The students to discuss who the Asian tigers were and consider what sort of things went wrong with ISI.

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The **Four Asian Tigers** or **Little Dragons** is a term used in reference to the highly developed economies of Hong Kong, Singapore, South Korea and Taiwan.

From the Great Depression to the years after World War II, under-developed and developing countries started to have a hard time economically. During this time, many foreign markets were closed and the danger of trading and shipping in war-time waters drove many of these countries to look for another solution to development. The initial solution to this dilemma was called import substitution industrialization. Both Latin American and Asian countries used this strategy at first.

What were some of the problems that Brazil experienced as a result of implementing ISI strategy? Then play the video below starting at 45 seconds in and pause at 1 minute 43 seconds. Ask them what they think South Korea might have done. Once they have come up with their ideas, give them the sheet below and ask them to answer the questions at the end:

https://www.youtube.com/watch?v=IQARiOFLBCo

The Asian Tigers, however, went a different way. They used the following policies in their Development strategy:

1. Emphasised the role of human capital. One of the prerequisite for any form of industrialisation is a well-educated workforce. In most East Asian countries, heavy emphasis was laid on human capital development. For example, in Taiwan, during the crucial phase of early industrialisation, government spending on education rose from 8% of total budget in 1952 to 18% in 1972.
2. Increased spending on health and housing. States played a key role in subsidising and expanding access to basic health care and housing. Singapore – in the 1980s it housed 80% of the population in subsidised owner occupied units built by the state housing development board. Health care access was universal and also heavily subsidised. Between 1972 and 1980 real per capita spending on health care rose by 90%.
3. Infrastructure was central in the development of industry. In Korea, nearly 25% of domestic investment in infrastructure between 1963-1979 came from public sector. Singapore, the state not only vastly expanded traditional infrastructure, it also provided low cost fully serviced factories available for the rapid establishment of new industrial ventures. In Hong Kong, government through its leasing arrangements made land available for industrial estates at a fraction of their market value.
4. Access to credit facilities – Selective credit and finance schemes were put in place. For instance, in Korea, interest rates were subsidised by as much as 75% on loans to exporters. In Taiwan, banks extended 75% of all loans to industries targeted by government planners.
5. Trade policy – At early stages of industrialisation ISI policies were instituted but, critically, these industries were threatened with the removal of protection if they did not begin exporting after a period of time. The Governments moved to under-value their currencies in order to support this.

Do you think they had the same experience as Brazil? What were the key differences? Explain your answer.

We can say that the 4 Asian Tiger countries began to follow an Export-Led Industrialisation Strategy, which essentially looks to support domestic industries that export goods to rich, industrialised nations.

What other sorts of policies might go hand-in-hand with this approach?

You can then play the South Korea clip through to about 7 minutes to show the policies in action.

So, this looks like the perfect solution then. Is it?

Will it work with all countries?

Will it work in today's economic climate?