

# The global economy has moved on from the asian tigers

[Economics](#)



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‘ The global economy has moved on from the Asian Tigers; the present and the future of the global economy now lie elsewhere’.

To what extent do you agree with this statement?

The Asian Tigers were a group of newly industrialized countries that emerged around the 1960's up to the 1970's, where they experienced huge economic growth, including such countries as Singapore, Hong Kong and Taiwan. The source of their growth was due to their governments encouraging wealthy MEDC countries to invest in their assets, such as their huge numbers of cheap labour forces. When this succeeded, the Asian Tiger's saw better living standards, as well as westernized development taking place such as much needed transport links and communications. However in the late 20th century new emerging markets in other countries, as well as the fact that financial crisis occurred within their own economic markets, threatened the Asian Tiger's.

One of the key issues in which the Asian Tiger's prove to not be the answer to the present and future global economy was in fact their main attraction. The cheap labour force employed by TNC's, experienced increased standards of living; quality of life and wages after huge development took place. This meant that companies were now looking elsewhere for their manufacturing needs as well as a cheaper labour force, such as those provided by China. Nike, for example, who manufactured large amounts of their products in places such as Taiwan, began to relocate in the search for new competitive markets where the labour was cheaper, such as Vietnam and China. In addition, many TNC's including Nike subcontracted factories instead of

owning them, which made it cheap and easy for them to relocate once the contracts had run out.

However, to an extent the Asian Tigers seem to have provided a lesson to alternative countries such as the copying of its traditional methods. This includes China's special economic zones and export processing zones that encouraged investors, with its foreign direct investors (FDI's) benefitting from tax breaks, making their labour force with a size of over 1 billion seem even more appealing. Although the global economy may have moved away from the Asian Tigers physically, their influence certainly extends to today's economy.

Furthermore, manufacturing continues to be a very important industry in the Tiger's economy, whilst the UK is actually seeing decline. For many of the transnational corporations, the cost of moving countries and the training of a new labour force was just too great. This meant that many companies chose to stay within the Tiger's as the benefit of a more skilled and experienced service outweighed the benefits elsewhere. Examples of these are mostly to do with construction of software, and technologies such as Dell, and Mac. So, instead of decline, the Asian Tiger's have simply seen a change in their traditional manufacturing such as clothes, to a more skilled construction basis. Therefore, it is arguable the Asian Tiger's play a huge role in the global economy, and will perhaps continue to do so in the future.

However emerging markets, such as the growing of a highly educated workforce in India, provide services and therefore manufacturing quality that the Asian Tigers cannot. These alternative countries are suited to the high-tech service industry, as well as TNC's services, which include the <https://assignbuster.com/the-global-economy-has-moved-on-from-the-asian-tigers/>

cooperation with banks such as HSBC and American express as well as customer service call lines. With countries such as India producing over 350,000 English speaking graduates every year, these alternative countries lead the way in the present global economy and the future global economy. In addition to workforces being able to communicate across the globe with ease as well as being well educated, they are very cheap to employ. For example, it is estimated that if an average British company were to move 1000 jobs to India, it would save them £10 million in costs.

BRIC's also hold economic advantages over the Asian Tigers, such as the fact that Brazil has become a major destination for the production of cars, such as Fiat with its large landmass available for large industries such as this. However, perhaps one of the biggest reasons as to why the Asian Tiger's have been left behind by the global economy is due to the vast populations provided by alternative countries such as Brazil, Russia, India and China.

With India and China being two of the world's most populous nations, they provide a market within themselves. This is where TNC's can also market their products to the country of their own manufacturing, such as Unilever who create household products for all over the world. Therefore, this is a major reason as to why the global economy has moved on from the Asian Tigers.

Although the Asian Tiger's economy was in fact slowed down by the South East Asian Financial crisis in the 1990's, and had worldwide repercussions, this is not to say that the Asian Tigers hold no future in the global economy. The development that occurred after 1960 allowed the countries themselves and their population to move out of the LEDC status, something that China

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and India are far from. The Tigers, therefore have benefitted from development and have seen education at very high levels with living standards being much higher which has allowed the population to become more skillful and entrepreneurial. For example Taiwan is now home to some of its own TNC's such as the mobile phone company Siemens.

In conclusion, the Asian Tigers did play a massive role in the global economy during the 1960's and 70's. However, it is clear that the majority of TNC's and mature economies have moved elsewhere to increase profits and decrease expenditure. Nevertheless, it is not fair to say that the Asian Tiger's do not influence the present of the global economy, as they now provide a different service entirely, as well as the fact they have learnt to diversify and invest more in education. In many ways, they are beginning to compete with the larger nations with their own companies. Therefore, the Asian Tigers are in fact moving towards the role of a major influence in the current global economy, and indeed the future global economy.