

## 21. Industries and globalization

19<sup>th</sup> century: industrial revolution ⇔ invention of *steam engine* => railroads => increase in industrial production in western Europe (UK)

Nowadays: USA, Japan and the EU continue to dominate manufacturing industry but there have been some significant changes in recent years = several developing countries are becoming large industrial nations

- e.g. Taiwan, Hong Kong (today's part of China), Thailand, Malaysia, Singapore, Brazil, etc.

These countries have developed large manufacturing industry => *economy grows and the country becomes wealthier* => Newly Industrialising Countries (NICs) => traditional home of a manufacturing industry changes its place from western Europe to the *Pacific Rim*.

The growth of NICs has brought rising prosperity to many countries + problems. There are several factors encouraging eastern Asia's industrial growth:

- Labour = lower wages => multi-national corporations (MNCs) can cheaply employ people and produce goods at a cheaper cost + Asian willingness to work hard
- Government = NICs have tried to attract new industries/investments by offering financial incentives
- Communications = computers + satellites + internet help MNCs to manage production process. These MNCs have their headquarters in the developed world (EU, USA) but set up manufacturing factories in a NIC.
- Market = the market for most manufactured goods is *worldwide* => actual location for production is less important

### Example: Malaysia

= country expanding its manufacturing industry + rapidly becomes 1 of the wealthiest countries in the developing world ⇔ electronic industries (Bosch, Siemens, Hitachi) + textile industry + good infrastructure (airports, highways, )

- e.g. computer components, microchips, video cassette recorder, VCR, TV, mobile phones, etc.

### Example: Thailand

= a country of industrial contrasts, 1 of the world's fastest growing economies (transition from an *agricultural-based economy* to *industrial society* ⇔ electronics, plastics, textile industry but the benefits are not shared by everyone:

- ❖ *Bangkok* experiences 10x higher income/head than in peripheral areas of the NE => people migrate from villages to the capital => many problems:
  - road congestions
  - main port cannot handle the volume of traffic
  - air pollution ⇔ car emissions
  - buildings (housing) without proper services, i.e. without sewage
  - no marine life in the Gulf of Thailand ⇔ pollutants released into the sea by factories

It's advantageous for MNCs to *locate their new branch to a LDC* ⇔ cheap workforce and low wages + lower costs for production compared to a developed country

- e.g. NIKE, Adidas, Microsoft, SONY, Phillips, Texaco, etc.

### **Keywords**

invention, steam engine, NICs, Pacific Rim, MNCs, VCR, willingness, financial incentives, agricultural-based economy, industrial society, benefits