The 6% for hong kong, singapore, and

Business, Industries

The name of the “ Four Asian Tigers”, sometimesalso referred to as the “ Four Asian Dragons” was given to Hong Kong, Singapore, South Korea and Taiwan, or rather to their economies.

These nations saw rapidindustrialization and had a steady growth during the 1960s throughout the1990s. The average growth rates in these years were 6% for Hong Kong, Singapore, and Taiwan, and 7% for South Korea. The images below show the evolution of RealGDP per capita for each country between 1960 and 2011. The average growth ratesbetween these years are 5% for Hong Kong and Singapore, and 6% for South Koreaand Taiwan.

Through these estimations, we see the incredible rates at whichthese countries have grown. Except for some isolated falls in their growthrates during the second half of the 1970s, we notice that they have allexperienced an almost continuous and positive growth up until 1995. In 1996, the countries were hit by the Asian Financial Crisis, and by looking at theimages we can see that this event lowered their annual growth rates. Nonetheless, it is still impressive how fast the countries’ economies bouncedback, a recovery many economists refer to as “ the Asian Miracle”. In the imagesbelow we can see another period of time when the growth rates had a considerabledecrease, which is when the Financial Crisis of 2007-2008 hit the entire worldand had repercussions on every country. Beforetalking about each country in particular or how they developed, it is relevantto discuss about their historical background. The effects of World War II andof the Korean War (1950-1953) were still felt in the early 1960s. All countrieshad a similar development pattern starting with that time.

Besides new importsand exports policies, they all pursued education as a way of ensuring skilledlabor force, which was obviously able to produce more output than less-skilledlabor force. Some studies show that the average years of schooling in 1965 inthese four countries was 1. 5 years. If we measure human capital based on theexpected years of schooling, we notice that it is a factor influencing theeconomic growth. This may be one of the reasons why the Four Asian Tigersdecided to make primary and secondary school attendance mandatory, while at thesame time investing in universities and making it easier for Asian students toattend universities abroad. All four countries had a fairly wellestablished post-colonial infrastructure, Singapore having been a Britishcolony in the past, Hong Kong still being one, South Korea having an Americaninfluence, and respectively Taiwan a Chinese influence.

The first twomentioned, Singapore and Hong Kong were able to sustain great rates of growthalso due to their importance as trade centers. The story ofeach TigerHongKongManufacturingindustries, textile exports and re-exports of goods to China are the mainfactors that caused Hong Kong to have a rapid industrialization, making it thefirst out of the four economies to take off. The population started to grow, while the labor costs remained cheap, meaning the standards of living began torise. This, and favorable tax incentives are what attracted investors and manycorporations to the city. Employing large sections of the population during the1960s meant that the manufacturing industry moved to a new stage.

The followingyears (i. e. 1970s and 1980s) brought a period of high development due to thecountry’s new-found wealth. Hong Kong now had city-wide constructions, skyscrapers, public housing and commuter train lines. The GDP grew 180 timesbetween 1961 and 1997, making Hong Kong one of the wealthiest countries in theworld. SingaporeWorldWar II left Singapore into a state of violence and disorder.

Much of itsinfrastructure suffered during the war, including harbor facilities at the Portof Singapore. Crude oil, rubber and tin were the main materials that weretransported from the Malay Peninsula to Singapore, in order to be shipped afterwardsto Britain or other international markets. This was the main function of theport of Singapore during the colonial period. The lack of food that causedmalnutrition, disease, crimes and violence throughout Singapore, combined with thehigh level of food prices and unemployment led to a series of strikes in 1947, causing interruptions in public transport and other services.

Thepopulation of Singapore faced increased levels of unemployment and poverty in1965 as well, when it became independent from Malaysia. As a response to thisproblem, the government set to make Singapore an attractive destination forForeign Direct Investments by establishing the Economic Development Board. Inthe years that followed, FDI had a great increase, and by 2001 foreign companiesaccounted for 75% of manufactured output and 85% of manufactured exports. As ofnow, Singapore is one of the world’s leading currency exchange countries. Itmanaged to capitalize on its reputation as a trade center and it now possessesa vast expat community, evidence of the high volumes of foreign investmentreceived over the years.

Singapore currently has the highest GDP of all FourAsian Tigers.