts of indigenous business firms, the hard work and adaptability of the people, and the policies of the government in relying primarily upon freely operating market forces to provide the necessary incentives and pressures. In Singapore's case, they have been met in major part through the efforts of large U.S., European, Japanese, and other foreign companies, the hard work and adaptability of the people, and the policies of the government in constraining and guiding the operation of market forces toward certain economic and social goals without unduly impairing efficiency and competitiveness. In these different ways, Hong Kong has attained a per capita GDP of US$1,000 and Singapore a per capita GDP of US$1,200 in 1972. Economic growth has also provided the resources for housing 46 percent of Hong Kong's people and 40 percent of Singapore's under two of the largest low-rent public-housing programs in the world, for universal primary school education, for 4 hospital beds per 1,000 inhabitants and numerous low-cost or free clinics, for a variety of social-welfare programs, and for rapidly expanding facilities for recreation and cultural advancement.

Despite the differences in their development strategies, both Hong Kong and Singapore have depended in greater or lesser degree upon market forces to stimulate and maintain the dynamism of their private sectors and upon sound fiscal and monetary policies to assure a continuing high rate of economic growth and the steady increase of real income. Their success once again demonstrates the effectiveness of these prescriptions. We believe that there are other important lessons to be learned from the experiences of the two city-states. The economic, political and other sociocultural factors responsible for the development progress of Hong Kong and Singapore, the problems they have overcome in the past, their prospects for the future, and the relevance of their policies to other countries are analyzed in this study with unusual interdisciplinary scope, insight and balanced judgment. Accordingly, without necessarily endorsing all of the authors' analyses and conclusions, we are pleased to recommend publication of this study as the third in NPA's series on development progress.

On behalf of NPA, we also wish to thank the following foundations, whose grants helped to make the study possible: the Asia Foundation, the Faigel Leah Foundation, the Good Works Foundation, the International Foundation, the Henry Luce Foundation, and the Starr Foundation. Howeve these foundations are not responsible for the data, analyses and conclusions in t s study, which are solely those of the authors.

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Preface

This account of the development progress of Hong Kong and Singapore is intended for policy makers and opinion leaders in the developing countries and in the United States and other developed nations, as well as for development experts. It endeavors to explain in nontechnical language the means by which the two city-states have achieved their extraordinary economic growth and the benefits that have resulted therefrom in terms of full employment and rising living standards. One purpose of the detailed analysis is to ascertain whether each city-state's general development strategy and specific policies are relevant to the needs and capabilities of other developing nations seeking similar goals.

Although Hong Kong and Singapore are world-famous cities much visited by tourists and travelers, people who do not live there or who do not have a business or professional relationship with them generally know little about their development progress and how it has been achieved. Indeed, even many experts in the field of development pay little attention to the experiences of Hong Kong and Singapore on the assumption that their accomplishments are owed to their Chinese sociocultural characteristics or in the belief that the problems and potentialities of city-states are so different from those of nation-states as to have no relevance to them. In Chapter I, we point out the most important practical lessons to be learned from the experiences of Hong Kong and Singapore. In our judgment, they do not depend upon ethnic characteristics or size and could be applied by other developing nation-states not only in Asia but in Africa and Latin America as well.

For those readers lacking time for the full analysis, we have begun Part One with a chapter summarizing the historical backgrounds and current development progress of the two city-states and the lessons to be learned from their experiences that have wider applicability. Because Hong Kong and Singapore are inhabited predominantly by people of Chinese descent, Part One also includes a chapter sketching the main social-institutional and cultural elements in traditional Chinese civilization that help to account for the economic capabilities and sociopolitical characteristics of the existing transitional societies and cultures of the two city-states. Part Two on Hong Kong and Part Three on Singapore each contain four chapters that analyze, respectively, the transformation of each city-state since World War II, the present structure and functioning of its economy and the economic difficulties and opportunities likely to confront it in the foreseeable future; the specific improvements in living standards and socioeconomic well-being that it has enjoyed in recent years, and the nature of its governmental system and of its sociopolitical problems and prospects.

Our analysis is based mainly upon three types of primary sources. The first consists of numerous interviews with political leaders and civil servants; officials and staff members of chambers of commerce, trade associations, labor unions, business firms, and other private institutions; and university scholars, journalists, students and other individuals. The second are the personal visits we made to industrial estates and factories, housing estates, schools and universities, health and recreational facilities, markets and shops, and infrastructure projects. The third are official statistics; annual reports and other publications of government departments and ministries, banks and business firms, chambers of commerce and trade associations; publications of political parties, labor unions and other organizations and speeches of their leaders; local newspapers and magazines; and other written materials. As to secondary sources, a brief selected bibliography of recent books and current periodicals relevant to the two city-states is given at the end.

Because of the broad readership for which the study is intended, we have not burdened the text with footnote references to confirming or conflicting opinions in the social-science literature, with which development experts will in any case be familiar. However, a special bibliography is appended to Chapter II to indicate the main authorities on whose work we have based our analysis of the Chinese sociocultural background.

We wish to express our deepest thanks to the many helpful people we met in Hong Kong and Singapore for their interest in our work, the time they so generously afforded us, and their gracious hospitality. We are especially grateful to those who read and commented on the drafts of Parts Two and Three. We also greatly appreciate the interest in and assistance to our research of the members of NPA's Committee on Overseas Development and their useful comments on the study. A very special debt is owed to John Exter, who originally suggested that the Committee sponsor this series on development progress, explained the importance of including Hong Kong and Singapore in it, helped to obtain much of the financing for this study, and made significant contributions to our understanding of the economic dynamics of the two city-states. We wish particularly to thank John H. Adler, Alphonse de Rosso, Robert M. Dunn, Jr., Edward S. Mason, John Miller, Ernest H. Preeg, Lucian W. Pye, and Lauren K. Soth for their careful reading of all or portions of the text and for their valuable suggestions. We are also most grateful to the foundations whose generous grants to the National Planning Association helped to make this study possible. Naturally, we take full and sole responsibility for the data, analyses and interpretations presented herein.

National Planning Association — Theodore Geiger
June 1973 — Frances M. Geiger

About the Authors

Theodore Geiger is NPA's Director of International Studies and is also Professorial Lecturer in International Affairs at the School of Foreign Service, Georgetown University. In the recently published *The Fortunes of the West: The Future of the Atlantic Nations* (Bloomington and London: Indiana University Press, 1973) and earlier studies, he has written extensively on North American-West European economic and political relationships, international economic problems, U.S. foreign economic policies, and related subjects. His previous books on economic and social development include *The Conflicted Relationship: The West and the Transformation of Asia, Africa and Latin America* (New York and London: McGraw-Hill for the Council on Foreign Relations, 1967) and *The Development of African Private Enterprise* (Washington, D.C.: National Planning Association, 1964, reprinted 1969).

Frances M. Geiger is an economist in NPA's International Division. She was the founder and first editor of the *Development Digest*, a quarterly journal of excerpts and summaries of current materials on economic and social development that continues to be prepared by the National Planning Association for distribution in the developing countries through U.S. embassies and aid missions.

Note on Dollar Values

In most cases, value figures are expressed in Hong Kong dollars and Singapore dollars, respectively, and not in U.S. dollars as is usually done in development studies. There are two reasons for this choice. First, the exchange rate of the U.S. dollar has changed so frequently and substantially since August 15, 1971 that the resulting equivalent figures for the original statistics in Hong Kong and Singapore dollars would be misleading, especially at present writing when the U.S. dollar is probably undervalued. Second, analysis of development progress involves comparison of the current measures of the two city-states' economic-growth indicators and welfare benefits with their magnitudes in the past; it does not require that they be compared with one another or with other developing countries. Nevertheless, in a few cases where it would be significant for readers to have the U.S. dollar equivalents, we have converted the figures into U.S. dollars at the exchange rates prevailing at the times to which they refer. For those who may wish to make additional conversions, here are the U.S. dollar exchange rates of the two currencies and the periods when they were valid:

Hong Kong Dollar (HK$)

From 1949 to	November	1967 - 5.714	= US$1
	November	1967 - 6.06	= US$1
	December	1971 - 5.58	= US$1
	July	1972 - 5.65	= US$1
	Average	1972 - 5.638	= US$1
	February	1973 - 5.085	= US$1

Singapore Dollar (S$)

From 1949 to	December	1971 - 3.03	= US$1
	December	1971 - 2.82	= US$1
	February	1973 - 2.5376	= US$1
	June	1973 - floating against US$	

Note on Tables

Some of the columns in the statistical tables may not add to the totals given due to rounding.

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