The theoretical framework "concepts and the characteristics of the emerging economic

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Summary :

"Emerging countries" increasingly occupy a crucial position in the international arena, and the emergence of rapidly growing areas outside of the industrialized world, is undoubtedly one of the most important phenomena in the eighties. This was accompanied by two main economic phenomena: the opening of markets in the context of globalization, and the use of especially effective mechanisms of technology transfer, so as to suggest at the end of the same decade that this factor was the main reason for the emergence phenomenon. When can we exactly say that a country is "emerging"?

الملخص:

تحتلُّ "البلدان الناشئة" مكانة حاسمة على نحو متزايد في الساحة الدولية وظهور مجالات النمو المتسارع خارج العالم المصنع، وهو بلا شك واحد من أهم الظواهر في الثمانينيات. وهكذا صاحبته ظاهرتان اقتصاديتان رئيسيتان: انفتاح الأسواق في سياق العولمة، واستخدام آليات نقل التكنولوجيا فعالة بشكل خاص. حتى توهم في نهاية العقد نفسه أن هذا العامل كان السبب الرئيسي لظاهرة النشوء. انطلاقا مما سبق كيف يمكن القول على وجه التحديد بأنّ بلدا ما "ناشئ"؟

I - the concept of economic emergence:

The concept of "emergence" was used in ancient Greece, especially by Thales, to describe a phenomenon that cannot be disassembled and where "the whole is greater than the sum of its parts." In fact, this very broad perception is convenient enough to approach in social sciences, where emergence processes are multiple and various. They in fact move from the sociological analysis of collective behaviors to economic events analysis, through the study of information systems of network type (Internet, intranet, and social networks).

In the economy, the idea of "emergence" generally go back to John Stuart Mill, who distinguishes the two laws which organize nature: homogenous pattern or product (causal laws) and differential or emerging pattern that cannot be explained by the laws of causality.

Emergence seems as a new macro-economic phenomenon, which cannot be predicted. It is not expected with new structures and functions (badly interdependent with variables that can be identified); and a special dynamic based on partial balances (of microeconomics), but leading to a new state of general equilibrium. Thus to approach the new economic concepts, one should naturally add the will to rely on the new financial, productivity, institutional and cultural systems that aim at creating the other structures in the logic of sustainable improvement of social welfare.

"Emergence" means self-imposing and appearing in a good position on the development coordinates so one can see a transitional economic construction in a context dominated by globalization, its common share between the countries concerned is growth. Thus "emergence" is first to achieve sameness with the most advanced countries, and to possess funds which allow to occupy a place in the market[1].

Emergence means getting out of the environment where one is submerged and appearing on the surface, it is a concept that originated from physical sciences (optics, fluids) and biological sciences (the nervous system, and organs). It is used by economic Sciences in the sense of a sudden appearance of a country in the international arena. But this term is rarely used in social sciences, if one is talking today about the **emerging economies**, it seems more problematic to look at emerging companies. This means that the idea of emergence refers to a preparation in terms of organization and collective development and globalization, and producing, distributing and consuming goods[2].

The fact remains that this emergence is part of a unitary evolution axis of capitalism, as long as the former socialist and communist countries are not called "emerging" but because it is consistent with the neo-liberal model by virtue of joining the principles of a market economy like Russia, for example.

II - The basic characteristics of emergence[3]:

In this regard, and to emphasize the universality of the standards of emergence, we see the appearance of common ground through the basic indicators of the emergence in economic terms. These indicators impose themselves and therefore whatever the diversity and specificity of the contexts to examine:

- **Increase of economic growth rates**

- **Liberalization of trade and privatization of the capital market** the concept of "emergence" historically was born in 1980 under the pushing of stock exchange markets in the countries of the South, which accounted for a long time as a model for the developing countries. As for the decision-makers, it covers a certain reality. Among the developing countries, it is about the countries that practice somewhat effectively a market economy and thus get into international finance while it is committed to deep reforms program. These latter relate to: the liberalization of its international trade; liberalization of its financial market and capital markets; strengthening its GDP growth and reducing poverty.

- **Development of technological research for the benefit of manufactured exports**: In this way, Brazil and Mexico are considered "emerging" mainly due to their high-tech manufactured exports, which is the first index of emergence. The global standard for emergence should be determined in information and communication technology, as they are considered as a new support to growth contribute to which the of international investments contribute. This technology has entered into innovation habits and affected our ways of production, exchange, consumption and regulation. It proposes to reformulate offer with new services.

- The social criterion of emergence: Although the concept of "emergence" today merges with access to undoubted updating, it is important to consider its weaknesses. The adjective emerging is only given to countries that have been involved in reforms of liberating trade exchanges and financial investments, therefore the "standard of living" rose consequently without need to shed light on social policies. But a large number of so-called "emerging countries" collide with large margins in the gross domestic product, but also in the transfer of technological knowledge, political governance, and developing health, education and social protection. It is worth mentioning that the irony is that the social norm (poverty reduction, and participatory democracy, social and health care system), if desired, is not yet considered a criterion to describe the economy as emerging.[4]

- **Good governance**: studies have shown that emergence is not necessarily synonymous with good governance. Some countries such as Russia have achieved significant growth in spite of mismanagement. Do countries that are said to be "the most corrupt" in the current "democratic" world order have good growth rates, given the economic growth indicators in this context? Is it still "scientific" to believe that liberal capitalism growth will always go in the direction of the ethics of "good values" of trust or democracy?

- **The intensity of the export-oriented industrial machine:** Countries such as Brazil or Mexico are included in the group of emerging countries because of the great growth in its industrial exports, thanks to the presence of international companies on its lands, which allows to absorb the benefits of exchanges and to control over an increasing share of the market at the global level.[5]

- **Change in the structure of trade balance:** it seems that for these countries the big change in its trade balance turns the page of the dominance of primary commodities exports, because the share of high-technology exports grow significantly in its total industrial exports.

- **Demographic criterion**: demography is also a benchmark for a possible emergence, A country like India because of its demographic weight, it is in his interest to become a large domestic market, and thus generate a significant share of foreign direct investment flows from the world's wealth.

- **Adopting the principles of the market economy:** Russia and the former socialist countries in Eastern Europe integrated into the category of emerging countries, not because of improving its industrial and export performance or dynamic domestic market, but because of its official accession to the principles of market economy.

In short, the emerging countries are characterized by their great productive and financial complementarity and their efforts for economic openness in the framework of a process of qualitative development which takes them from a state of underdevelopment to the capitalist emergence. It is appropriate to add to previous states some East Asian countries with strong exports, including South Korea, Taiwan, Hong Kong and Singapore, which have been included in the "global economy" and resulted from public policies with strong framing and protectionism in foreign markets and protecting their local markets. However, countries such as Thailand, the Philippines and Malaysia also have benefited in a second phase from the transfer of Japanese and Taiwanese industry.

standards and classifications and descriptions of emerging countries:

Categories:

Classifying countries into various levels of progress, growth and maturity changes according to different economic schools and their standards. According to the United Nations classification is made every three years on the basis of three criteria[6]:

1. The income level, according to per capita GDP.
2. The availability of human resources in accordance with a standard composite number, depends on the index quality of material life (life expectancy, per capita consumption, school enrollment rate).
3. The level of economic diversity, again according to a recorded composite number, based on the share of the economic sectors of the gross index, and energy consumption, in addition to the quality of merchandise exports.

State fall within the least developed countries if the failure in the previous three indicators happened, and is excluded from the category if it exceeds two of the three criteria.

The least growing economies are caracterised by the following structural tags[7]:

• weakness of economic structure and its inability to improve the level of economic activity, increased export revenues needed for a durable investment and expansion, thereby hindering growth in those countries.

• weak savings and investment rates staying weak in comparison with developing countries, particularly as the debt service obligations delegate the capacity of those countries to mobilize domestic savings or prevent from using investable resources. Moreover their share of direct foreign investment is still very low, and in both cases the less developed countries continuously record very low levels in investment, which leads to the possibility of hindering their economies enlargement.

• failure of the agricultural sector and high food shortage rates, the agricultural sector is the foundation of economic activity of those countries, it contributes with no less than a third of gross domestic product, it also uses an important part of the labor force to ensure the basic food needs of the citizens, which is the main source of revenue of foreign currency.

Therefore, the failure of the sector affects negatively the entire tasks referred to above, and they fail to meet their food needs, and if the inability to import is added it will develop food shortages, and increasing external debt. This factor is one of the factors that exacerbate in less developed countries, especially in latest periods. Therefore there is growing trend towards borrowing from abroad to finance the deficit in current account balances as well as to finance development projects.

External debt of those countries has amounted to more than 1.5 trillion dollars, added to the weakness of aid and increasing population growth rates and declining production capacity. All of this led to a decline in social and human development levels.

WTO rating:

On the other hand, the panel of experts at the World Trade Organization has failed for the second year successively, in creating a new global ranking for economic development of the countries of the world, and in agreeing on standards that define categorically, who are the developing countries.

That body has discussed dozens of proposals for new rankings, but the most widely accepted ranking jumps with the developing countries into three different categories[8]:

- The least developed countries (per capita income is less than $ 900).
- Developing countries with low- average -income (per capita income 901 - 3035 dollars).
- Developing countries with high average income (per capita income 3035 - 9385 dollars).

Proposal suggests that the Member States themselves freely determine to which of the groups they belong, and this has caused big contradictions, and a change in income in order to keep in that ranking, and enjoy its advantages and tax exceptions.

Because it is impossible to give an exact and exhaustive technical definition in the United Nations themselves, all the Member States of the European Union, Canada, the United States, Iceland, Australia, Israel, Japan, New Zealand, Gibraltar, and Switzerland are all classified developed countries.

The economies of Eastern Europe that are still outside the European Union membership have been named transitional economies, while all the other countries of the world are classified as developing countries, and this means that the Arab Gulf states and all of Central America and Latin America, in addition to the Asian tigers and China are considered developing nations, although the majority of these countries have a local GDP value higher than the gross domestic product of some of the new member states in the European Union[9].

Ranking according to Human Development Report:

The Human Development Report No. "38" issued by the United Nations Development Program for 2007-2008, based on the data available to members in the United Nations, has pointed in addition to Hong Kong and the Palestinian territories, there remain 17 countries including Iraq, Afghanistan and Somalia with no available data necessary for their ranking.

The report focused on the classification, according to four ways that are[10]:

(A) level of human development.

(B) by income.

C- by major groups in the world.

D by region.

(A) **for human development:** the report combined elements from Meet Composite Index including age rates, levels of education, income and wealth distribution.

(B) **In terms of income:** countries have been rated according to internal groups using World Bank classifications: high income (US $ 10 726 per person) and average income (less than $ 10 726 per capita), and low income ($ 875 and below per capita).

C- **by major groups in the world:** countries have been classified to developing countries including Central and Eastern Europe, the Commonwealth of Independent States, Organization for Economic Cooperation and Development (OECD) countries.

D- by region: developing countries have been divided by regions, to Arab countries and East Asia and the Pacific, Latin America, North America, Mexico, South Asia, southern Europe, sub-Saharan Africa, Central Europe and Eastern Europe.

Neutral agencies rating:

There are indices adopted by neutral institutions that assess the economies of the world, including[11]:

1. Foreign direct investment attractiveness and its significance of the success of a country to attract that investment, and considering that its economy is so strong that it gets foreign investment, or vice versa.

The United Nations Conference on Trade and Development "UNCTAD" said in his comprehensive annual report on foreign direct investment, that its size has increased by 38% and amounted to $ 3.1 trillion in 2006, up from 916 billion in the previous year, but it remained less that the peak number achieved in 2000, which reached 1.411 trillion dollars. The mentioned report said that the balance of the shares or the value of these investments has reached about $ 12 trillion in 2006.

"UNCTAD" attributed this growth primarily to the spontaneous economic performance in most parts of the world, as well as mergers and acquisitions of markets across the borders carried out by national companies, which amounted to 78 thousand companies.

2. Another indicator reflects the degree of credit worthiness of countries, the state that gets "A" score confirms that the degree of its risk is low, and its ability to repay debt is strong. The rating "BBB" means that the degree of its risk is low and its ability to repay its debt moderate, while the score "B +" means that its degree of risk and its speculation are high.

This credit rating is based on full information available to the rating institution on the economic situation of the country concerned, and information is distributed between internal from the institutions of the country and external independent.

This Classification includes substantive change to the strengths and weaknesses and possibilities available for economic, political and social environment.

Classification helps assess the achievements and make use of them in the process of developing economic reform.

The main base of a mature economy is the availability of numbers and information, because without them, the possibility of making development decision is lost. So disclosure and transparency are considered two standards of wisdom and maturity in appropriate economic decisions.

Sorting according to gross domestic product:

Equality gap in the world has never been of such a degree of depth, and it appears in all areas, particularly in terms of the most commonly used indicators, namelly in the GDP and GDP per capita.

GDP measures the total values of final goods and services produced by a country in one year, plus the difference between production revenues from the inside and from the outside, then they form the gross national product.

The World Bank converts the values and numbers to the US dollar, on the basis of the exchange rate for the year in order to compare between countries, but those numbers lack accuracy, because they are data not estimated correctly in many countries; nevertheless it remains the best way of comparison.

Thus classification of countries according to GDP, almost match with classification on the basis of industrial production or commercial or financial capacity.

It is widely believed that the difference between the total rich countries and the poor countries, is getting deeper because of globalization and neo-liberalism, but in fact the accumulated share of developed countries decline albeit growth among them is uneven.

Two decades ago some rich nations wealth increased significantly, and inside the group of developing countries the gross domestic product rose fast in some countries, particularly in Asia and Latin America, while it declined in some other countries. The beginning of this century witnessed progress an improvement in the economic development and structural reform in the countries of Eastern and Central Europe[12].

Per capita and gross domestic product:

The GDP per capita offers an idea about the standard of living. But in developing countries product numbers are lower than real ones because the value of self-consumption, cooperative business and illegal economic sectors is not calculated.

The very use of a common monetary unit as a criterion poses a problem, because the purchasing power of the dollar vary from one country to another. Therefore the World Bank suggests a domestic product per capita, that takes into account prices and purchasing power for comparison (PPP), then differences shrink, although they remain very large. To illustrate the difference, comparison is drawn between Luxembourg, with a gross domestic product per capita of about $ 42,000 and African countries with a domestic product (GDP) per capita of about $ 1,000[13].

Otherwise there are analyzes based on different concepts, such as "third world countries" or "North countries" and "South countries" ... etc.

Knowing that some countries of the South are rich either with oil, industrially or with bank system, while some northern countries in Eastern or Southern Europe are relatively poor even if they are highly industrialized.

Classification of emerging economies according to OCDE / FMI and FTSE and HSBC and Goldman Satchs:

Before reviewing the criteria for classifying countries as advanced or underdeveloped, a brief definition of progress and underdevelopment can be given, "according to the United Nations."

Progress: a term that designs an economic phenomenon that reflects the reality of the economic, cultural, well-being and social prosperity and political stability as a result of the vitality of the community, and good use of available resources and their conversion into renewable wealth.

Underdevelopment: an economic term that reflects the reality of the deficit in the achievement of development, economic, social and well-being growth with the misuse of available resources and wealth[14].

Experts from national and international institutions and economic organizations, like the World Bank for the establishment and the World Trade Organization and the Organization for Economic Cooperation and Development and other organizations, set standards and criteria to determine qualities, characteristics, peculiarities and conditions to belong to the developed or underdeveloped worlds, and they are economic, social and cultural criteria.

* Economic criteria: they are the most expressive standards, namely:[15]

1. The trade volume: it joins exports and imports, and it reveals how big is the capital, the amount of industrial and agricultural production, and it shows the vast disparities between the developed and underdeveloped worlds.

2. National RAW income size: it is the sum of goods produced and services rendered in a country during a year, and it is the most accurate standard. Its increasing means the industrial production is big, and the tourism sector, transport and communications have recovered ... The developed world controls 90% of Gross Global Raw Income.

3. The amount of raw material consumption: The developed world consumes energetic and mineral resources, especially hydrocarbons, in large amounts because of its industrial development and big number of means of transportation, while the share of the underdeveloped world, is limited because its industrial weakness, with the exception of the newly industrialized nations.

* **Social criteria:** They also are a means to measure the development or underdevelopment of Nations by knowing the status of health, housing, transportation and per capita income sectors ... etc.

Health situation, for example in a country, is an index to see how much Nations are developed or underdeveloped, knowing that the developed nations, have a developed health structure which contributes to the care and protection of citizens from various diseases while underdeveloped Nations have a deficit in the health reception structures, and a limited care of patient citizen, and this is what explains the increase of the mortality rate in these countries.

* **Cultural critera:** They also are an essential means to see wether a nation is developed or underdeveloped. It is important to know illiteracy rate, education level and the number of books and magazines issued each year as well as the evolution of all means of information and use them as means to measure how much a country is developed or underdeveloped.

Through the previous figure, we notice that South Africa is the only state which appears in all four categories (FMI / OCDE and HSBC and FTSE and Goldman Satchs), whereas the countries of BRICS (under study) are found within the classification adopted by both (FMI / OCDE and Goldman Satchs) with other countries.

Given the variety of situations in developing countries and the appearance of so-called "emerging" economies, it seems necessary to seek a best characterization of these economies and to identify elements that distinguish them from other developing economies. It is sought by a number of economists, such as: (Ch. Bradford, 1993; J. Sachs, 2000; D. Janky 0.2001, though they remain initial and focus primarily on exports of the country under study[16].

Colin Bradford (1993) reports the results of a year of consolidation of a sample of twenty developing economies in clusters, on the basis of variables supposed to characterize ex ante emerging economies.

Are selected as variables growth rates of GDP, manufacturing production, manufacturing added value and manufactured exports over the period 1965-1980. From these data, the authors highlight the existence of four groups. The first two consist exclusively of East Asian economies (those that perform best) and the other two consist of African economies or Latin American.

Although interesting, this approach has a major limitation to the extent that it favors the "results" (in terms of growth, in particular) and only retains the manufacturing export specialization as a possible source of growth. Although it is interesting to draw up a typology of countries based on their growth performance, it is still necessary to determine whether this growth is based on common diagrams explaining these various "growth paths"[17].

Jeffrey Sachs (2000) states, for his part, a classification of economies based on their "type" of development. Unlike previous authors, he examines all economies of the world and not only emerging or developing economies. He identifies five possible types: endogenous growth; catching up; growth based on natural resources; Malthusian decline; economic isolation.

Belonging to each of these groups depends on the satisfaction of simple criteria. Thus, to belong to the first category, the savings must be at least ten patent applications in the US per million inhabitants. In economies in the second group, exports of manufactured goods of SITC 8 number 7 and number 8 should reach 5 % of GDP. An economy belongs to the third category if the share of its exports of commodities is at least equal to 10 % of GDP. A country belongs to the fourth category if its fertility rate is equal to or greater than 4[18].

Finally, an economy is considered "economically isolated" if it is geographically isolated and not part of any of the other four categories. Although this approach aims precisely to highlight the variety of dynamic growth, it is extremely reductive, since it retains a limited number of variables, besides the fact that it starts from a priori hypotheses on the basis of growth.

Didier Janci (2001), besides the developed economies (mainly older industrialized countries), developing coutries can be classified into three categories: economies catching up fast; a disparate group of middle income countries, and even higher; and least developed countries. One of the advantages of this classification is to highlight the potential disparity in income levels within the various categories and therefore, to focus on the growth potential rather than past achievements. However, this is a preliminary attempt which deserves further work[19].

During the last forty years, a number of developing countries (DCs) recorded good economic performance and a few have emerged in the international sphere to levels of gross domestic product (GDP) in purchasing power parity (PPP) equivalent to those of industrialized countries. The phenomenon of economic catching up industrialized countries by the poorest countries is however marginal and limited to a few geographical areas, and even to some countries, as shown by empirical work that are very interested in this issue. Indeed, the East Asian countries are practically the only ones to have experienced a convergence of income levels to those of developed countries. Of course, economic development is not confined to economic growth: it is a broader concept in that it includes changes in work organization, level of education, health, and security. But this development is only possible with sustainable growth. And this is actually what was achieved by south east Asian countries[20].

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