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Impact of Globalisation in the Four Asian Dragons

Saahil Kothari, Kshitij Lunkad

Christ University, Bangalore, Karnataka

ABSTRACT

Amidst growing technology and economic capabilities, several countries have discovered how Globalization can become a catalyst for their economic development. The term Globalization is variously conceptualized, but in general, refers to the latest phase of capital expansion involving foreign exports or transnational network of trades so that the movement of economic resources is increasingly outside the control of any state. (Brown, 1998) Economies all around the world have shown massive growth in terms of economy. Countries which earlier had a blurred economic vision are taking the path to globalization to plough a high yielding economy. Many high performing nations also have decided to form special groups and alliances in order to target co-operative development through alliances like BRICS (Brazil, Russia, India, China and South Africa), CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa). Similarly, the Pacific Rim has seen the rise of Hong Kong, South Korea, Taiwan, and Singapore as growing economies which came to be known as the four Asian Tigers. These countries underwent major policy changes and economic decisions to fit into this criterion. With zoomed industrialization and exceptionally high growth rates, their strategies are now becoming an inspiration for many economic markets in the Pacific Rim. One such group which are considered their successor is the Tiger Cub Economies consisting of Malaysia, Thailand, Philippines, and Indonesia. These economies have started to emerge as financial centres especially, Singapore and Hong Kong which are one of the biggest financial centers worldwide. South Korea and Taiwan, on the other hand, are important manufacturing hubs of high margin industries like automobile and IT. The resiliency of these economies was proven when they survived and recovered from the Asian Financial Crisis of 1997 and the Credit Crunch of 2008/ these four countries are included in the list of Advanced Economies formulated by the International Monetary Fund (IMF). In the following paper, we plan to focus on the various development strategies, policies, and steps implemented by these four countries. This will help us in understanding the various aspects related to growing a previously underperforming economy. Also, we will focus on the importance of globalization for a country which plans to undergo an economic transformation. Finally, we would be talking about how other countries can implement the same strategies and cope up with the developing world.

Keywords: Globalization, Transnational, High Yielding Economy, BRICS, CIVETS, Industrialization, Asian Financial Crisis, International Monetary Fund.

GLOBALIZATION IN SINGAPORE

Located in South East Asia, Singapore is one of the few economically developed island country and in the Pacific Rim. With a history of colonization like India, Singapore was not left in a rich state by the Britishers. After the end of the second world war, Japan occupied Singapore in order to fill its depleting local resource. This implies to the fact that Indonesia had a dull economic history. The fact that it was able to recover, tells us the success and the practical implications of the Strategies used by them. Considered one of the least corrupt nations in the world, the country has been constantly working and developing its economic and legal regulatory system in order to make the economy investor-friendly. Singapore has performed well on all the economic indicator charts including GDP, HDI etc. (The World Bank, 2017)

Singapore has a flourishing manufacturing and servicing center. One problem is the high wage rate as compared to the other South East Asian Countries. The government has made sure that the economy is open and the economy stays in constant flux while evaluating with globalization (Sadasivan, 2007). It also boasts one of the busiest ports with trade figures almost triple to GDP. Globalization is seen as a revolution in Singapore. Globalization has affected Singapore in both a micro and macro level. However, the fact that distinguishes Singapore from other globalized countries is its ability to take out the positive from the globalization and implement it in all the sectors of the economy.

With world-class infrastructure, you would see people and companies from all over the world operating successfully in Singapore. It is currently one of the most multicultural nations in the world. People from all over the world work in Indonesia and this is one of the impacts of Globalization. Education is one of the most benefitted industry from Globalization in Indonesia. Universities in Indonesia are of International standards and invite educationist and enthusiasts from all over the world. The tourism sector of Indonesia is robust with adventure-seeking young travelers coming to witness the beauty of Singapore. As a nation, low on national resources, Singapore decided to adopt a different strategy to develop. The burgeoning seaport and airport have become a hub in the South-East region. It also boasts a relation with more than 180 sovereign states. Singapore is also a founder of ASEAN and has been coordinating with its work.

The GDP of Singapore is growing with Globalization as an essential catalyst. However, there are concerning issues which need to be seen into by the Singapore government. Singapore is now more prone to the crashes of other economies. It's immune to the shocks to the global economy. Another most common challenge which Globalization brings in to the host economies is unemployment challenges. Singapore, in recent times, has been struggling to improve employment opportunities for the locals. It has been facing the problem of income disparity which has been a challenge for the Singapore Officials. With more and more western influence in Singapore, we are seeing westernization of their culture. It has become difficult for Singapore to keep their ethnic language alive as the English language is now becoming mainstream. (AsiaBiz Services). Being a resource-poor nation, Singapore had to adopt certain strategies to attain economy soundness. One of them was accepting people of all cultures and backgrounds. This has resulted in Singapore converting into a multi-cultural society. A trip around Singapore would take you to the streets of Chinatown, the Arab Street and little India in Serangoon road. This is an evidence of the extensive globalization Singapore has gone through. At the end of the day, it all depends on how well the authorities are successful in maintaining the equilibrium between Globalization and Localization. (UK Essays, 2013)

GLOBALIZATION IN SOUTH KOREA

Also, known as Segyehwa in Korean, Globalization has been a major concern for the authorities in South Korea. With a lot of economies switching to globalization, South Korea decided to search their progress in the same field. (Lee & Kim, 2010) South Korea had major challenges to overcome being a rural-predominant nation. The effect of globalization has hard hit the rural areas which have been negatively impacted by it. South Korea has shown massive evidence of globalization with top positions including secretary general of United Nations being occupied by Korean leaders. However, the fact to be observed and thought upon is that even after the wave of globalization which should leave the people happy, they instead are unsatisfied. Globalization has shown its sets of negative effects on South Korea which will be discussed later in the paper. (Clark, 2015)

The Globalization wave has seen the economy of South Korea develop and grow massively. South Korea is one of the few third world countries to build a sound economy through Globalization and Industrialization in massive scales. Well-developed strategies and good governing are major reasons for the success of globalization in South Korea. However, the government of South Korea has put up a lot of regulations and rules which in fact, had led to economist stating the country as partly globalized. Also, there are organizations which do not support this level of globalization and feel that it has negative impacts on the culture of South Korea. However, there have been steps to promote globalization on the other hand. The Foreign Investment Promotion Act (FIPA) was one of them. This provided a lot of benefits to the Foreign investors including subsidies. Globalization has resulted in increased FDI inflows which in turn has helped in protecting and enhancing the economy by reducing unemployment and increase forex reserves. South Korea has also emerged as a hub for manufacturing of high margin electronic goods. It also has been focusing sharply on increasing technological exchanges. South Korean Technology Giant Samsung has been regularly working on forming associations with globalizing companies. These associations have helped South Korea in becoming a hub for a lot of industries. One of those industries is also the automobile sector where Hyundai has passed some of the largest automobile companies in the world. We also see a Korean wave across the world which is helping Korea to become a brand in itself. (Dixon)

However, Korea has gone through the disadvantages of Globalization as well. One of them is cultural dissolution which is an issue which has been raised by a lot of locals and non-profitable organizations. Experts say that this globalization has been in cost of the rural population of South Korea which has raised concerned and led many locals to protest against the same. The South Korean Economy is also known to be quite fragile with the economy getting affected by a lot of external factors. The economy is known to show its bearish side every time they are provoked by North Korea. Though globalization has made the economy strong, it has made the population of South Korea unhappy which completely dissolves the importance which globalization brings to an economy as it is meant to be for the betterment of the people. In order to face the challenges, the South Koreans need to have a free mind wherein they accept people from cultures all across the world. The government should also make sure it reaches a balance between Globalization and Localization and make sure that the Happiness index increase along with the development index. (Han, 2009)

GLOBALIZATION IN HONG KONG

Hong Kong and globalization are actually synonymous with one another. Article 115 of the Basic Law, stipulates that Hong Kong shall, "pursue the policy of free trade and safeguard the free movement of goods, intangible assets, and capital." There are no tariffs on goods entering Hong Kong. And no subsidies on the exports. It is no surprise that Hong Kong has been ranked the freest economy in the world for the past 23 years in a row by the Washington-based Heritage Foundation (Leung, 2017). It has also been consistently been ranking as no. 1 in the Globalization Index, which is an annual globalization report from EY, from 2012-14.

The most profound effect that globalization has brought to Hong Kong, is the development of the economy and the significant improvement in the quality of life. During the years 2003-13, the services sector had grown at an average annual rate of 5.9 percent. The major sectors which are included in this consist of accommodation and food services, real estate, finance and insurance, &

professional and business services. In 2014, the ratio of Hong Kong's exported services to its GDP amounted to a massive 48 percent. Globalization is the reason why Hong Kong is experiencing a surge in their services sector, which culminates as the increasing economic condition in the global city.

The quality of life has also been affected a lot by the globalization. There have been many improved community facilities such as new markets, community halls. Along with this, there have been newer and advanced flats in the district, well established living styles, advanced technology and skills etc. However, it isn't all positives as Hong Kong has the largest wealth gap in Asia, despite the fact that Hong Kong was declared to be the wealthiest place amongst 229 countries and districts. This is because globalization has brought competition and new technologies had forced the people to expend more on services and fuel onto highly educated services and activities. This meant that the poorer people who earlier worked in factories had no jobs left hence the wealth gap started to increase.

The other factor which has been impacted by the globalization is the geography of Hong Kong. There have been many incidents of land reclamation and flattening out the highlands in order to build more buildings, roads, and other infrastructural projects for the large influx of population moving into the city. 25 percent of all Hong Kong is built on reclaimed land.

Additionally, Hong Kong became one of the busiest and most efficient international container ports in the world. According to the Honk Kong port development council, it handled around 22.2 million TEUs of containers in 2014. The port provided about 350 container liner services per week, connecting to 510 destinations worldwide (News, 2015). Hence it became a place of business and transport and the government had to start land reclamation to provide accommodation to its growing population.

GLOBALIZATION IN TAIWAN

Taiwan's financial miracle was to a great extent a consequence of an upgrade in government policy and a reexamining of the nation's part in worldwide trade, amid the mid-1970s. Taiwan was to change its economy, to wind up plainly an inventive market and maker of high quality and technologically advanced equipment. With a specific end goal to get this going, there were real changes in government policy in three key zones: education, innovation, and export (Lu, 2012).

Taiwan is a region with not many natural resources and in 1960's, several FDIs were engrossed credit to the development of the environment. Subsequently, Taiwan has advanced economically immensely. Their imports consist of substantial amounts of intermediary products through sizeable export growth and trades with China, USA, HK, Japan, Australia the EU & other economies of SE Asia (Essays, 2015).

Thanks to this, Taiwan is an economic success. Since 1992, Taiwan's GDP growth has averaged 4.5 percent. This increased the real per capita income from \$9,116 in 1992 to \$19,762 in 2012, resulting in Taiwan establishing itself as the 20th wealthiest country globally, and 6th richest nation in Asia. Along the way, Taiwan has converted itself from a dictatorship into a vivacious democracy. Powering this growth in Taiwan has been a quick enlargement in international trade. In 1992, Taiwan's overall trade was worth in excess of \$180 billion and epitomized 82 percent of their total GDP. In 2012, Taiwan's trade represented 140 percent of their GDP and was estimated at around \$650 billion, with it they became the world's 19th biggest trader, although it is only the 20th largest economy globally. Of Taiwan's merchandise exported in 2012, roughly 99 percent were from the industrial sector, whereas agricultural products consisted of solely 1 percent of exports. In the case of imports, more than 77 percent are of agricultural goods and raw materials, signaling Taiwan's inadequate arable land and lack of indigenous natural resources. Capital goods are the next largest imports followed by consumer goods at 14 percent and 10 percent respectively (Meltzer, 2014).

The education system in Taiwan, similar to other education systems in East Asia, has undergone an enormous transformation over the last two decades. Education has become interconnected with trends of globalization and internationalization, development of information communications technology, and a set of political, sociological, economic, and management changes. These changes together produce multifaceted influences on Taiwanese education. In particular, the ideology of globalization and localization acts as one of the driving policy agenda in Taiwan. Governments in Taiwan have endeavored to follow the trend of globalization, especially in education (Dian-Fu Chang, 2011).

CONCLUSION

If we analyze the development stages of all the four Asian dragons, we see a common pattern. All of them have practiced fruitful Globalization and have opened the economy to invite foreign interests. They also have focused more on moving to high margin industries such as technology and electronics. This strategy can also be applied by developing economies and as a matter of fact, it has led to the rise of the Tiger Cub Economies. We also see that while countries have taken advantage of Globalization, they also have faced a lot of limitations. There have been cultural tensions and issues for local businessmen. However, the four dragons have been successful in fighting these limitations. Hence, we may conclude that Globalization can be seen as a route to economic development, but at the same time, the authorities must make sure that they fight with the limitations well.

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