

Emerging Markets Megatrends

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palgrave
macmillan

ISBN 978-3-319-78122-8 ISBN 978-3-319-78123-5 (eBook)
<https://doi.org/10.1007/978-3-319-78123-5>

Library of Congress Control Number: 2018940748

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Printed on acid-free paper

This Palgrave Macmillan imprint is published by the registered company Springer International Publishing AG part of Springer Nature
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

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Preface

Adventures in Emerging Markets

The city was on fire. I could see the night sky glowing a lurid smoky orange above the central district as it burned, with artillery fire continuing to pound the city throughout the night. At dawn, the fighter jets returned, rocketing and strafing the artillery positions located in the nearby woods. At midday, despite the ongoing fighting, I walked through some side-roads to a hotel that had been designated a UN safe zone, and watched from an upper floor window as fighter jets flew overhead, glinting silver in the burning sun. I leant with my back against a pillar, watching as the fighters circled above the city and then dived to bomb various key targets.

In the early afternoon, I went downstairs to the hotel lobby for a short while, and when I returned to my upper floor lookout, there was a bullet embedded in the pillar that I had been leaning against, just about at head height. In war, the difference between life and death was just a game of random chance. I learnt that lesson again a couple of days later, when a bullet zinged past my head and slammed into a nearby metal door with a tremendous clang. Taking cover near the door, I saw the spent bullet lying in the rubble and picked up the burning hot metal, putting it into my jacket pocket as a reminder of my close call.

Later I personally witnessed the incredible bravery of two UN military personnel who were guarding the entrance to the designated UN safe zone at another major hotel. The hotel was marked with Red Cross and UN flags on the roof, so that fighter jets circling above the city would not attack the building. However, the UN soldiers protecting the main gate were

confronted by a platoon of heavily armed soldiers who tried to force their way into the safe zone, to set up a machine gun post on the hotel roof to shoot at the fighter jets that were strafing and bombing the city. However, had they done so, the fighter jets would have been entitled to attack the hotel in retaliation, potentially killing many civilians who were taking refuge in the safe zone.

The UN officer in charge was Canadian, evident from his red Maple Leaf shoulder flashes. He was armed with only a pistol and supported by just one Norwegian UN soldier with a sub-machine gun. When the leader of the Greek Cypriot platoon, swathed with belts of machine gun ammunition, cocked his .30 calibre heavy machine gun, his platoon also cocked their other weapons and tried to push their way in through the gate. The UN soldiers responded by cocking their weapons and stood their ground, staring down the platoon. Had firing commenced it was obvious that both the UN soldiers would have been killed since they were heavily outnumbered and outgunned. I would probably have joined them in the spray of gunfire, since I was sitting in a car right next to them. I still marvel at the bravery of those two UN soldiers, doing a very tough job and risking their lives in the middle of someone else's war.

While luck was on the side of those two UN soldiers that day, the total number of fatalities of UN peacekeeping forces during active operations since the end of World War Two has reached 3718 by March 2018, highlighting the tremendous sacrifice made by soldiers from many nations taking part in UN peacekeeping operations in scores of developing countries worldwide.

Often the UN peacekeepers have to operate with very limited support and light weapons as a counterbalance to highly aggressive and heavily armed military units. The UN peacekeeping forces also have very strict rules of engagement limiting their ability to use force except in extreme circumstances. The blue beret of the UN peacekeeper is a true badge of courage in many conflict zones worldwide, with a total of 48 UN peacekeeping operations having been conducted since the end of World War Two.

The United Nations was created in the aftermath of World War Two, coming into existence on 24 October 1945. A key objective for the United Nations was to foster international peace and security, following the devastation and tens of millions of lives lost during World War Two.

Yet seven decades later, the world continues to witness conflicts occurring in many developing countries, including present-day conflicts in Syria, Libya, Yemen, Myanmar and Iraq. After the Nazi genocide during World War Two, the international community aspired to prevent such a horrific

event from occurring again, but genocides have happened in a number of countries such World War Two, including in Cambodia, Rwanda and Bangladesh.

Images in recent years on TV channels of tens of thousands of Rohingya refugees fleeing from Myanmar, and of Syrian and Libyan refugees desperately trying escape to Europe, reinforce the fear that the world is still deeply divided along tribal lines, along religious schisms, along racial divides. In a moving opening line in a recent Hollywood movie called *Wonder Woman* (Warner Bros, 2017), Gal Gadot, the actress (and former military combat instructor) playing the role of Diana, says of this planet that “the closer you get, the more you see the great darkness simmering within”. There is great truth in that statement—this planet is still ravaged by conflict, genocide, slavery, organized crime and despotic rulers.

The conflicts that have occurred in many developing countries since the end of World War Two have been a major factor preventing their economic development. When I lived in Ethiopia many years ago, it was a very poor country but still relatively peaceful, although there had been a recent history of conflict when the Ethiopian army had fought with Eritrean rebel forces.

It was a time of relative political stability and Addis Ababa was a peaceful, bustling city. We often spent weekends visiting the Awash National Park, sometimes camping by the banks of the Awash River, where one could often spot crocodiles floating by. Finding crocodile clawprints outside my tent one morning was a troubling memory. When we made the long journey driving from Addis Ababa to Asmara in a Land Rover, burnt out vehicles were often visible on the roadside near Asmara, grim reminders of the fighting. The drive through over 1000 kilometres of mainly dusty, dirt roads was dangerous and challenging, but had its rewards. There were hardly any cars travelling along that road in those days, and when we did a short detour to visit the Blue Nile Falls, we had the spectacular rugged scenery just for ourselves.

However, Ethiopia’s period of relative peace and stability was later shattered by decades of violent repression and renewed border conflicts, with the nation struggling through a number of major famines. It is only relatively recently that Ethiopia has again emerged as a hub of economic development in East Africa.

Life in Somalia was a fantastic bush adventure. Somalia was also a very poor country at the time, but still peaceful. On most weekends we would go hunting in the bush country with rifles and shotguns, shooting guinea fowl, partridges, warthogs and various local deer such as gazelle and smaller dik dik. Guinea fowl were plentiful, and were a staple on the dinner table, although one had to be careful to avoid swallowing or biting the shotgun pellets embedded in the meat.

We would also swim in the Indian Ocean, which was teeming with fish, and Bruno Carini, our big game hunter Italian friend, would either snorkel or scuba-dive in the ocean and inevitably return with several big grouper fish that we could slice up and take back home in the chiller box. If we were lucky, we would also come across the occasional duck while driving through the bush, which was always a choice selection amongst the bountiful game.

Visiting Carini's house in Mogadishu was also an adventure, as he had several cheetahs and would bring one out to sit with us as we had evening drinks, which was never a comfortable experience. Carini was a character who could have come straight out of a Hollywood movie script, a larger than life Italian version of a Stewart Granger-style big game hunter, but he was a wonderful person with a very friendly personality and a generous heart.

Somalia later descended into decades of bitter civil war and conflict, and despite its extreme poverty at the time we lived there, the situation was far better than what was to come in the years ahead.

From the wilds of Africa, my own career eventually took me to an office in a royal palace in London, quite a remarkable contrast. Working for the Commonwealth Secretariat, an international government organization made up mainly of former British colonies, was a fascinating experience. One of the privileges of working for the Commonwealth Secretariat was that it was headquartered in Marlborough House, a royal palace just adjacent to St James's Palace, which was then the official residence of Prince Charles. It was always a very pleasant start to the day walking past the two sentries from the Foot Guards regiment standing outside St James's Palace, dressed in their impressive bearskin hats and red tunics, on the way to my office just next door. Marlborough House was originally designed by Sir Christopher Wren, the famed architect of St. Paul's Cathedral, as the town house for Sarah Churchill, the Duchess of Marlborough. It was later the residence for several of the Princes of Wales, and the birthplace of King George V.

Marlborough House is a very beautiful royal palace, with spacious, manicured gardens and a lovely interior with elegant staircases and walls lined with grand paintings from the Royal collection. Many of the paintings in the main entrance commemorate the victory of General John Churchill, the first Duke of Marlborough, at the decisive Battle of Blenheim—a 'glorious victory'—as he himself described it in a note to his wife Sarah written from the battlefield. Marlborough House made a spectacular venue for the official receptions and formal dinners that were often held during international government conferences. The highlight was the annual Commonwealth reception at which Queen Elizabeth II, the Head of the Commonwealth, would meet all the Commonwealth staff. It was very exciting for me on one such occasion when

Prince Charles took a moment to shake hands with me and made time to ask me a few questions about my own work and my background.

Soon after I joined the Commonwealth Secretariat, Don McKinnon, a former New Zealand foreign minister, was elected by the Commonwealth nations to be the incoming Secretary General. He brought a refreshing, friendly mood to the organization in typical New Zealand style. His opening address to greet the staff of the Secretariat was marked by a group of Maoris performing the traditional Haka war dance on the lawns of Marlborough House, making a memorable start to his term of office.

Working in the Commonwealth Secretariat was very exciting for an international economist, giving me the opportunity to take part in meetings of Commonwealth finance ministers and central bank governors. I also regularly visited the IMF and World Bank in Washington, DC, having very intense discussions about key international macroeconomic issues with highly capable international experts in global finance and development.

The main focus of the work in the Commonwealth Secretariat was on building co-operation among the Commonwealth governments for economic development and better governance, with the British government playing a key role in helping to finance international development initiatives. With many Sub-Saharan African countries being members of the Commonwealth, an important part of the Commonwealth's work was on initiatives to catalyze economic development in Africa. Following the UK's Brexit referendum in 2016, with the United Kingdom negotiating with Brussels on conditions for leaving the European Union, the Commonwealth may take on even greater importance for the UK as it refocuses on building new trade and investment partnerships outside of the EU. Some of the world's largest emerging markets, including India, South Africa, Nigeria, Pakistan and Bangladesh, are part of the Commonwealth family of nations and important potential future growth markets for British exports.

Working in Marlborough House was a unique experience. Every morning, our work would be interrupted by the various regiments of the Foot Guards playing stirring military marches just outside our windows, always a very pleasant morning interlude for me. Having been a British military cadet myself previously, I had a great affection for the various military ceremonies and parades that were a regular routine on the streets adjacent to Marlborough House and along the Mall to Buckingham Palace throughout the year. A highlight was always the Trooping the Colour parade on the Queen's Birthday, which takes place in the very pleasant summer weather in June.

Many years earlier, during my years as a British military cadet and later when I had been attached as a military cadet to the British Army of the

Rhine (BAOR), I had done my own share of 'square bashing' and endless drills and marching to the dulcet tones with which various British Army sergeants conveyed their instructions. In the BAOR, this discipline was mixed in with military exercises that were conducted in the vast Luneburg Heide.

When I was visiting the BAOR, the tank regiment I was attached to, the 1st the Queen's Dragoon Guards, which for historical reasons happens to have the Austrian Imperial eagle as its regimental emblem, arranged a visit to the nearby former Nazi concentration camp site of Bergen-Belsen. Belsen is located in northern Germany, close to the British Army Bergen-Hohne base I was assigned to. Visiting the site of the mass graves of thousands of victims and seeing the photographic archives and old newsreels of the initial discovery of the concentration camp by advancing British troops was an awakening to the horrors of the Holocaust.

Adding to the grim experience, the regimental barracks I was living in on the British military base had been a former Nazi SS barracks, with some of their military emblems still embedded in various structures of building, such as carvings into the wooden gun racks in the barracks. Many years later, when I visited Amsterdam, I found myself struggling to hold back the tears when I visited the house of Anne Frank in Prinsengracht and saw in the last section of the display in her house that she had died in Belsen just before the end of the war. It is still horrific for me to contemplate that this wonderful inspirational and talented girl died in such horrific conditions and is lying in one of those mass graves I had seen in Belsen. She was one of an estimated 11 million souls, including millions of the Jewish faith, Russian nationals, Polish citizens, as well as victims of many other nationalities, who were murdered in the Nazi concentration camps and in other Nazi atrocities against unarmed prisoners in Europe during World War Two.

Although the United Nations was created at the end of World War Two in order to prevent conflict and create a peaceful new world order, there have been many conflicts in developing countries since 1945.

Since the end of World War Two, conflicts have been a regular hallmark of developing countries globally, with scores of civil wars in Africa, Asia, the Middle East and Latin America. An estimated one million people were killed during the partition of India and Pakistan in 1947, in a hellish cacophony of communal riots and murders. Mass graves are still being uncovered in Indonesia from the civil war after the failed Communist coup attempt in 1965, when an estimated one million people were killed in the fighting and subsequent aftermath of reprisals.

Wars between nations have added to the endless mounting human toll of conflict since 1945, from the Korean peninsula to the Indian subcontinent

and many Middle Eastern wars. More than 2 million people died during the Korean War from 1950 to 1953, which ravaged the entire Korean peninsula.

Famine and malnutrition have also caused millions of deaths in developing countries. While living in Ethiopia, I recall handing out bread and salt from the back of a Land Rover to desperate skeletal figures dressed in grey rags. The Ethiopian famine of 1973–1974 is estimated to have claimed 300,000 lives, and a subsequent famine in 1983–1985 took another 400,000 lives in the same country.

While global measures of human development do show significant progress in poverty alleviation since the end of World War Two, an estimated 766 million globally still live in extreme poverty. The number of people who are chronically undernourished is around 815 million people, according to the Food and Agricultural Organisation of the United Nations in its 2016 estimate. One of the greatest challenges facing the international community over the next two decades will be to eradicate global poverty and help the least developed nations of the world to join the ranks of the world's middle income nations.

Failure to achieve these objectives risks creating escalating contagion to the world's advanced economies through an increasing global refugee crisis as those in the poorest nations try to flee conditions of extreme poverty out of desperation. Those countries mired in poverty may also become fertile breeding grounds for social unrest and extremist ideology that could generate terrorism and encourage organized crime.

Therefore, the advanced economies cannot easily isolate themselves from the megatrends impacting on developing countries, and the international community will need to strengthen global partnerships and joint initiatives to tackle the major challenges confronting developing countries. While national governments and international government organisations will have a key role to play in addressing these challenges, the private sector has much to contribute, as demonstrated, for example, by the work of the Bill and Melinda Gates Foundation. Conflict prevention and resolution will remain one of the most important global priorities, with regional and international mechanisms for dialogue being critical for creating a more peaceful international economic order.

I would like to acknowledge the help and advice of friends and colleagues who have been positive influences during my many years of work on emerging markets.

I would firstly like to express my appreciation to Danika Biswas for the research help on this book, which is much appreciated.

I would like to particularly thank Zbyszko Tabernacki, Elisabeth Waelbroeck-Rocha, Ambassador Pradap Pibulsonggram, Tan Sri Dato' Michael Yeoh, Indrajit Coomaraswamy, Professor Joergen Oerstroem Moeller, Ambassador Tormod Endresen, Vivek Tulpule and Paul Morris for their great helpfulness over the years. I would like to especially thank Shane Akeroyd for being a very positive motivating force for my economic research on the Asia-Pacific region. Special thanks are also due to Heng Qian in Beijing and Yong Ngee Ng in Singapore. I am also most appreciative of the advice and guidance from the editorial team at Palgrave Macmillan.

The views and opinions expressed in this book are entirely my own, based on a lifetime of research on, and living in, many developing countries, and should not be attributed in any way to any organization I have worked for or been associated with, whether public or private, or to any other person.

Rajiv Biswas

Introduction: The Rise of Emerging Markets

The End of the Colonial Age

The tectonic shifts in the global economic landscape due to the rising economic weight of emerging markets in the world economy began after World War Two. After that protracted conflict, which resulted in tens of millions of deaths and brought devastation to many parts of Europe and Asia, the age of colonialism by European nations that had prevailed for many centuries came to a rapid end.

At the outset of the Second World War, the European colonial powers had sprawling empires that straddled the globe, including British colonial rule in much of South Asia, as well as Hong Kong, the Malayan peninsula, various colonies in the Middle East, Sub-Saharan Africa and the Caribbean. France also had colonies in North Africa, Sub-Saharan Africa, Indochina and the Caribbean. The Dutch still ruled in Indonesia, while Portugal had colonies in Mozambique, Goa and Macau.

However, World War Two transformed the colonial landscape. The European colonial powers, including Great Britain, France and the Netherlands, had been ravaged by the tremendous human and economic costs of World War Two. In some Asian colonies, colonial subjects seized the opportunity for self-governance, as revolutionary forces filled the political vacuum left by the retreating Japanese occupation forces from French Indochina and the Dutch East Indies. This resulted in bloody independence struggles in some countries, including Indonesia and Vietnam, as the revolutionary forces fought the returning military forces of their colonial rulers.

In Britain, the colossal economic costs of the World War Two accelerated plans for giving independence to some of the British colonies, including India. British plans for a peaceful transfer of power in the Indian subcontinent ended in the partition of India in 1947, with British India divided into India and Pakistan. The creation of separate nations resulted in large-scale movements of refugees amidst communal riots and civil conflict that resulted in an estimated one million lives being extinguished in a savage bloodbath.

Step by step, during the 1950s and 1960s, the European colonial powers retreated from their colonies, sometimes due to the mounting costs of insurgencies and sometimes by political decisions to peacefully hand over power to their colonial subjects.

At the beginning of the Second World War, there were 60 sovereign states, a number that rose to 90 sovereign states by 1950 as the global political map was redrawn after the end of the Second World War and its aftermath. The process of transition away from colonial rule continued during the 1950s and 1960s. By 2017, the total number of sovereign states had more than doubled compared with 1950, rising to 195.

Many of the new nations that have become sovereign states since 1945 have been afflicted by conflict, either due to civil wars or wars with neighboring countries. The Cold War between global superpowers since the end of World War Two has also resulted in proxy wars being fought in developing countries, although another world war has been averted so far.

The Proliferation of Global Conflicts

Despite the resolution of nations at the end of World War Two to avoid future global conflicts and to prevent another genocide after what the world had experienced during World War Two, the geopolitical events of the next seven decades has left a trail of recurrent genocides worldwide. These include the horrors of the Rwandan civil war, the killing fields of Cambodia, massacres of civilians as Bangladesh fought for independence, and another modern-day European genocide in Bosnia.

Since the end of World War Two, conflicts have been a regular hallmark of developing countries globally, with scores of civil wars in Africa, Asia, the Middle East and Latin America. The partition of India and Pakistan created a tragic end to British colonial rule in India, with an estimated one million people murdered. Mass graves are still being uncovered in Indonesia from the civil war after the failed Communist coup attempt in 1965, when an

estimated one million people were killed in the fighting and subsequent aftermath of reprisals.

The sheer magnitude of the civilian casualties of genocide and war are so large in some countries that many smaller conflicts with thousands of casualties are often overlooked by the international community and forgotten over time.

Tragically the global resolve to try to prevent future conflicts when World War Two ended ebbed away rapidly in the face of geopolitical confrontations between superpowers such as the Korean War and the Cold War. During the 1971 war of independence in Bangladesh, the total number of victims of the genocide committed by the Pakistani army in a military operation that began in March 1971 which was ordered by then Pakistani President Yahya Khan is estimated to range between 300,000 and 3 million, according to different historical estimates. Then US President Richard Nixon wrote in a handwritten letter on White House letterhead to Yahya Khan dated 7th August 1971 the words:

those who want a more peaceful world in the generations to come will forever be in your debt.

(Source: RG 59 PPC S/P, Directors Files (Winston Lord), Box 330, National Security Archive Electronic Briefing Book No. 79, George Washington University)

Development Challenges Confronting Developing Countries

The concept of “emerging markets” was originally created in 1981 by Antoine van Agtmael, an economist with the International Finance Corporation, part of the World Bank Group. The name was intended to create a more positive image for developing countries among private sector investors, rather than the term “Third World countries”, the phrase that was then being used to refer to developing countries (International Finance Corporation, “Establishing Emerging Markets”). It was intended to identify a group of developing countries that had achieved rapid economic development and industrialization, and were progressing rapidly towards becoming “developed” or “advanced” economies. Using this new terminology for “Third World countries”, the IFC was able to pioneer the development of emerging markets funds to attract private capital for investment into emerging equity markets.

However, the definition of what is an “emerging market” rather than a “developing country” has been very vague since the phrase was originally coined. While some nations have progressed rapidly from being low-income developing countries towards becoming developed nations, defined as “advanced economies” by the IMF, others have languished, remaining trapped at low per capita GDP levels, with slow progress towards improving their standard of living and reducing poverty. Indeed, some developing countries have moved in the opposite direction, falling backwards in their economic development, often due to the impact of conflict on their economies.

Yet the remarkable economic achievements of East Asian economies such as South Korea, Taiwan, Hong Kong and Singapore highlight the tremendous progress that some low-income developing countries have made despite tremendous obstacles. After the end of the Korean War, South Korea was devastated, a nation left in ruins with its people in abject poverty. General McArthur was moved to comment that in his view, barring a miracle, it would take one hundred years for the South Korean economy to be restored. Yet an economic miracle did happen, the ‘Han River miracle’, as South Korea’s per capita GDP rose from USD 67 per year in 1953, among the poorest nations in the world, to USD 27,500 in 2016, having joined the ranks of the advanced nations when it entered the OECD in 1996.

China’s achievements since its economic liberalization commenced under senior leader Deng Xiaoping have also amounted to a miracle of economic development, lifting an estimated 800 million people out of poverty. China’s poverty rate fell from 81% in 1981 to below 2% by 2014. This has made a major contribution to the overall reduction of global poverty over the past four decades.

Hong Kong has become one of the world’s leading free market economies since the Second World War, with its per capita GDP having risen to USD 46,000 by 2017. Its continuing success has been based on its role as a leading international financial services centre as well as a major regional aviation and shipping hub.

Singapore has followed a more strategic development model, with its government having played an important role in building competitive advantage and helping to establish new growth industries to replace industries that have faced a loss of competitiveness due to factors such as rising labour costs. As a result, Singapore has been transformed from a poor, low income nation at the time of its independence in 1965 into one of the world’s richest nations, with a per capita GDP of USD 53,000 by 2017. Singapore’s first prime minister, Lee Kuan Yew, wrote a marvellous book called “From Third World to First: the Singapore Story 1965–2000” (HarperCollins, 2000)

describing the economic transformation of the nation from a poor developing country into an advanced economy within just one generation.

The reasons why some developing countries such as China, South Korea and Singapore have ‘emerged’ while others ‘submerge’ are complex and vary considerably. I am not aware of any book about Argentina called from “First World to Third: the Argentina Story” yet, but Argentina’s descent from being the world’s richest nation in terms of per capita GDP in 1895 to 55th in the world according to the World Bank’s 2016 ranking based on nominal GDP per capita, and back to developing country status, is a sorry tale of economic mismanagement over many decades. A vast range of factors can impact upon the pace of economic development of developing countries, including the type of political governance, the impact of conflicts, vulnerability to natural disasters, the economic model being utilized by a government, as well as many other aspects of economic governance, such as the business climate for investors and level of corruption.

Among the factors that have impeded the economic development of developing countries, conflict has been a protracted and devastating cause that has prevented the economic progress of many nations. The large number of conflicts that have taken place in developing countries since their independence has been a major factor that has prevented many countries from achieving sustainable economic development. Even today, a large number of developing countries are being ravaged by conflict, including Syria, Afghanistan, Iraq, Somalia, South Sudan and Yemen. Even when an entire nation is not engulfed by conflict, insurgencies have been significant destabilizing factors for some regions, such as the Boko Haram insurgency in Nigeria, the Naxalite rebellion in some Indian states and the Islamist insurgency in Mindanao in the Philippines.

In addition to the devastating impact of conflict, developing countries also face tremendous economic and social challenges in their economic development ambitions from a wide range of trends.

Demographic change and rising urban populations are major policy challenges for many developing countries, creating tremendous pressures on governments to generate employment for new cohorts of young adults joining the population of working age, while rapid growth in urban populations in many countries also requires large new investment in urban infrastructure such as public transport and housing. The rapid projected growth in Sub-Saharan Africa’s population over the next three decades will create massive economic and social challenges for this region, with large potential transmission effects to other countries if these escalating population pressures result in intensifying social unrest, emigration and new conflicts.

While many of the global development measures produced by international development agencies and national governments highlight the reductions in the share of population living in extreme poverty, there is less policy focus on the large share of the population living in developing countries who are close to the poverty line and are considered vulnerable to rapidly falling back into poverty due to loss of employment, ill health or disability. For farmers, crop damage due to adverse weather events can also have a devastating impact on their lives due to loss of income and damage to their subsistence or cash crops. Lack of social welfare safety nets and insurance protection for a large share of the vulnerable population of developing countries is also a key global policy concern.

Climate change is another major challenge, with many low-lying developing countries facing risks from rising sea levels, while the impact of changing weather patterns is expected to have a significant effect on agricultural production worldwide as well as increasing the frequency of extreme weather events such as cyclones in some regions.

The impact of disruptive technological change is also creating new uncertainties about the future industrial landscape, as the repercussions of the Fourth Industrial Revolution and robotics could alter the competitiveness of nations for low-cost manufactured products.

Weak governance and conflict in some developing countries have also triggered global spillover effects to the advanced economies. Large waves of emigrants and refugees are fleeing nations with low living standards and poor governance in search of better lives. This in turn is creating social and economic shockwaves in higher income countries as refugees and migrants enter their borders. The political and social turmoil in the Middle East since the Arab Spring has increasingly created a refugee crisis in the European Union, as hundreds of thousands of refugees have fled North Africa and the Middle East to seek a more stable life in Europe.

Terrorism and organized crime have also escalated, thriving on the weak governance in many developing countries and taking advantage of the liberalization of global borders for commerce and trade as a result of globalization.

Europe's refugee crisis combined with the escalation in major terrorism attacks has contributed to the rise of European nationalism as a backlash, as some voters seek various types of barriers to protect their borders from the threats of migration, terrorism and crime. This voter backlash has been evident during the Brexit referendum vote in the UK as well as the US Presidential elections during 2016.

In Germany, the large influx of an estimated 1 million refugees in 2015–2016 has triggered considerable tensions, as a number of violent attacks instigated by refugees from the Middle East have provoked a political reaction from some segments of German society. One town that has been badly impacted by these tensions is Cottbus, in an East German mining region, where confrontations between local residents and refugees have escalated considerably during 2017–2018.

Meanwhile, in the French port of Calais, there have been ongoing clashes between African and Middle Eastern migrants and local police for several years, with the violence having also escalated into ethnic violence between different migrant groups.

The economic gulf between developed countries and developing countries still remains very large, with 47 developing countries still being classified as least developed countries with per capita GDP levels that are only a fraction of the levels in developed nations. Moreover, the list of developing countries that have crossed the divide to become developed nations remains low. For many developing countries, any aspiration of reaching the ranks of the rich nations still seems like a forlorn dream.

Ongoing political, economic and social turmoil in many developing countries will continue to result in large flows of refugees and create breeding grounds for terrorism and organized crime unless advanced countries are able to take more decisive and coordinated policy measures to help tackle these problems. While the advanced countries cannot resolve all the myriad political and economic problems that afflict the developing world, there is still considerable scope for more decisive action that can at least help a substantial number of these developing countries. With many developing countries confronting a crisis in governance and economic management, tackling these challenges will require coordinated global policy action to prevent further deterioration in the global security landscape.

The famous poem by English poet John Donne written in 1624 is still as relevant today.

No man is an island entire of itself; every man is a piece of the continent, a part of the main; if a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as any manner of thy friends or of thine own were; any man's death diminishes me, because I am involved in mankind. And therefore never send to know for whom the bell tolls; it tolls for thee.

John Donne, Meditation XVII, Devotions upon Emergent Occasions