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Economics

The term ‘ Asian Tigers’ refer to the Asian countries of South Korea, Taiwan, Hong Kong and Singapore. These nations have experienced massive economic growth figures due to their policies on key economic areas. These policies involve allowing for free market trade to allowing for investments by foreign firms.

However, the respective Governments have over time interfered with the trade between these nations and other trading partners so as to protect the interests of their nations (Seyoum 2000, p. 61). This allows for a favorable balance of trade leading to an increase in the budget amounts that will be used to provide basic necessities to the people.

The modernization of these economies involved allowing for free trade to take place, imposing low import barriers and scouting for foreign direct investment so as to increase on their national output and acquire the necessary infrastructure for the production of quality products for importation .

From an economic perspective, supply creates its own demand thus letting the market forces to determine output and prices. South Korea restricts the importation of products by imposing strict barriers like the issuing of permits to importers which hindered the basic economic principle from determining the nations’ trade.

This was seen as a move to protect the local market from foreigners who would exploit the market. To promote the export sector, the government provided goodies to the exporting firms that included establishing export processing zones and reducing taxes paid by this firms (Amsden 1999, p. 49)

Singapore, Hong Kong and Taiwan did not fully restrict imports and foreign investors as the governments saw it as a way of partnering strategically with other nations for economic development. Singapore allowed for imports from few countries like India that provided raw materials that were not available for example cotton. It also allowed for free trade with the United States under a free trade agreement that was implemented in 2003 that involved the exportation of textiles (Sharma 2003, p. 123).

For foreign investment, Singapore restricted investments for foreigners for the sake of protecting its local skilled labor. By allowing investments from abroad, the government viewed it as a way of increasing unemployment levels in the nation since most foreigners will come along with their skilled labourers and recruit just but a few semi-skilled employees locally.

Therefore, Singapore considered having strategic partners for its economic growth.