

Why Has Asia Risen so Rapidly? Is It Now Leading the Way?

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Abstract: Asian economy was damaged badly after World War II, and Asia was trying to recover their economy by working against serious problems of huge population, slow economy growth, poverty and corruption. Some Asian countries are now fully developed successfully, and some are still in the process of developing. However, Asian economy is now playing an important role all over the globe, leading the way in advanced technology, manufacture, and labour. This paper uses examples of Japan, China, and Singapore to explain how Asian economy recovered and have risen so rapidly, and why they are now leading the way in recent decades.

Keywords: Asian Economy; Rise; Leading; Asian Countries; Developing

Introduction

The Asia region is now having a strong economy, but just a few decades ago, Asia's economies were weak and undeveloped because of World War II. During past 50 to 80 years, Asia needed to work against a number of situations, the biggest problem were a huge population, slow economic growth, poverty and corruption. More recently, some Asian countries have successfully developed, and some of them are still in the process of developing. Some of these countries have actually obtained economic help from other countries. This paper will analyse the reasons why some Asian countries have risen rapidly, and why they are now leading the way. Using examples from Japan, China, Singapore, etc., I will discuss how Asia has risen rapidly. Because its economy was failing after WWII, the Japanese and Chinese economy were hurt badly; what policies they used to improve their economies; as these Asian countries wanted to catch up with western countries and the flow of globalisation, also there was a need to shift their economies from import substitution to export oriented industries, explaining now it is leading the way in economic, technology and education. Overall, this essay will discuss how Asia has risen rapidly, especially in recent decades. Asia is a diverse region. Some countries have done well and others less well. Developed countries in Asia include Singapore, Japan and South Korea; Indonesia, Vietnam, India and China are in the process of developing, China and India are two examples that have more strengthening economies than other developing countries, but still a long way to go. Also Asia is now leading the way because of strong economies in Japan, Singapore, especially China, which is performing well in recent decades.

After WWII and Japan had lost the war, its neighbour countries required compensation for their losses in the war, so the Japanese economy was on the edge of collapse.

The Chinese economy was also hurt badly after the WWII. However, China actually had a huge economy in ancient times, and it was the economic super power of the ancient world. China is located in a good position, and contains significant natural resources. A feudal system ruled China over centuries. In the Tang Dynasty, the Tang government was willing to trade with other countries from rest of the world, and it was the main reason why Tang Dynasty had successfully held a strong economy during that period. But one of the emperors of Qing Dynasty decided to close the country, refusing to trade with other countries. At this position, China started losing its economic power (Curtis, 2011). It lost its capital power through signing a lot of unequal treaties. After the Qing Dynasty collapsed, the Communist Party took over China, in order to strengthen the Chinese economy, the Communist Party started to focus on improving productivity, especially in steel. In response to the call of the Communist Party, the whole China put every metal that they have together to make steel, which was known as "Great Leap Forward", and it causes a huge decrease in the Chinese economy. The

Cultural Revolution happened after the failure of the Great Leap Forward, which was caused by Mao's policy, The Cultural Revolution caused decrease in production; increase in price of daily necessities; transportation was a big problems for Chinese people; citizens could not afford food, more citizens became peasants, and lots of Chinese people starve to death in the Cultural Revolution; birth rate was out of control, which made it more difficult to survive for a family. The Cultural Revolution and the Great Leap Forward caused China's economy to collapse (Christensen, Levinson, 2003).

There was another reason that these two countries have risen so rapidly, they wanted to catch up with the developed countries in the world. Japan wanted to catch up with the western countries, and China wanted to catch up with Japan.

Japan changed its social system, abolished the feudal system, and more importantly Japan obtained its capital from invading ancient China, which was the Late Qing Government, and forced Qing Government to sign a series of unequal treaties, for instance the Treaty of Shimonoseki, Qing government paid Japan a war indemnity of 200 million taels, and opened various ports and rivers to international entry and trade (Arthur, 2011). Also, for the purpose of getting support from Japan, the United States (U.S) helped Japan to recover its economy, and U.S. gave up its claims, also provided Japan with huge amount of oil, coal and iron ore, which facilitate the development of Japanese economy after WWII. Keiretsu was established which made a great contribution to strong Japan's economy (Frederick). Japan suddenly became the strongest country in Asia and plays an important role in Asia with both soft power and hard power.

China would not have such a strong economy power without Deng's leading. After Mao dies, Deng Xiaoping became the president. China adaptation to socioeconomic changes, Deng proposed the socialism with Chinese characteristics, reform and open, and four modernizations, which are agriculture, industry, science and technology. China abandoned Mao's policy of self-reliance, to encourage technology. Also, it was focused on agriculture, to implement the Production Responsibility System, to improve productivity in agriculture, a new stock exchange was created in Shanghai and Shenzhen, and also China grew with more urbanization. The Five-year Plan was a very successful strategy that China has been implementing since 1953(Roach, 2011), under this strategy, China defined its targets and policy to reach those targets. Since China has opened up its markets, in order to increase the economy, China encourages foreign direct investment (FDI), FDI providing China with modern technology and management systems. China also took a huge stride on building human capital; universities educated more than 1.5 million engineers and scientists annually (Roach, 2011). Furthermore, huge cheap labor and a big manufacturing market are both the main reasons that attracted more investment in China. These factors made the Chinese economy stronger than before.

The third reason that Asia has risen rapidly is because of the globalisation. After WWII, the U.S. started to spread its multinational companies (MNCs) all over the world, which facilitated the globalisation. Also, there was a need to shift economics from import substitution to export oriented industries.

Singapore as a developed country in Asia and does not feature a cheap labour, so Singapore concentrated on technology. There was a "going high-tech" period happened in Singapore during 1974 to 1984, Singapore stepped into secondary export-oriented industrialisation from primary export-oriented industrialisation, switched from labour intensive to capital intensive production, for instance, electronics, aerospace and computers, also leading the producer for computer hard drives, and its FDI doubled in that period (Frederick, n.d., para 9). Late in 1990s, Singapore started to look for production integration and markets in Southeast Asia and China. Singapore now is one of the most important members that improved the Asian economy. (Tellis, Marble, Tanner, 2011).

India also provided a huge population and a source of cheap labour as well. In the 1990s, India adapted liberalisation policies and made a great improvement in Information Technology. India people are educated in English. Their English skills helped them to take part in global activities (Tellis, Marble, Tanner, 2011).

Southeast Asian countries have cooperated with each other amicably when they signed the "Association of Southeast Asian Nations" (ASEAN) in 1960s, which helped to avoid conflict in culture and ideological differences.

Most of Asian countries adapted a liberal and FDI policy, to encourage imports of foreign goods and services, and to provide cheap labour and export cheap resources. Foreign investment also gives job opportunities to locals and to raise living standard. Now, the rise of Asian has a quite big influence on globalisation.

Asia is now leading the way in the global economy. Especially the developed countries like Japan and Singapore, and developing countries like China and India, they make a great contribution to the global economy. China and India are able to use cheap labor to produce more goods which enable the Asian economies to obtain a continuous flow of export revenue. However, there are still non-developing countries such as Myanmar, Laos and North Korea, they have closed market, and refuse to trade with others, which make them now still undeveloped, and did not make any contribution to rising Asian economy (Ferdinand, 2012).

The growing economic strength of Asia started by the rise of Japan; than South Korea and Taiwan performed well by dramatic improvement in economic, as well as the “tigers” of Southeast Asia led by Singapore; in recent decades, the rapid rise and expansion of Chinese and Indian economy (Tellis, Marble, Tanner, 2011).

The South Korean economy recovered from being hurt badly in the Asian Financial Crisis (AFC) by borrowing from International Monetary Fund. South Korea used to be an agricultural country, after the AFC, South Korea became a newly emerged industrial country, it focused on industrialization, it now in the leading position in the world on car manufacturing, especially it has a huge market of producing autos for middle income family. South Korea imported massive amount of foreign capital and technology (Christensen & Levinson, 2003).

Singapore is a developed country and has a successful free open market economy and a no corruption environment, also, its GDP equals the GDP of the Big 4 West European countries (Ferdinand, 2012.). Also, the developmental economy allows Singapore to invest more on technology and human capital. Singapore now has a very mature business environment, there are four basic sectors that Singapore focuses on: commercial, manufacturing, architecture, and transport. (Tellis, Marble, Tanner, 2011). As an industrial country, Singapore is famous for shipbuilding, ocean shipping and electrics; also because its particular position, lots of headquarters of MNCs are set in Singapore, which makes Singapore the trade center of international business. Singapore enjoys a great reputation on higher education; a low uneducated rate helps Singapore develop more elites to contribute to the country. English and Chinese is commonly used in Singapore, which make it easier to trade with U.S, EU and China (Schmemmann, 2011, p5).

China now has a really strong economy, not only in Asia region, but also in the world, and Chinese strong economy is one of the most important reasons why now Asia is leading the way. First of all, China has the largest population in the world, the huge population used to be a serious problem to China, but now under the globalization, this disadvantage is turning into a advantage to China (Pei, 2009.). On the one hand, because of the huge population, China has abundant labor resources, so it can maintain a long-term advantage of low wage cost; on the other hand, a huge potential market demand exists. In the process of reallocating global resources, cheap labor and huge potential market can attract a great amount of foreign investment, which will bring the technology, management skills and market developing capabilities (Tellis, Marble, Tanner, 2011).

Secondly, China starts to show the advantage on middle and high skilled labor force. As the employment pressure, education has been pushed to a higher level since 1990s. Due to China invested more on education, now it successfully created a good quality of workforce. Furthermore, the low cost of living standards and cheap currency caused lower wages compare to the western countries, these reasons attracted foreign investment to set up their factories and service center in China, or in Asia. In the capital and technology intensive industries, China becomes one competitive country. Lots of new high-tech products are imported to China due to more MNCs entered into Chinese market (Roach, 2011).

Thirdly, despite the advantage of cheap labor, the huge potential market is also one of the reasons why lots of foreign investors were willing to invest in China; even they do not make any profit in a short term (Lee, 2011.).

And the international relations between China, U.S, EU and other countries work well. After GFC, China is the biggest debtor and importer of U.S., and is one of the biggest trade partners of EU, that shows U.S. economy is really rely on China, which means that China is leading the way on economy of the world. Moreover, South Africa people like China a lot because of Chinese government often donated supplies to South Africa (Tellis, Marble, Tanner, 2011). As China is the second largest export country in the world, which directly strong the Chinese economy, increase the GDP and Purchasing Power Parity. China now is applying a low currency policy, it always keeps its currency--RMB exchange rate at a lower level which is good for China as the biggest export country (Guthrie, Lemert, 2009).

From the three example countries that were discussed above, we can tell that Asian is stronger than before in 1980s, and Asia is on a very important role of globalisation, and it is now leading the way.

In conclusion, this paper has highlighted why the Asian economy has risen so rapidly because Asian economies were failing after WWII, they also wanted to catch up with U.S and European countries; and globalization led by the U.S. facilitates the rapid raised in Asia. The U.S. helped Japan to recover its economy, and brought new knowledge, and technology, Japan plays a fairly important role now in Asia, as well as Singapore. Singapore now enjoys an advanced technology and education, it also reach the central business station because of its special position. However, during the last three decades, China caught up by applying some policies; for instance, open the market, four modernizations which are agriculture, industry, science and technology, that were proposed by Deng. China now has absolute advantages on huge cheap labor and a massive potential market, also, increased education in China, has encouraged more skilled labor, attracting lots of foreign investors invest in China, make a contribution to Chinese economy. South Korea has also successfully recovered its economy after WWII and the Asian Financial Crisis, doing well in car manufacturing sector. These factors explain how developed and developing countries in Asia are now leading the way.

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