

ABSTRACT

This study investigates the determinants of economic growth in eight selected Asian economies (China, Japan, South Korea, Indonesia, Thailand, Malaysia, Singapore, and the Philippines) during the period of 2011–2024. This study aims to determine whether the region's growth is still supported by the production of traditional engines and capital accumulation, or if technology has emerged as the main driver during the structural shift from traditional industrialization to the digital economy. The study examines the impact of Manufacturing Value Added, Gross Fixed Capital Formation, Employment, and Technology (proxied by Fixed Broadband Subscriptions) on GDP growth applying a quantitative method with panel data regression and the Fixed Effect Model.

The empirical findings show that the "Old Economy" factors continue to be the primary drivers of development. The Neoclassical growth hypothesis and Kaldor's Growth Laws are supported by the positive and statistically significant effects of manufacturing value added and capital formation on economic growth. On the other hand, technology shows a positive but statistically insignificant impact, supporting the "Solow Productivity Paradox" in the Asian setting. This implies that although access to digital infrastructure has increased, it has not yet reached the critical mass or productive integration necessary to independently propel overall growth. The study concludes that for developing nations like Indonesia to escape the Middle-Income Trap, policy must prioritize a "Dual-Engine" strategy: revitalizing industrialization through down streaming while simultaneously improving human capital to transform digital access into productive usage.

Keywords: Economic Growth, Manufacturing Value Added, Solow Paradox, Factory Asia.

JEL: O47, L60, O33, C23.

