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THE FOUR ASIAN TIGERS: ECONOMIC BREAKTHROUGH

The four Asian tigers are the economies of South Korea, Taiwan, Singapore and Hong Kong. In the period from the early 1960s to the 1990s, they experienced rapid industrialization and maintained exceptionally high growth rates, exceeding 7 percent per year. The economies were unique in terms of continued economic growth and high levels of fair income distribution. A World Bank study recommends two growth strategies, among others, as a cause of the Asian miracle – macroeconomic management and factor accumulation.

The economy of Hong Kong experienced industrialization with growth in the textile industry during the 1950s. By the 1960s, production in the British Colony had grown and diversified to include electronics, garments, and plastics for exports. After Singapore's independence, the Economic Development Board developed and adopted national economic policies to boost the country's manufacturing sector. Industrial estates were established, and the country offered tax incentives that attracted foreign investment. Meanwhile, South Korea and Taiwan started to industrialize in the mid-1960s with significant government intervention, including programs and policies. Both countries followed export-oriented development, as in Singapore and Hong Kong. The Four Asian Tigers were motivated by Japan's recognizable progress and followed the same strategy through investments in the same categories – education and infrastructure.

In 1993, The World Bank reports The East Asian Miracle considers neoliberal policies, including the maintenance of export-oriented policies, low taxes and minimal welfare states, to be the cause of the economic boom. Before the Asian financial crisis of 1997, the growth of the economy of the four Asian is explained by export-oriented policies and resolute development policies. The export-oriented tiger countries that benefited from consumption in America were also hit hard by the financial crisis of 2007–2008. By the fourth quarter of 2008, the GDP of all four countries had fallen by an average of 15 % year-on-year. Exports also fell by 50 % year-on-year. Weak domestic demand has also affected the economic recovery of these countries. In 2008, retail sales fell by 3 % in Hong Kong, 6 % in Singapore and 11 % in Taiwan.

As the world emerged from the financial crisis, the economies of the four Asian tigers also recovered strongly. This is largely due to the fiscal stimulus measures of the Government of each country. Another reason for the significant recovery is the small corporate and household debt in these four countries. Because of limited domestic markets in Singapore and Hong Kong, domestic and foreign prices were linked. South Korea and Taiwan implemented export incentives for the traded goods market. The governments of South Korea, Taiwan, and Singapore all sought to promote certain export sectors, which was described as an export-driven policy.

All of the initiatives helped the four countries reach an average growth rate of 7,5 % per year for three decades, thereby gaining the status of developed countries.