

THE FLYING GEESE WHO SHAPED MODERN ECONOMIC THINKING

what a V-formation teaches us about global trade

Why did an economist name a trade theory after a flock of birds? This lesson explores the “flying geese” model of manufacturing — how industries migrate from country to country, and what happens when a country’s time at the front finally comes to an end.

C1
BUSINESS
English
Reading



READ

authentic business article



VOCABULARY

12 key B2 business phrases



PRACTISE

comprehension & gap-fill



ROLE-PLAY

decide together as a team



ABOUT THIS LESSON

This lesson looks at the ‘flying geese’ model — an economic theory describing how manufacturing migrates from country to country as wages rise. You will read an article explaining where the theory came from, what happens to a country once it drops out of the lead position, and how automation may be changing the pattern altogether.



BY THE END OF THIS LESSON, YOU WILL BE ABLE TO:

- ✓ Use 10 new business phrases and collocations confidently
- ✓ Discuss how and why manufacturing moves between countries over time
- ✓ Debate a real business decision from different points of view

WARM UP — DISCUSS BEFORE YOU READ

Where do you think the majority of your clothes or electronics are made?

Why do you think companies move their factories from one country to another?

Do you think robots and automation will change where products are made in the future? How?

The Flying Geese Who Shaped Modern Economic Thinking

If you ever see a group of geese flying together, you will notice that the group arranges itself into a V-shape **whereby** one bird leads at the front, cutting through the air resistance, while the rest stay behind, each benefiting from the draft of the one ahead. Eventually the leader gets tired, **drops off**, and another takes its place at the front.

Such an image is so common in Japanese art and poetry that Japanese economist Kaname Akamatsu used it to describe his economic theory. When studying graphs about various industries' imports and domestic production, he noticed a prevailing V shape pattern, which appeared again and again. He named this his "flying geese" model of manufacturing.

The basic idea is straightforward. A country industrialises by making relatively simple goods such as textiles, toys and basic electronics more cheaply than richer countries. Foreign investment **pours** in, factories are built, and everyone benefits: the country gets jobs and rising wages, and the rest of the world gets cheap goods. However, as wages start to climb, the country becomes less competitive at the cheap end of manufacturing, and the work moves to wherever labour is now cheaper. The lead goose falls back and a new one **picks up** the front.

1950s Japan was the original lead goose, building its economy on textiles and simple manufactured goods. By the 1960s, rising Japanese wages pushed that role on to the Asian "Tigers" — South Korea, Taiwan, Hong Kong and Singapore — while Japan moved up into cars and electronics. By the 1990s, the Tigers had grown wealthy enough to price themselves out of the cheapest tier too, and the formation shifted towards China. Now, the geese are moving to Vietnam, Bangladesh and India.

WHAT HAPPENS TO THE LEAD GOOSE WHO INEVITABLY DROPS OFF?

The **consensus** among economists is to use the years at the front to build something that doesn't depend on being cheap. The Japanese government **poured money into** education and built more sophisticated industries to take over by the time they had priced themselves out of cheap textiles.

BUSINESS TERMS IN THE ARTICLE

Flying geese model

A theory describing how manufacturing industries migrate from richer to poorer countries in a predictable sequence, as labour costs rise.

Middle-income trap

A stalled stage of development where a country is no longer competitive on cost, but hasn't built the industries needed to compete on value.

A tariff regime

A set of taxes a government places on imported goods, often used to make foreign products more expensive than domestic ones.

KEY PHRASES

whereby

to drop off

to pour

to pick up

consensus

THE RELAY IN FOUR STOPS

1

1950s Japan builds its economy on textiles

2

1960s-90s the role passes to the Asian Tigers

3

1990s onward China becomes the world's factory

4

Today the role shifts to Vietnam, Bangladesh, India

The same pattern occurred in South Korea, giving rise to Samsung, Hyundai and LG. The lead goose changed jobs before it had to drop out of formation.

The least fortunate outcome is simply standing still. Indonesia's manufacturing sector has been shrinking since the early 2000s, but the workforce hasn't fully found anywhere else to go. Economists have **reached a consensus** that without serious investment in education, domestic research, and firms capable of owning a global market, a country can be left holding neither the cheap jobs, which have moved on, nor the sophisticated ones, which never arrived. That stagnating **middle ground** is what development economists call the "middle-income trap."

THE FORCES OUT TO DISRUPT THE GEESE

One man's attempt to **overhaul** the natural system to bring its geese back to the front again is impossible to escape in world media. Donald Trump and his **sweeping tariff** regimes are aiming **to counter** the natural migration of manufacturing. The US has **poured** over \$7 trillion into bringing manufacturing back to the US, as some industries such as semiconductors are seen as too important to leave.

Robotics is also set to disrupt the geese dramatically. A robotic assembly line doesn't ask for a pay rise (yet), so if the capital cost of automating a plant in a rich country **drops off** as automation costs fall, it can **outcompete** a cheap country. The lead geese would then stay at the front forever, with no next country waiting for its turn.

However, all countries have the potential to automate. China now installs more than half of all new industrial robots worldwide, and Vietnam is automating specifically to defend its export industry after growth **picked up** sharply in the early 2020s. We could see an alternative scenario whereby the geese continue to be replaced, but this time they are all armed with robots, and whoever adopts fastest stays competitive over those who stay cheapest. (I can't imagine many Japanese poems about that).

So the next time you wonder where your sneakers were made, try some birdwatching (or Japanese poetry) and you may find the answer.

"Whoever adopts fastest stays competitive over those who stay cheapest."

— from the article

MORE KEY PHRASES

middle ground

to overhaul

sweeping (tariffs)

to counter

to outcompete

KEY WORDS & PHRASES

whereby

to drop off ×2

to pour

to pick up ×2

to reach a consensus

a middle ground

to overhaul

sweeping

to counter

to outcompete

1 BASED ON THE CONTEXT OF THE ARTICLE

Can you match the words in the box to the definitions listed below? Then add the word into the example sentence. You may need to change the form of the word to fit the meaning of the sentence.

Note: two of the words below (marked ×2) appear twice, each time with a different meaning.

1. To make major changes to something in order to improve it: _____
 | "The board has agreed that we need to _____ our onboarding process before Q3."
2. To increase in speed, strength or amount, after a period of being slow: _____
 | "Demand has really _____ since we launched the new pricing model."
3. To lose a leading position and fall back, allowing someone else to take the lead: _____
 | "If we don't reinvest in R&D soon, we risk _____ behind our competitors."
4. Wide-ranging and affecting many areas at once: _____
 | "The new CEO introduced _____ changes to the reporting structure in her first month."
5. To arrive at a general agreement after discussion: _____
 | "After a long meeting, the team finally _____ on the new supplier."
6. To be more successful than a rival by offering something better, faster or cheaper:
 | _____
 | "Their lower prices allowed them to _____ every other vendor in the tender."
7. To invest or channel a large amount of money, time or effort into something: _____
 | "The board has decided to _____ an additional \$2 million into the marketing budget this quarter."
8. A position or compromise between two more extreme options: _____
 | "Let's try to find _____ between the two proposals before we escalate this."
9. To decrease or decline in amount, especially gradually: _____
 | "Sales have _____ significantly since the new tariffs came into effect."
10. A formal word meaning 'by which' or 'through which', used to introduce how something happens:
 | _____
 | "We've agreed on a new process _____ every invoice is checked twice before payment."
11. To take action in order to oppose or reduce the effect of something: _____
 | "We need a clear strategy to _____ the recent drop in customer satisfaction scores."
12. To take over a role or position that someone else has left: _____
 | "When Sarah left the account, James _____ her responsibilities without missing a beat."

2 CAN YOU ANSWER THE QUESTIONS BELOW ABOUT THE TEXT?

1. According to the text, what is the “flying geese” model, and how did Kaname Akamatsu come up with the idea?

2. According to the article, what did South Korea do differently that allowed it to avoid the “middle-income trap”?

3. What two forces does the article describe as currently disrupting the flying geese pattern?

4. According to the text, why might automation mean that “the lead geese stay at the front forever”?

3 FILL IN THE GAPS

Below you can find a dialogue between two colleagues. Can you fill in the gaps with the words and phrases from the box below? You may need to change the form of some of the verbs in order for them to fit into the sentence. Note: two of the words are used twice, each time with a different meaning.

sweeping

outcompete

drop off ×2

counter

pick up ×2

overhaul

Automating the Factory Floor

PRIYA (OPERATIONS DIRECTOR):

Tomasz, I really think it's time we _____ our production line properly. Labour costs at the current site have _____ noticeably over the last two years, and if we don't modernise soon, cheaper competitors abroad will simply _____ us. Our margins are already _____, and I don't think that trend is going to reverse on its own.

TOMASZ (CFO):

I hear you, but let's not rush this. If we bring in a _____ restructuring plan without proper testing, we could lose control of quality. I'd rather bring in a specialist team to _____ the automation project once we've piloted it in one plant, and use the results to _____ any objections from the board. Otherwise, if the pilot fails, we risk _____ the shortlist for next year's capital budget entirely.

DISCUSSION QUESTIONS

How long do you think it will be before we reach a point where factory automation becomes cheap enough that it will replace the human workforce, and what effect do you think this will have on the manufacturing economy?

As China is now transitioning from making cheap goods to making higher quality cars and software, what is your perception of “made in China”, and how long do you think China will need to shake off the low-end image of its products?

THE SCENARIO

A mid-sized furniture manufacturer currently produces its goods in Vietnam, where labour costs have been rising steadily. The leadership team must now decide together whether to invest in a fully automated factory back home, or continue producing overseas a little longer while costs stabilise.

18%

rise in Vietnamese labour costs over the past 3 years

\$2.4M

estimated cost of a fully automated production line

3 yrs

estimated payback period for the automation investment

40%

of competitors in the sector have already begun automating

In groups of three or four, take on one of the roles below. Using these figures — and today's key phrases — discuss the benefits and risks of automating now from your character's point of view, then work together to reach a group decision.

THE OPERATIONS DIRECTOR

- Believes the company's cost advantage is already dropping off, and waiting any longer means falling further behind.
- Argues that automating now would let the company outcompete rivals within three years.
- Worried that hesitating means missing the chance to lead the market, not follow it.

THE CFO

- Points out that \$2.4 million is a huge sum to pour into a single project during an uncertain year.
- Wants a full overhaul plan reviewed by the board before any commitment is made.
- Suggests a smaller pilot scheme first, rather than a sweeping change to the whole factory at once.

THE REGIONAL MANAGER (BASED IN VIETNAM)

- Reminds the team that the current workforce has been reliable and skilled for over a decade.
- Worries that automating too quickly could damage relationships with local suppliers and staff.
- Believes the company could counter rising costs through smaller efficiency improvements instead.

THE STRATEGY ADVISOR (EXTERNAL)

- Is not emotionally attached to either option and can assess the decision from an outside perspective.
- Points out that, historically, whoever adopts new technology fastest tends to stay competitive longest.
- Suggests setting a clear milestone: if Vietnamese costs pick up by another 10%, automation becomes the only sensible option.

USEFUL PHRASES

GIVING YOUR OPINION

"From my perspective, the numbers speak for themselves."

"As far as I'm concerned, we can't afford to wait any longer."

AGREEING

"I agree — we should reach a consensus before moving forward."

"Yes, I think that would help us avoid unnecessary risk."

DISAGREEING

"I'm afraid I can't go along with you there."

"I don't think we should overhaul everything all at once."

PERSUADING

"We need to counter this risk before it's too late."

"If we don't act now, our competitors will simply outcompete us."

REACHING A DECISION

"On the other hand, a smaller pilot might be the safer move."

"On balance, I'd say it's time to..."

Group task: Once everyone has made their case, decide together — does the company automate now, or continue producing in Vietnam a little longer? Be ready to present your decision and reasoning to the rest of the class.