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Title

Emerging new rules of the globalisation:
Strategic pragmatism of emerging countries

Prof. Oskar Kayasan
European Research Centre
45 Russell Square, London, WC1B 4JP
United Kingdom
(e-mail: oskarkay@gmail.com)
Tel: (+44) 207 9533709
Fax: (+44) 207 9533709
Mobile: (+44) 07900 865 025

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** Author for all correspondence*

Abstract

The resurgence of emerging countries has reignited the conventional theories that these economies has managed to continue to growth strongly despite the sharp slowdown in the western economies. This paper examines tangible occurrence of emerging markets in the light of ongoing economic crises. We revisit the conventional theories including technology diffusion, institutions and growth (... acceleration) and trade theories as well as relevance and pragmatic theories. We also investigate the performance of these economies in the global economy ...?. Changing bargaining position of these economies has shed a light to the critical understanding of the relationship between institutions, industrial policies, human development, technology diffusion and globalisation. We mainly focus on institutions, micro and macro policies, firm`s size and ownership as well as the new market activities and the process of innovation. Finally, paper has outlined an evaluation unseen strategy is closely linked to new rule of markets in the global economy. Therefore we have introduced a new theoretical models and concepts to review definite experience of emerging economies in the light of ongoing financial crises.

1. Introduction

European and American hegemony are facing new challenges from emerging nations. The twenty first century is witnessing a multipolar international system. The recent activities of emerging powers such as China, Brazil, India, Russia and Turkey`s, national policies and complex geopolitics strategy in global politics are examined. This conceptual paper is to provide a typology of strategic pragmatism models that can provide an integrated approach to the understanding of emerging new rules of globalisation. The model posits where national and regional advantages are dependence to the global powers. There are, however, limitations to this approach, even in advanced capitalist economies, notably an over-emphasis on agency and neglect of underlying structural economic changes and institutional frameworks (Rath and Kloosterman, 2000: 667; Kloosterman and Rath, 2003: 6). The model can be used the viability of sustainability resurgence and strategies. It will indicate whether competitive advantage and sustainability of emerging countries can be achieved within the dominance of global power. Today, even most complex global settings emerging countries continue to benefits a decisive socio-cultural and economic advantage in Africa, Latin America, Asia and other part of the world. As we are aware that emerging countries, specially China in the 21st century has desire to expand their global influence and territories. And, China with its

comprehensive regional and international security and economic interest has been rather effective within Asia and Africa.

Emerging new power of Turkey has increased its regional and international interest. Since Turkey is currently benefiting its deep rooted historical links with most Central Asian States. Furthermore, socio-political and economic turmoil in Russian domestic situation has given China and Turkey to increase its share of influence in the region. However, USA and Europe have not taken that opportunity in the same extent due to other regional conflicts such as Middle East and East Asia. It is also argued that regional collaboration is not a significant aspect of US policy that may also persuade competitive regionalist agenda on the part of other attracted major powers like China and Russia.

.The overall aim of this paper is to investigate our substitute for the impact of emerging new global powers together with other global interests' determinants within analytical framework. With an examination of incomplete data of many part of the world such Africa and Central Asian regions last ten years, this expletory research tries to shed some lights on the relationship in terms of emerging new global powers and further socio-economic collaboration of world.

2. Complex Geopolitics of World

2.1 The future prospect of emerging new rules globalisation

In the emerging field of regional competitive advantage and sustainability one of the unsettled questions is the degree to which evaluating the globalisation. In this paper we examine this issue with a particular focus on regional powers whether the current state of globalisation can reshaped national and regional strategies. The evaluation of emerging economies such as China, India, Brazil, Russia (BRIC) and Turkey that are continuing to growth strongly. The FTSE Global All Cap Emerging Index comprises all stocks from the range of emerging markets indices. The FTSE emerging markets index has risen 41.1 per cent since the start of the year and 60.8 per cent since the beginning of March. This compares with a rise for the FTSE All World developed markets index of 7.2 per cent since the start of the year and 31.4 per cent since the beginning of March. Jim O'Neill, chief economist at Goldman Sachs, expects China and India to grow strongly this year in defiance of recession in most rich nations (FT June 2009). Recently we have witnessed the integration between emerging economies and the multilateral financial trading organisations including WTO, IMF and the World Bank. This development is parallel to the diverse growth path of different

economies of the emerging markets, by searching on explanatory factors of the rules of the market such as tangible and intangible activities.

This paper's understanding of globalization is rooted in Held's (1995: 20) argument that globalization denotes the stretching and deepening of social relations and institutions across space and time (North D.C, 1990; Porter M. 1980, 1985, 1986, 1990,). The theory of globalization resonates with the notion of transnational spaces, understood as 'constituted by the various forms of resources or capital or spatially mobile and immobile persons, on the one hand, and the regulations imposed by nation-states and various other opportunities and constraints on the other' (Faist, 2000: 200). In recent global financial market turmoil shows that global firms are to face the biggest change of restructuring to move business and society towards competitive advantages and sustainability. Striving for competitive advantage and sustainability suffer from overuse and overexploitation (Olson, 1965; Ostrom, 1990; Hardin, 1982). Societies need to abstain from overexploiting communal firms resources and to practice self-control (Schelling, 1984, 1960) towards solely individual rent seeking behaviours. The earlier analysis of Buckley and Casson (1986), Hennart (1982), Rugman (1980), Caves (2007, 1971) broadly touched upon the public good nature of firm advantages and knowledge, although these studies did not forge a clear link between global firms and globalisation societies. Collective ownership of the network requires co-operation between actors in either formal or informal settings, where the actions of the actors are interdependent (Olson, 1965; Hardin, 1982, 1997; Sandler, 1992).

2.2. Dilemma of global pipeline politics

Central Asia increasingly seems to be the stage for a improved version of the Great Game, where the main dominant players today are China and the USA rather than the old powers Russia and Great Britain. Although Russia still holds a failing grip over the region on the other hand the USA interest in the region is diversified. In recent years, the importance of Central Asia in China is larger than it has been since the region west of today's China was an integrated part of the Chinese tributary arrangement. Chinese expansion in the region is only showed by the current Russian, however decreasing authority and the challenging US attempt to enhance influence over the region. The security aspect of regionalism and regional structures in Central Asia is limited by Russia's influence as a regional power, as well as by various constraints particular to the region and country specifics. The Shanghai Cooperation Organisation (SCO), now actively involving in the region has created priorities to engage

China in the security discussion on Central Asia particularly over counter terrorism but has otherwise failed to deal with security challenges in Central Asian countries. Russia vs. China episode of Pipeline's interest may be very problematic from regional perspectives. Russia at times behave as a strategic competitors when regional authority is in stake. This non-collaborative episode does interplay in Kazakhstan-China pipeline operation¹. China's first international Pipeline venture was the China-Kazakhstan oil link. Russia recently sealed more than \$5 billion in deals with China, advancing the agreement on a gas pipeline that will deliver up to 70 billion cubic meters of gas a year from Russia to China (Gasprom: 2009). Central Asia via Turkmenistan will defiantly be China's major suppliers of gas, but on the oil front it's more complex, although this supplies does not answer the daily needs.

The most important rationale for a Chinese involvement in the region emerges to dictate Central Asia in order to protect China's growing desires for energy resources. In addition, there seems to be important security reasons for China's attempt to construct a traditional mutual relationship between China and the Central Asian countries through investment, trade and martial collaboration. Energy and natural resources `such as oil and gas` have emerged as the most important financial reasons for China to engage with the Central Asian. It is with greatly divergent agendas that the Central Asian countries engage with China, for instance Kazakhstan has been the most positive country towards further economic cooperation with China. However, the smaller economies in the region are less optimistic as they are perceived that they will simply change a Russian dominant towards China. .

Ever increasing international dependence on gas and oil and the hard-bitten competition regarding to these resources, it will make more important to control Asia as it is both a producer and a transit region. China has taken further step where recently they bought several oil and gas fields in Central Asia, the actual output that the oil fields will generate is difficult to estimate, specially the fields which are under construction.

2.3. Regional Relevance: `between and within global powers`

Regional relevance of Africa, Latin America and Central Asian region is fast forward on its own momentum. Nowadays regional powers are trying to consulate their efforts for implementation of joint activities for ensuring regional policy development and prevention of negative impact of global politics. Emerging regions has its share of new opportunities and increasing problems. They hold enormous deposit of natural resources to supply global economy to support global sustainability. For stance central Asia, despite rich oil and gas,

water conflict on the agenda where Aral Sea basin facing serious water shortages and increasing. Most of Central Asian states have rather weak civil society to improve governance and society well being. However, the region has gone many unreliable stages even today we are seeing there are full of complex disagreements between Central Asian states. The cooperation level is determined by the following four actor linkages: relationships between Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, the Russo- Sino relationship, and the four countries' relationships with Russia and China. There presently exist problematic relationships between the four Central Asian countries, which are caused by several reasons. One of them is the lack of necessary transportation infrastructure. If this situation could be changed, the cooperation quality will be highly improved.

Here with table one briefly outlined the role of energy and transport infrastructure in the region.

Table: 1: Role of Energy and Transport Infrastructure

Key Issues	Outline
Geopolitics-prevail	<ul style="list-style-type: none"> ■ Divergent governance, successions and conflict. ■ Economic Growth, cooperation and stability
Asymmetric market strategic-deter	<ul style="list-style-type: none"> ■ .State driven monopolies and open markets ■ Demand transit and producer state interest
Evolving investor – host government relations-shift	<ul style="list-style-type: none"> ■ Opening windows of opportunity in Turkmenistan ■ Limits to investment and export options elsewhere

Source: Author own, 2010

3. Strategic Pragmatism of Emerging Countries

While world watching including US, the dragon strategy is rather active as China establishing a complex energy strategy in many part of the world. As west hoping rather prematurely, in their analysis some countries might be differ of dealing with their giant neighbour and favour Russia and West. They also overestimated the Russian resistance to Chinese gains `for a large reserve of gas and oil` as a threat to its own strategic interest in the Central Asian region. Dissolutions of US and Europe, Central Asian countries lukewarm to Chinese advances, but they are relaxing in all Chinese attention and enjoying the tough negotiation which they are able to change in negotiating prices and contract with Western companies. Although, these strategies are forthcoming, since China`s engagement in Central Asia has been

comprehensive and not restricted to gas and oil resources. Last two decades Central Asian countries have been looking for such contribution from global powers as Nazarbayev (Kazakhstan Premier) and Gurbanguly (Turkmenistan Premier) and other regional leaders highlighted over the years. Clearly, the Russian-Chinese collaboration in Central Asia aspects in the US regional game plan is in the goose chase, which is shrouded in mystery. There may be unclear US regional strategy surge and new emerging strategy as a whole fundamentally aim at pursuing long term US strategic interest of controlling Central Asia and containing Russia and China through 'soft power'.

Today emerging giants as China, India, Russia and Brazil (BRIC) presents multifaceted sustainability issues that appears to be become contradictory and complementary between globalisation and population dynamics. Some analysts variously described as globalisation theorists, population dynamics is directly linked into progress to globalisation. Others, instead relating the two phenomenons represent a conceptual and empirical mistake. Since there are various issues which needs evaluated between BRIC countries (Table 2), shows some of the key issues.

Table: 2: Key Issues of BRIC Countries

Key Issues	Outline
Leadership in dispute	<ul style="list-style-type: none"> ■ Economic leadership driven by China. ■ Ideological leadership by Russia ■ Regional leadership claim by Brazil ■ Leader of software capital of the world, India ■ Emerging regional leadership Turkey
Unresolved national issues within themselves	<ul style="list-style-type: none"> ■ .Unsettled border issues between India and Russia ■ India concerns with increasing Russian influence its neighbours ■ Russia and Turkey need to resolve historical relations
Diversity of Socio-economic and political institutions	<ul style="list-style-type: none"> ■ Transparency of difference political systems ■ To improve how to work as trading partners ■ Institutionalise new forms of cooperative arrangement

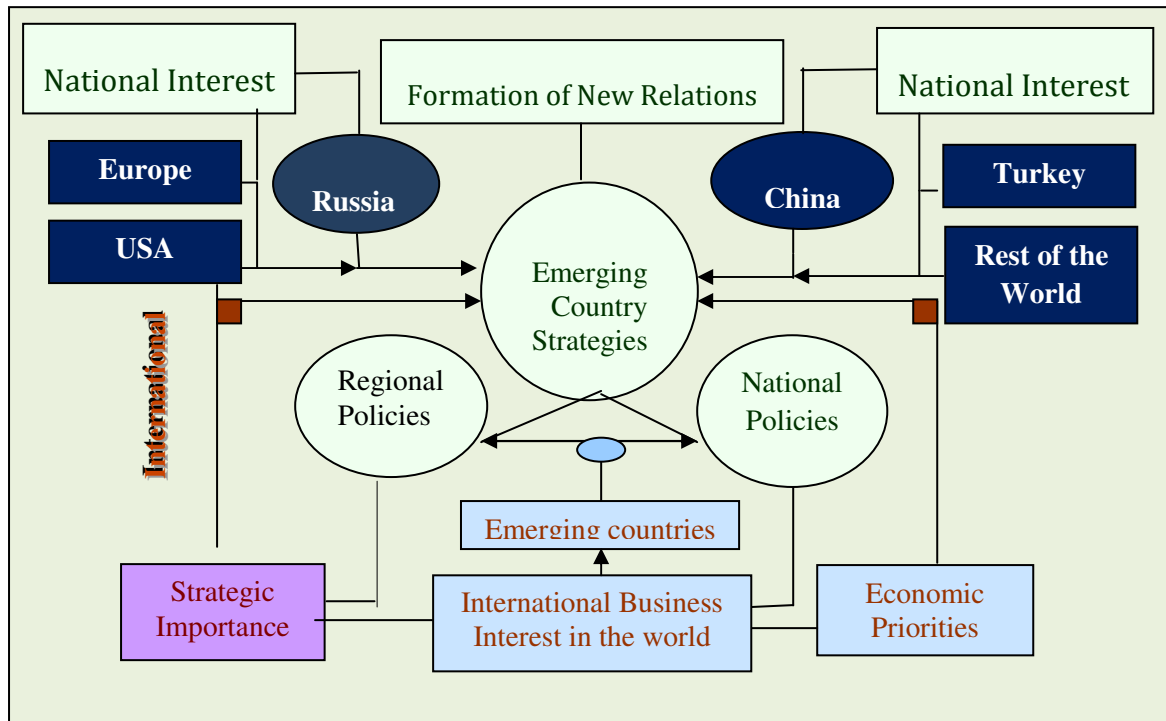
Source: Author own, 2010

There are number of issues that BRIC countries need to cooperate for further development. The major issues are to improve: i) leadership dispute, ii) unresolved national issues within themselves, iii) diversity of socio-economic and political institutions.

Since American domination has passed its global influence. The 21st century will witnessed a growing activates of emerging new powers. The below models (model 1) explains how

emerging new powers are influencing many part of the world by establishing new type of socio-political and economic network.

Model 1: Strategic Pragmatism of Emerging Countries



Source: Author own construction 2010.

The new type of relationship between two major powers has developed in the context of globalization and multipolarity. Changing trend of world powers where US is in decline and Russia and China are on the rise to have an impact on a new world order. Both countries are adapting to the realities of the globalized post-Cold War world, and discovering emerging areas of common interest and concerns where there are areas acting together. Their increasing presence in the world politics and socio-economic influences are clearly felt in the Central Asian states. Today`s remarkable scope of cooperation with minimal differences should not be uprising, because cooperation is historically a more normal mode of Sino-Russian relations than the familiar China-Soviet split of the 1960s-1980s. Although, what brings the two countries together and what generates differences between them are already in practices in Central Asian states..?. Than question is where this paper seeking is this complementary relationship is sustainable when benefits of regional interest overtakes global common interest. History thought us that and recent experiences at various part of the world where sustainability between Russia and China complementary relationship shall face future challenges may lead into regional conflict in Central Asian.

4. Sustainability of New Rules of Globalisation

Recent experience shows that many countries have maintained relatively good relationship with emerging new global powers. Emerging countries have experienced more difficulty in cooperating among themselves and so far managed low level cooperation especially in cross-borders agreements. Despite some improvements the disputes with various forms are still one of the ongoing obstacles for further national and regional integration.

China`s emerging national and international strategy rather complex and long term, could revitalized the historical argument of global domination. As regional gas and oil are deposit substantial would be lifeline for the China`s overwhelming demand. Chinese close regional neighbour Kazakhstan has 3% of the world`s proven oil reserve and main oilfield is close to Chinese border. China perceives Kazakhstan as a new alternative oil supplier, with development of Pipelineistan connecting Kazakh oilfields to Chinese refineries. Other emerging powers such as Brazil, India, Russia and Turkey has an issue of sustainability of their current development patterns. There is a widely held assumption that India`s growing contacts and influence in the world have made it`s a new player in complex world geopolitics. India recently has emerged as a major player in world economy with its large and dynamic young literate population. However, to what extent does global game lens capture the real dynamics of India`s influence in international further examination. There is presently exist rather problematic relationships between emerging countries, which are cause by several reasons such as lack of infrastructure, cross-border relations, sharing resources. However table three (3) shows that there has been challenges and future prospect for further integration between emerging countries.

Table: 3 Challenges and prospects of emerging countries

	Challenges	Prospects
1	Informal barriers are high in emerging countries	Adaption of new policies to formalize the barriers within emerging countries.
2	Current delays by other border agencies can be significantly more than Customs	Increasing supervision and contrail of border agencies to ease delays
3	Elimination of delays requires careful assessment	There has been some improvements in overall delays by new staff training and use of technology
4	Measurements should be continued on a systemic basis	International organisation are trying to establish a new measurement systems in emerging countries

5	Results should be disseminated in and outside the region	The impotents and results are gradually gaining international recognition
6	Further support from Governments and International organizations is needed	Various effort been made by national governments and international organisation but timing and credibly is still concern
7	Discrepancy between emerging countries are still quite apparent in many areas of regional settings	There has been intergovernmental meetings to minimise the discrepancies' but national diversities are continue to be obstacles

Source: Author own analysis, 2010

The cooperation level is determined by the following points under the various commitments and possible agreements. Further integration of emerging countries: i) Various efforts to adopt the concept to economic conditions and assess its potential regional benefits, ii) By identifying contiguous regions that might benefit from institutionalized forms of closer cooperation within and between wider boarder, iii) Intention to activate a 'bottom-up' dimension of national and regional integration effort, iv) Developing various ideas for the areas to be included open and transparent cross-border cooperation, v) Setting new groundwork for a closer cooperation at international level, vi) To establish a foundation for socio-cultural understanding and sharing benefits of rich regional natural resources by more open borders

5. Discussion and Recommendation

Some of the forthcoming issues which emerging global powers is to resolve to simultaneous negotiations at bilateral, regional and multilateral level: i) baffling web of commitments, ii) Slight involvement of business segments, iii) Inadequate human and financial resources for negotiation and implementation, iv) Lack of insufficient level of domestic market reforms to support regional trade agreements (RTA) and bilateral trade agreements (BTA), v) Deficient in of economic complementarities among countries, vi) Diverse political will to implement.

6. Conclusion

In conclusion, this paper has established that there is a need to consolidate strengthens, integrate, expand and deepen regional trade agreements in the world to reduce spaghetti bowl effect. As we are aware that China is wary of alliances, prefers more flexible form of international relations, this also applies to Russian involvement in the Central Asia. Turkey is now become emerging global power has also historical socio-economical ties with the Central Asian countries. This obviously complicates the national interest into more regional

relationship puzzles. The level of strategic partnership between emerging global powers, one rung below that of a full-fledged alliance has a number of advantages. Unlike an coalition, the partnership does not make emerging global powers responsible for any of their actions in the world, nor does it involve significant commitments which could limit. Finally, the partnership, acting through the various geopolitical ``polygons'', stimulates other powers to try to develop their relations with the emerging new global powers. Main conflicts probably shall rise in competing for new resources in vague countries and complex geological regions. This paper has examined the strategic pragmatism of emerging countries from emerging new rules of globalisation perspectives. In particular focus on whether the current state of globalisation can be reshaped by emerging giants to enhance sustainability of emerging countries.

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