

Can Emerging Countries Become Leaders in the Global Context?

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ABSTRACT

Economic growth of emerging countries was convinced has made many changes in global economic architecture. In the post-world war 2, United States of America and several western European countries stand as great power. Today their role allegedly start to be replaced by emergence of new giants such as China, India, and some other emerging markets. Indonesia according to analysts and reports of global economic outlook will include those new giants in year 2050. This belief is not a mistake. Nevertheless, those thoughts need more consideration and must be balanced with facts and whole study regarding economic performance and the quality of government. We conclude that analysis and reports are overestimated. This study discusses any possibilities that can occur regardless those analysis and report. But we still believe that emerging countries actually can become new leaders in global context in conditional on their capability to resolve any problems which very urgent in current situation.

Keywords : export, good governance

I. Introduction

Various thinking and conjectures concerning success of developing countries in boosting their economic performance have induced many speculation regarding the end of developed countries era as leaders of global context. Forecasting of China and Indonesia for example, as leaders of global economy in the 2020 appears as good news for Asian economic growth (<https://www.republika.co.id>). Indeed, we must realize that rapid performance of China's economy has attracted many attentions from around the world, especially when crisis in 2008 hit, the recovery of that bamboo curtain country economy being faster (Nayyar, 2011). The emergence of China economic power also opened new markets for several export commodities of emerging economies including Indonesia—one of

the aggressive country in improving economic growth.

Indonesia itself has been predicted to be able as the 10th power of global economy due to their ability to utilize the momentum of industrial revolution 4.0 or the fourth generation of industrial revolution (<https://economy.okezone.com>). Target of achievement seems very possible. Recently, digital information technology has spread widely even very fast to absorb people's needs. Computerization in all aspects of people life being common thing. There are many agents of business in Indonesia including small medium enterprises that take advantages from the advancement. Therefore the development of high technology is not threat at all, instead of opening opportunities to improve people's welfare. We believe the positive thoughts among the stakeholders, government and

privates, in developing countries is benefit of their success of economic development in the future.

This paper tries to suggest the discussion regarding projection and conjecture mentioned above. There are many speculations regarding these topics. We want to present reasons why the projections concerning opinions and speculations might take serious considerations. It is because we must realizes that the conditions of Asia and or south nations have many problems that must be solved as a top priority of development.

This research have advantages compared with the others due to it shows us real condition and many prospects regarding the subject with deep and critical analysis. We do not want to argue previous opinions and thoughts presented by the experts recklessly. But, this study is eager to address the possibility and potentiality in the Asian regions. In this study we also distinguish and use terms of ‘developing and developed countries’ as usually used in discourse of economic study. Countries which are in the transition phase from developing to developed stage, we include into category of developing countries.

Shift of Economic Power

Discourses about economic power is interesting. However, we need to equate perspective conceptually regarding this issue. Economic power basically involves several dimension, not just amount of GDP growth or GDP at PPP (Purchasing Power Parity). It includes access to market both at home and abroad, ability to conduct bargaining at market, and also smart economic policies that can be complied by international community. It is not impossible to add other aspects that should be concerned beside those three things, such as size of GDP per capita and or sustainability of economic performance when hit by global

uncertainty. Basically problem economic power is not as simple as we thought because it involves many considerations.

Due to rapid GDP growth, China and some developing countries have been predicted will be leaders in economic world replaces current developed countries. Basically it is not surprise that world’s economic centers sometimes change overtime. Quah (2011) explained in his research that in 1980 the world’s center economy located in the middle of the Atlantic Ocean. But in 2008 it has drifted to a location east of Helsinki and Bucharest due to continuing rise of East Asia. Projection of PwC (PricewaterhouseCoopers) states that some Asian countries can shift position of developed countries in 2050 (<https://www.pwc.com>). The table below depicts as following:

Table 1. Emerging Market Will Dominate in the 2050

	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany

Source: <https://www.pwc.com>

From the table above, we obtain very optimistic view regarding the condition in the future. We see that GDP of China since 2016 is a biggest in the world. In the 2050 it also being the top of

the world. According to the report, India in the 2050 will surpass US, and Indonesia being the fourth power of world economy. It is because their ability to boost the economic performance through many ways. The prediction focus mainly on economic growth.

In specific context, there are many opinion declared that dominance of G6 countries that consist of major advanced economies: the United States, Japan, Germany, UK, France and Italy will be replaced with BRIC (Brazil, Russia, India, China). Once again, their prediction ultimately based on the economic growth rate that hiked rapidly.

Although China and several emerging countries such as Brazil and India that obtain high economic growth and their economic capacity becomes bigger and bigger, however there are many experts that doubt about their capability as pioneers of global economic power in the future.

Export Capacity

Their biggest portion of economic growth supported by export side. In fact, it will get problems. It is truth that the more dependent nations on the trade with the others, the weaker the nations in bargaining position. Their partners in trade can urge their national interest over everything, especially if the sold products are low technology—their products are fragile to face price instability. Therefore the quality of export products must be improved, in order they have strong position in deciding prices for their products.

Besides, it is noted that for a long period, emerging countries' markets mostly are European countries and USA. Various emerging countries that have had bilateral or even multilateral agreement on trade intensively, but it is not as big as the two markets. If one day something happened toward the two markets due to decline of effective demand, automatically it will induce bad impact

toward their exports performance. It causes a negative effect on emerging economies. From this point we see the vulnerability of emerging economies performance. They need very much to alter trade with other partners with specifically the dominance of trade south to south countries. Therefore, south nations and especially emerging countries can become most powerful economic regions. If assumption and conjecture that have been explained by experts right, so we will enter into new era of global governance.

For case of China, it is interesting enough to be discussed. China indeed dominates almost 70% of world trade. Chinese Products spread in almost every country. But interestingly, domestic market of China itself is still close. They too much choose what kind of goods and services that can be sold in their country. This can be a barrier clearly, it is not a good policy for country that want to become a leader in the world. China have to open their domestic market as other countries did, and to provide sphere for foreign products. It is also clear that many of China's products exported to United States, but not otherwise.

From this point we are not pessimistic about the power of developing economies to transform into better performance. We might have seen convergence in per capita income level between people in developed and some developing countries (Ocampo, 2011). We believe that trend continues to exist. But there is a gap that must be fulfilled if they want to become new power in the future. The benefit of export is very important to be utilize to improve fundamental aspects of domestic economy, so that the dependence on export tends to decline. The government of emerging countries should increase investment and domestic demand. For case of Indonesia as example, they can make use the benefit from export to

improve capacity of humanity as a main capital for the long-run growth. This human capital must be seen as capability of labor force or their productivity in work. Without advancement of human capacity, the large population will only hamper economic activities.

We have known that Indonesia and other developing countries have demographic bonus of youths. China, India, and Indonesia are the most densely populated countries in the world. We see this great population as a gift from God, and resource to reach development goals in the future. Thus, to improve people quality standard means we prepare engine for national development. If we neglect them and just let it go without good planning, undoubtedly forecasting and projection regarding dominance of new economic power in the 2050 will only be illusion. Therefore, they that have many human capital must be able to induce more expansionary of economic growth rapidly by utilize their asset through proper policy.

Discontent from Emerging Economies

Although emerging countries have high economic growth rate, several problems attract our attention to put on, if we have ambitious plan to become leaders in global scale. We not only say that economic capability is very important rather than other things. Stability and good governance are also two other factors that must be fixed. The great nations not only provide jobs and material fulfillments for their society, but also can give comfort of living for all people.

From report by World Bank, we can see the situation of stability and good governance, with comparison among the countries. It shows that emerging countries have low scores rather than developed countries. The full table depicted as below:

Table 2. Stability - Good Governance

Country	Voice and Accountability	Political Stability - No Violence	Government Effectiveness	Control of Corruption	Rule of Law
USA	84.24	58.57	91.35	89.90	92.31
Japan	77.83	86.19	95.67	90.87	88.46
China	6.90	27.14	67.79	49.04	46.15
Brazil	61.58	30.00	47.60	38.46	51.92
India	58.62	14.29	57.21	47.12	52.40
Russia	15.27	16.67	44.23	18.75	21.15
Indonesia	50.25	33.33	53.37	42.79	38.94
Rep. Korea	67.00	51.90	80.77	66.83	86.06
Singapore	36.95	99.52	100.00	97.12	96.15
Malaysia	33.00	50.00	75.96	61.54	71.15
Thailand	20.69	15.71	66.35	40.87	55.29
Philippines	50.74	10.00	51.92	34.13	36.54

Source: *the Worldwide Governance Indicators, 2017 edition.*

From the table 2, maximum value of all indicators is 100 as the highest rank. All emerging countries have lower value in every indicator than USA and Japan. It is an exception, Singapore that shows bigger score in three indicators, unless voice and accountability. It can open our mind that in most emerging economies, the standard of good governance is still low. We cannot expect more, that all of the countries will face difficulties if they want to become leader in global context.

China for instance cannot be representative for developing countries due this state sometimes trapped in their huge national interests. For example, in agricultural trade conducted by WTO meeting mini-Ministerial Conference in Geneva in July 2008. It is noted that when negotiation comes close to cut agricultural subsidies substantially for industrial nations in order products from developing countries can enter their market, China unexpectedly declared that it exclude key manufactured goods, such as chemicals and machinery (Wang & French, 2014). China made other developing countries anger and cannot contribute to support their interests. If Asia's countries in general want to become leaders, they must play crucial role in striking the right balance between legitimacy and effectiveness of institution for global governance (Madhur, 2012). Of course they must have one voice that declared their one huge interest as a region.

Due to weakness of governance, by considering weak control of corruption, China absolutely cannot be leading nation in global governance. The country which is able to be leader in global context must have good capability in eradication of corruption. It is not just necessary, but necessity. How can nations manage global sphere where they cannot manage nicely in their domestic affairs.

If emerging countries really want to become leader, their bureaucracy and government quality have to be improved. It signifies their readiness as global leaders that will be imitated and indeed exemplary by other countries around the world. If Asia specifically as regions want to contribute to global scale, they must build effective institutions to promote macroeconomic, financial stability, deepen regional trade, and also investment integration stronger (Kawai, & Petri, 2014). It is necessity that they must undertake.

Good Governance and Democratization in Emerging Countries

First of all we should know and have same understanding about the term of governance. It is an institution that exist in the country and have capacity to undertake government about the national interest. They are selected, monitored, questioned about the responsibility and replaced. The function of government is to implement policies regarding many issues which relate with economic, social, political, and other many things that belong to citizens.

Secondly, all of us must understand that effective government is everything. The government must be able to undertake mandate of people well and prosper them. It is not only in economic matters, but all aspects of life. Many leaders of any countries try to become figure in the world but they are absence to create good quality of their government.

Index of democracy in any countries show that not all emerging countries are ready to be leaders in global context. The table 3 depicts it.

Table 3. Democracy of Index

Country	Rank	Overall Score	Electoral Process	Functioning of Government	Political Participation	Political Culture	Civil Liberties
USA	21	7.98	9.17	7.14	7.22	8.13	8.24
Japan	23	7.88	8.75	8.21	6.11	7.50	8.82
China	139	3.10	0.00	5.00	2.78	6.25	1.47
Brazil	49	6.86	9.58	5.36	6.11	5.00	8.24
India	42	7.23	9.17	6.79	7.22	5.63	7.35
Russia	135	3.17	2.17	1.79	5.00	2.50	4.41
Indonesia	68	6.39	6.92	7.14	6.67	5.63	5.59
Rep. Korea	20	8.00	9.17	7.86	7.22	7.50	8.24
Singapore	69	6.32	4.33	7.86	6.11	6.25	5.88
Malaysia	59	6.54	6.92	7.86	6.11	6.25	5.59
Thailand	107	4.63	3.00	4.29	5.00	5.00	5.88
Philippines	51	6.71	9.17	5.71	7.22	4.38	7.06

Source: *The Economist Intelligence Unit, 2017*

According to table 3 above, we obtain information that index of democracy in emerging countries is relatively still low. It is an important message for any ambitious leaders in emerging countries to think rationally, and take action immediately to improve the scores, if they want their nations become leading nations.

In other side, for communication matter, mastering international language is also very important in global association. How a country can become major player in the world, if its people cannot adapt with international language. To master foreign language that have been international usage is urgent today, as a way to make easy communication among society around the world. Smoothness of economic activities, one of which is sustained by no miscommunication. Of course we might be able someday to make our national language being international usage. But it needs more time to succeed, by considering recent circumstances. We need to follow foreign language that is commonly used now: English.

Conclusion

By considering several aspects that have been explained before, we conclude that emerging countries are not ready to tackle and undertake capacity as a leading nation in global economy. It is because their inability in undertaking big role of international sphere which not just need capability to manage huge economic activities, but also better governmental structure than today.

Even in economic side, their growth mainly supported by exports which depend ultimately on market of European Union and United States of America. This condition is very vulnerable. Indeed for some cases such as Indonesia, its export not supported too much on market of USA and European Union. But global economic uncertainty is susceptible to make this Garuda's nation economic growth decline. We see now that Indonesia's export is vulnerable due to any changes in developed countries. When Federal Reserve raises little interest rate several basis points, rupiah immediately gets down unstoppable. They (the emerging economies) we believe are still not strong

enough to sustain against unexpected crisis in the future.

Besides, social and political stability in emerging countries still become big problems. For instance corruption, it not only inhibits performance for long run development, even in specific matter will collapse economic growth rate. The government of emerging countries have to battle fiercely to eradicate corruption and any instability in social and political aspects.

Nevertheless, we have to have optimistic attitude regarding the emerging countries. We believe there is a good change that always happens. Any continuous recoveries will always be done. It is precondition of success to become leaders in international context. We put this conviction to their effort and attempt to reach what they want.

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