Introduction[1]

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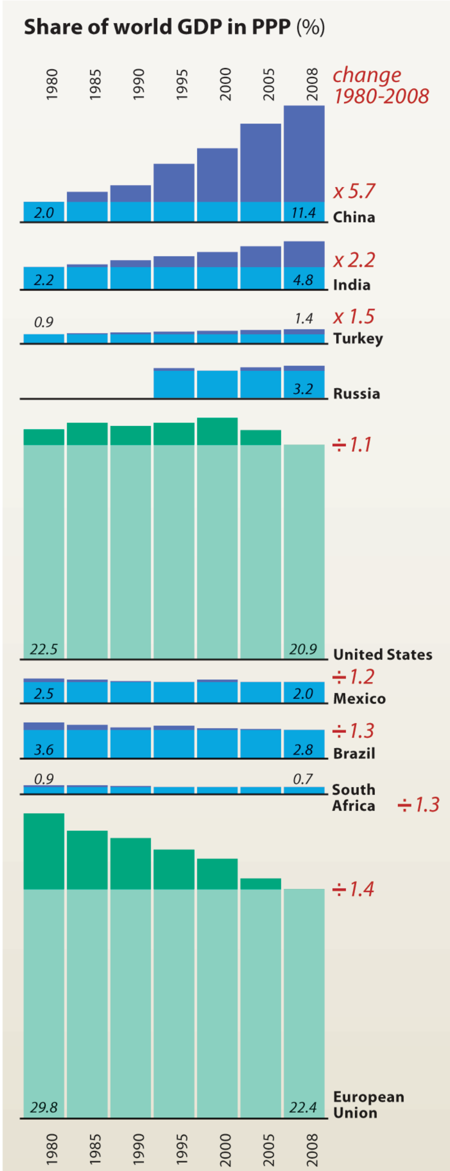
Unheard of yesterday, today emerging countries are making headlines. Some observers claim that the media have invented a category devoid of any real foundation. Under such circumstances, researchers are duty-bound—unless they prefer to remain in their ivory towers—to deconstruct the object in question to examine to what extent the notion of emerging power corresponds to a reality, and what new international configuration it is likely to spawn.

The expression "emerging country" of course comes to us from the field of economics and even finance, the term "emerging market economies" being in use since the 1980s to refer to rapidly growing economies that offer investment opportunities for companies in rich countries. Twenty years later, it is still international financial organizations such as the IMF that award the "emerging market" label, or rating agencies, whose lists of emerging countries are in constant flux. They have no other "official" recognition.

In fact, emerging powers are primarily defined by their economic takeoff, as shown by the growing weight of some of them in the world

figure 1: **Distribution of world GDP, 1980-2008**



Source: International Monetary Fund, *World Economic Outlook Database*, April 2008, http://www.imf.org

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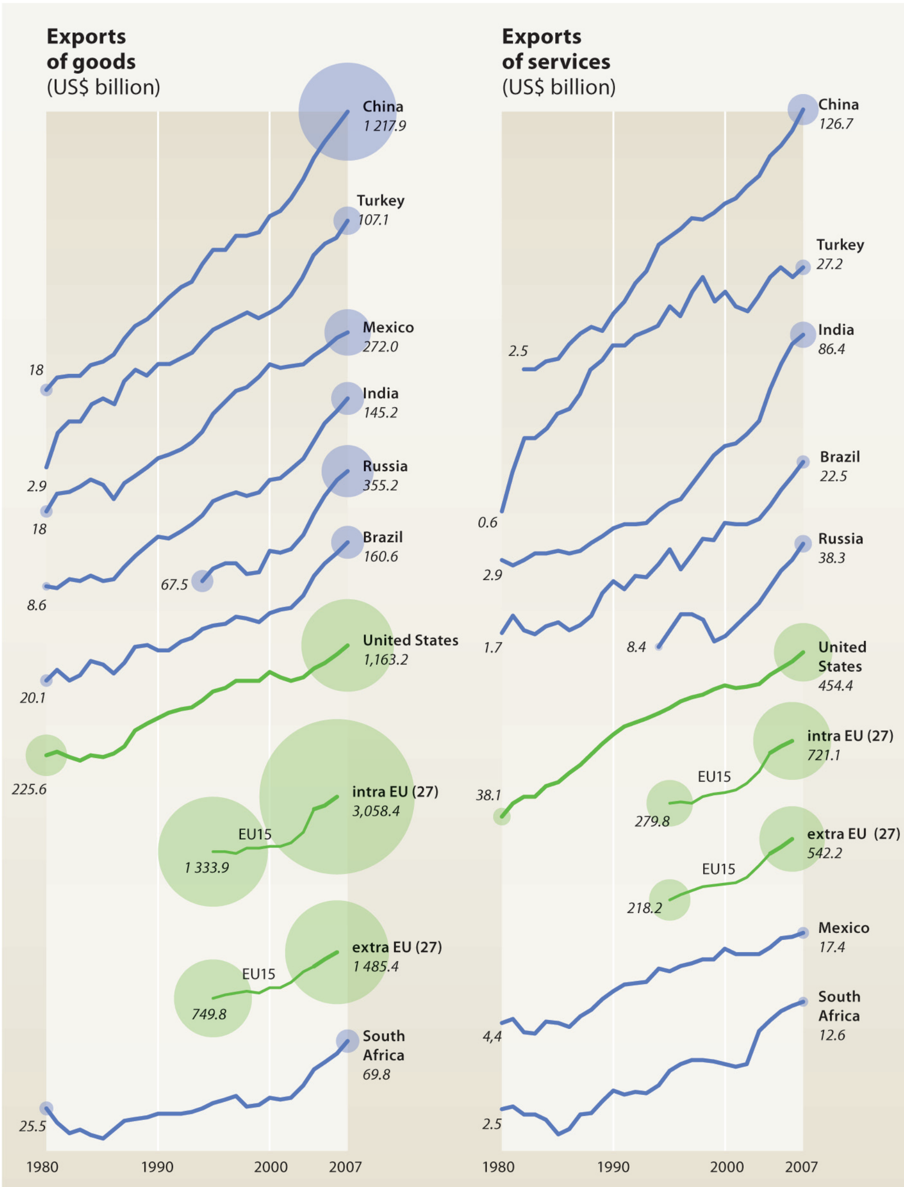
1 This introduction presents the issues in the order in which they are discussed by the authors of this volume.

economy. The size of China's economy multiplied by 5.7 between 1980 and 2008, and India's by 2.2, for example.

Most of them are former "developing countries", to use a term that seems very dated today—precisely because the emerging market boom has considerably outmoded it. If rapid growth constitutes the common denominator of these

figure 2: **Development of exports of goods and services, 1980-2007**



Source: World Trade Organisation, *Statistics Database on Trade Profiles*, http://www.wto.org/

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countries, another characteristic has to do with their rapid integration into the world economy. An indication of this is the rise in their exports of both goods and services and their appeal—varying according to the country—for foreign investors since the 1990s.

Emerging powers also have in common a relative institutional stability. They have, for instance, relatively effective market regulation agencies. They may be the products of globalization, but they have built state administrations without which the growth they have enjoyed for several years would not be sustainable—yet another sign that globalization cannot do without the state. But all of them have nevertheless opted for some form of economic liberalization, and have produced variants on capitalism that Robert Boyer analyzes in the interview he granted us.

Although emerging countries all feature high growth rates, growing integration into the world economy, a stabilized institutional apparatus and some form of capitalism, the nature of their trajectories differs. Some took off before others; this is true of the Asian countries once referred to as Newly Industrialized Countries (NICs) in the 1970s-80s. These trailblazers, also known as Tigers or Dragons due to their geographical location, benefited from huge amounts of Western aid during the Cold War era, a strong state that instigated structural reforms—particularly agrarian—and growing integration into the world trade flows due to low labour costs and the welcome they gave multinationals. Many of these "emerging countries" have now arrived and are thus not the focus of this book. The present volume turns the spotlight instead on their successors—greater in numbers and in weight.

figure 3: **Inward foreign direct investment, 1980-2006**

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The drivers of emergence

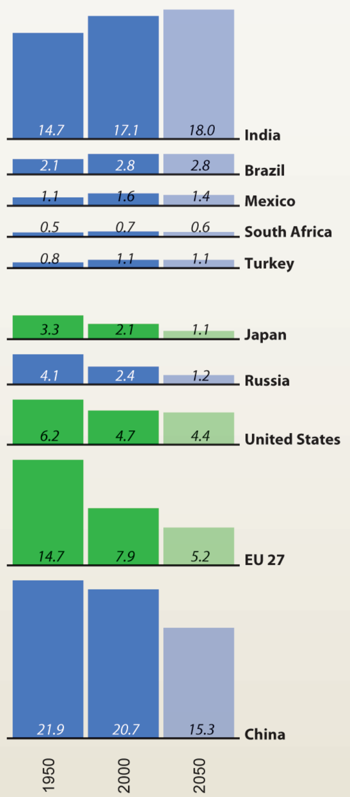
Unlike the former NICs, emerging countries are mainly large countries with rapidly growing populations, except for Russia, and manifest new political ambitions—sometimes still tentative—based on the rise in their economic clout.

In the case of China, growth has followed the trajectory of the Tigers and Dragons, but on an entirely different scale. China, as "the world's factory", has built its expansion on an exceptional export capacity largely due to the attraction of its low labour costs for multinationals seeking to relocate, to which the country opened its doors wide after the 1978 reforms. Today it combines economic liberalization and a single party regime, and correspondingly it has invented a form of capitalism without entrepreneurs. The other Asian giant, India, readily labelled "the world's office", has taken advantage more of its middle classes' skills—from call centre employees to computer engineers—while remaining less outward-looking than China. Indian growth is moreover buoyed by the now unfettered business world since the reforms of the 1980s and '90s, and is upheld by a particularly solid democratic rule of law. With the world's two largest populations, China and India have both benefited from a considerable demographic dividend and a two-edged migratory phenomenon: although emigration at first deprived these countries of part of their workforce, the Chinese and Indian diasporas have since contributed to the development of their motherland by investing in it and returning both better trained and with a wealth of business contacts, so that there has been a shift from "brain drain" to "brain gain". Another common feature of these two "empires of billionaires" is that they are experiencing their current boom not as a new phenomenon but as a return to the heyday of the 18th century when they dominated the economy produced by an earlier era of trade globalization.

After Asia, Latin America is the subcontinent containing the largest number of emerging countries, as attested by several of them recently joining the OECD. There, too, it is sometimes

figure 4: **Demographic weight of selected emerging countries, 1950-2050**

Share of the world's population, 1950-2050 (%)



For 2050, average UN forecasts are given

Source: United Nations, *World Population Prospect, the 2006 revision*, http://www.un.org/

Sciences Po / CERI et Atelier de cartographie, February 2008 a matter of recovering past glory, but in the space of a much shorter cycle, for we only have to go back to the Brazil of the 1970s and Mexico of the 1960s-80s to find growth rates similar to what those two countries can boast today—lower than those in Asia. Both are rich in raw materials and commodities, especially energy and agricultural resources, with which Brazil is particularly well endowed. The geographical proximity to United States has also been a considerable driving force. Mexico has found there an expanding market, also for its labour: immigrant remittances have contributed to Mexico's takeoff to the extent that some speak of "development through exile".

Backing from an economically developed and politically stable entity—in this case the European Union—has also contributed to the rise of Turkey, the only Mediterranean country considered in this volume. Not only is the EU its main economic partner, but the prospect of accession—which has since faded into the distance—boosted foreign investment in the early 2000s. Turkey has moreover benefited from the entrepreneurial savvy of its business milieu and a strong demographic dividend, its population growth also fuelling a migration flow that has doubtless deprived the country of some of its youth, but from which it has received remittances to aid its growth.

South Africa appears somewhat as an isolated case, with a stark contrast between its relative prosperity and the persistent poverty throughout the rest of its region. Its wealth is relative compared to the income level of other emerging powers: it is a giant in Africa, but its emergence is only in the stage of infancy compared with China's, for instance. What if South Africa was systematically treated as an emerging country owing to the need to include a representative of Africa in this promising category, and its post-apartheid democratization further added to its aura? To some extent, if South Africa didn't exist, the international community—that indispensable fiction—would have to invent it.

Awarding an "emerging country certificate" to Russia is also a complicated affair, but for different reasons. Whereas all the other representatives of this category have an essentially young population, Russian demography is at a standstill; whereas the others' economic growth is based on rapid industrialization and/or a modern tertiary sector, Russia draws most of its wealth from its energy resources, like a rentier economy; Russia is moreover less inclined than the others to make productive investments; and, lastly and especially, whereas some emerging countries have to go back to the 18th century to accredit the notion that they are reviving their past, Russia was at the heart of one of the two superpowers of the second half of the 20th century. For all these reasons, in this book Russia is dealt with through a roundtable discussion full of worthwhile debate, rather than in a chapter.

Some countries, as noted, owe their emergence in part to a conducive regional environment. In addition to national trajectories, the area into which a country fits must also be taken into consideration. Although Africa and the Mediterranean world do not form poles of the world economy today, the EU and Asia are a whole different matter. Asia was the first to manifest the spillover capacity of a transnational investment strategy poetically called the "wild-geese-flying pattern", which unfolded in three stages: first Japanese companies set up affiliates in the NICs and in Southeast Asia where labour was cheaper; then the relocated Japanese firms—and those from the NICs—moved into China; and lastly the phenomenon spread to South Asia.

On the old continent, the rise of Central and Eastern European countries—an emerging area par excellence—owes much to the EU, not only on account of the political stability inherent in the 2004 and 2007 enlargements but also thanks to structural funds. In addition there is of course investment by companies of "the old Europe"—reinforced in their strategy by the scheduling of enlargements in the 1990s—and their strategy of outsourcing has produced a variant of the Asian "wild-geese-flying pattern", with the added benefit of an institutional framework.

In Latin America, the plethora of institutional frameworks poorly masks the slow progress of regional integration. Not only are some of these organizations in a situation of rivalry, but some are merely empty shells. Mercosur has for instance had trouble gaining in substance, owing to the wariness the Brazilian giant inspires among its neighbours, while Brasilia is in any case seeking to break loose from its region to acquire global status.

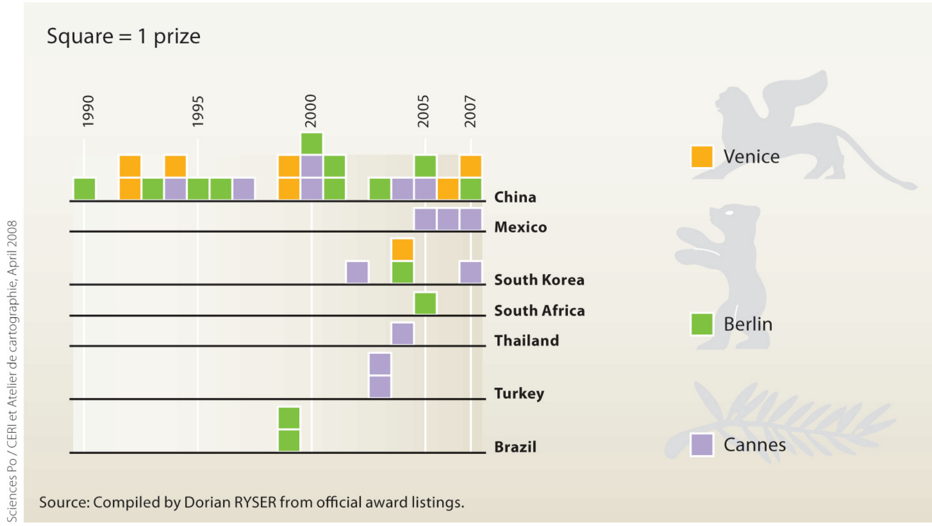
Global transformation

The emerging powers are reshuffling the cards of the international game, which probably have not been so thoroughly rearranged since 1945. Never have the dominant powers of yesterday and today had to make room for players carried by such momentum. It is all the more complicated for Europe and the United States to adapt given the fierce trade competition from emerging countries. The European Union is losing market shares in manufacturing, particularly because of outsourcing on an unforeseen scale. Beyond the trade competition that sometimes precedes the opening of Western company affiliates in emerging countries, the national firms of these countries themselves are increasingly on the offensive on the old continent and in North America. They buy up companies that are far from lame ducks thanks to liquidity generated by years of two-digit growth. The acquisitions made by Chinese and Indian multinationals are the most spectacular today, as seen in the buyout of Tetley, Corus, Jaguar and Rover by Tata and Lenovo's takeover of IBM's personal computer division.

From a geoeconomic standpoint, emerging countries also come into competition with Western states and business milieus in their traditional hunting grounds of Africa and certain Latin American countries. Their approach in this domain arises from a threefold strategy. First, they begin distributing development assistance to poor countries—from which they themselves have long benefited, but which they believe they no longer need. This aid is all the more appreciated, especially in Africa, since it is rarely associated with the conditionalities—particularly as regards governance—that are generally connected to Western aid. Secondly, emerging countries are investing more and more in Africa, whereas China is mainly establishing itself to ensure direct access to the raw materials it needs, but also to dissuade African countries from backing Taiwan in the UN. India has recently followed suit, as demonstrated by the first India-Africa summit held in April 2008 in New Delhi. The relations between the major Asian emerging countries in Latin America differ in nature, but could prefigure a third form of rivalry with the United States and the EU. China and India have in fact begun investing in Latin America, again to secure access to commodities, but Latin American firms should be able to turn this to good account, because they are more complementary than in competition with their Asian counterparts.

If emerging countries have become serious rivals for Europe and the United States, these two large entities are taking their time in making room for them in multilateral organizations. Only the IMF and the World Bank have timidly started to transfer voting rights and quotas from North to South. Enlargement of the G8 and the UN Security Council, on the other hand, is not high on their members' priorities, even if emerging countries are among the main providers of Blue Helmets and are exercising ever greater influence within the UN system. This trend is particularly salient in the WTO, where in 2003 some 20 emerging countries

figure 5: **Awards received by selected emerging countries in major international film festivals, 1990-2007**



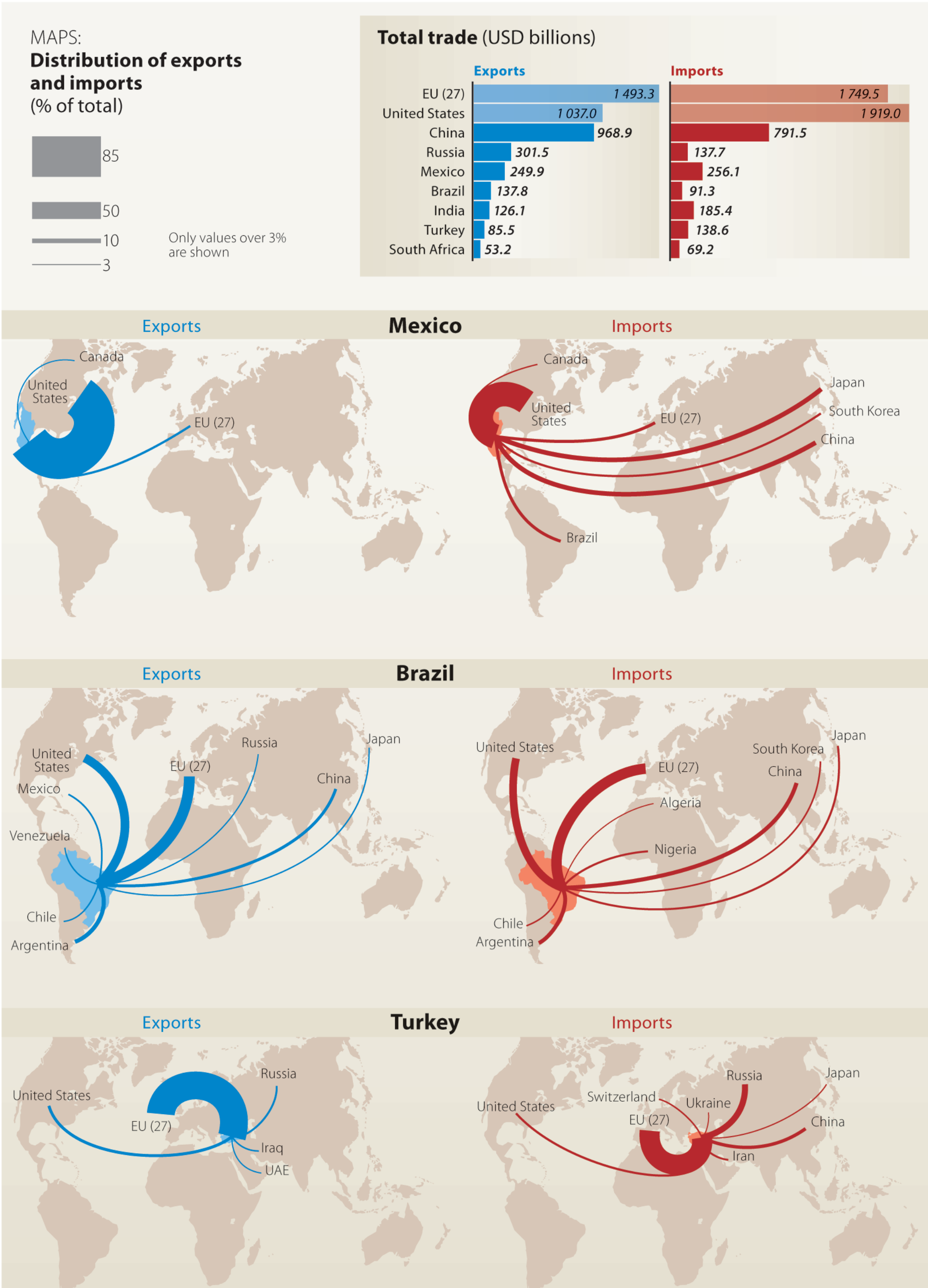
Source: Compiled by Dorian RYSER from official award listings.

formed a group, the G20, which has proved very resilient despite conflicting interests among some of its members. Spearheading opposition to rich countries, the G20 has managed to strike alliances with less developed countries in order to carry more weight in the Doha Round trade negotiations.

The power struggle looming in multilateral organizations reflects a shift in the world centre of gravity, in both geopolitical and cultural terms—the mounting success of emerging country literature and films attest to this.

Reference to human rights, which has worked its way into official discourse—if not reflected in deeds—throughout the 20th century, is likely to play second fiddle if the "Beijing Consensus", to use an expression coined in the West, triumphs in Asia and elsewhere. This "consensus" stresses collective discipline to attain economic achievement at the expense of political freedoms. But can China bring the rest of Asia to follow in its wake? Some of its neighbours, starting with Japan, do not adhere to the "Beijing Consensus" and are afraid of its continuing rise. The United States is banking on these countries to counterbalance the Middle Empire. They are especially counting on India's support, but that country is obviously not prepared to take sides. The future of the world will partly be decided in this new round of the Asian "Great Game". Only partly, for Pierre Hassner's convincing analysis puts back in perspective the impact of emerging powers in world affairs in this early 21st century. Nations that no one has ever catalogued in this category, such as North Korea or even Iran, may acquire the means to destabilize international relations in a more decisive manner than other more powerful but also more reasonable actors. Rather than reaching the conclusion that a new world order is in the offing, it is perhaps wiser to admit that the world has entered an era of permanent instability.

figure 6: **Main emerging country trading partners, 2006**



Source : United Nations, *UN Comtrade Database*, http://comtrade.un.org

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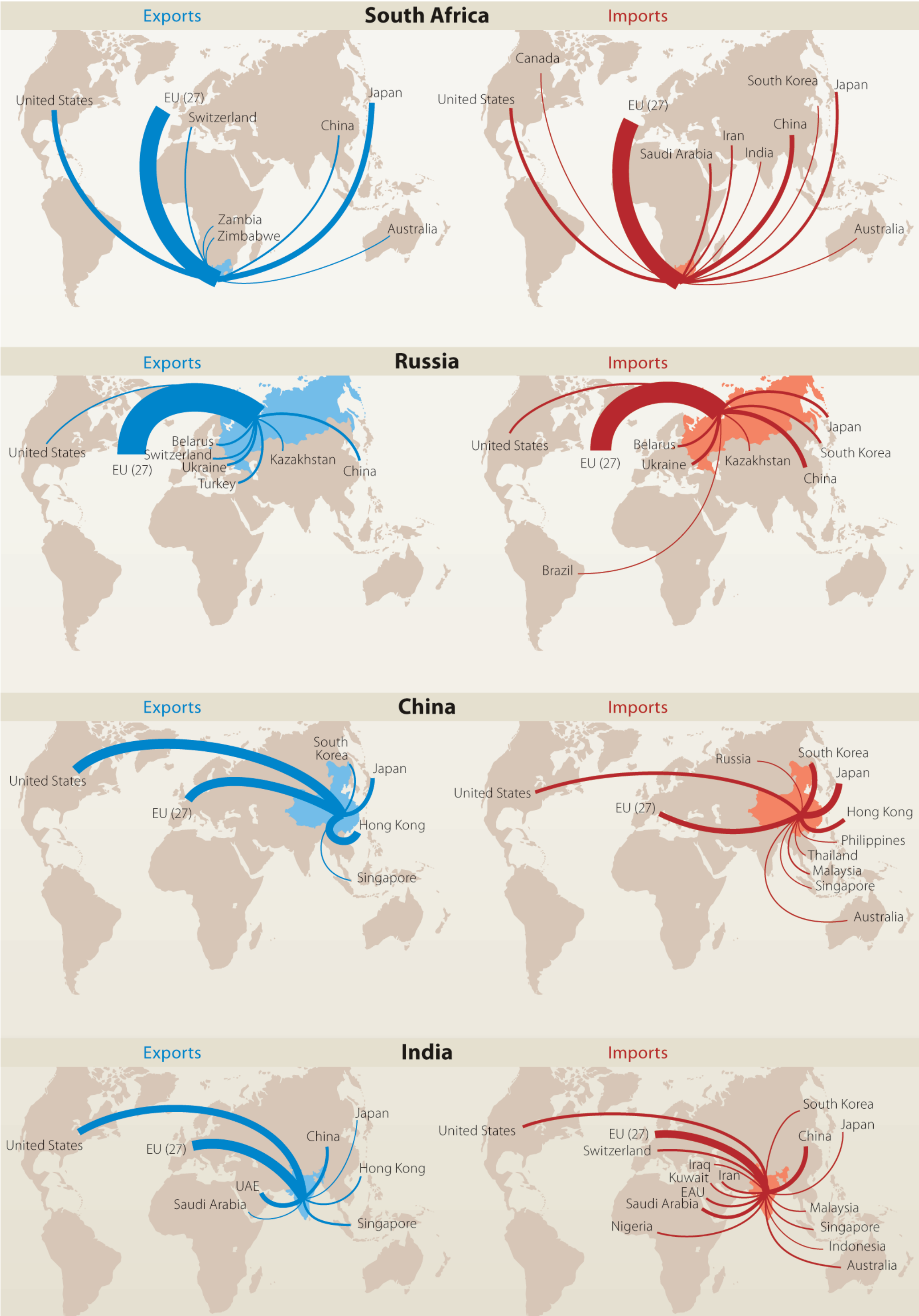

Source : United Nations, *UN Comtrade Database*, http://comtrade.un.org

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