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Beyond the BICs: identifying the 'emerging middle powers' and understanding their role in global poverty reduction

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Abstract

Much attention has been focused on the BICs (that is, Brazil, India and China) and how they are changing global politics and economics. However, there is also a further tier of emerging, or new, middle powers 'beyond the BICs' that are playing a more prominent role in regional and global arenas. They tend to be active only within certain policy areas, since these new middle powers lack the economic and demographic weight of the BICs. In this paper we set out why it is necessary to recognise these new middle powers and the role they play in global development, and examine the economic, institutional and ideational factors that may be seen as characterising the emerging middle concept. We put forward some first steps towards identifying which countries should be considered to fall within this category, and discuss the implications of the emerging middle power concept for traditional middle power theory.

Keywords: Rising powers, emerging powers, emerging middle powers, development, poverty

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1. Introduction

Over the last decades the growing political and socioeconomic power of middle-income countries has obtained widespread attention. A newly emerging middle is changing the global balance of power. Middle-income countries contain around two-thirds of the world's population, and their economies account for growing export demands. Middle-income countries have also started to play a major role as regional powerhouses and independent actors in various arenas of global governance, including trade, intellectual property rights, and aid, while Wall Street has identified middle-income countries as crucial targets for investment and borrowing. The G8 has mutated into the G20, recognising that to be more effective and more legitimate its membership had to include existing and emerging middle powers. Yet, middle-income countries simultaneously demonstrate the highest rates of social inequality in the world and often pose as social laggards with difficulties in mobilising the resources necessary to meet the Millennium Development Goals (MDGs).

In tandem with these political and economic developments, middle-income countries have become a focal point of scholarly attention. Specifically, research on Brazil, China, and India, part of the so-called BRICs, has become a virtual growth industry. Scholars investigate the reasons behind those countries becoming influential economic, political and cultural actors on the global stage. Study after study seeks to unearth the implications of their recent rise for areas as diverse as global governance, democratisation, African development, trade policy and social provision (Friedburg 2005; Ramo 2004; Segal 1999; Soares de Lima 2006; Macfarlane 2006; Narlikar 2006; Cornelissen 2009; Mearsheimer 2005; Taylor 2009). And indeed, 20 years ago it would have been difficult to imagine Brazil as the new regional hegemon in Latin America, India as a major player in WTO negotiations, or China as the third largest economy in the world, and projected to overtake Japan in 2010 (IMF World Economic Outlook Databases, accessed 10 April 2010).

At the same time, there is a relative absence of academic works that look beyond the BICs[1] and seek to identify other emerging powers that are likely to play a more prominent role in the regional and global arenas. To do so requires a theoretically informed discussion of plausible scenarios, and a carefully specified set of characteristics to identify those countries. However, such an analytical framework will only emerge from a more detailed analysis of the phenomenon of the emerging middle and a greater empirical understanding of its rise. In this paper we examine the phenomenon of the emerging middle beyond the BICs. Our aim is to unpack the emerging middle as a multidimensional phenomenon, in order to make informed

[1] Goldman Sachs' original identification of the BRICs has been reduced to the BICs as Russia's presence in the group has become increasingly questionable. See Macfarlane 2006.

conjectures about changing global power relations and their impact on global poverty reduction.

There is a long-standing recognition within international relations (IR) of the importance of middle powers, which has focused on the likes of Canada, Australia, Denmark and Sweden (Holbraad 1984; Pratt 1990; Cooper, Higgott and Nossal 1993). This traditional middle power theory concerned mostly wealthy, stable, egalitarian, social democratic states with little regional influence. These states, it was argued, constructed identities distinct from powerful states in their regions, and offered appeasing concessions to pressures for global reform. As such, they helped facilitate US hegemony and insulated it from pressure for reform from disadvantaged states. Emerging powers differ markedly from traditional middle powers. These countries are semi-peripheral, materially inegalitarian, often recently democratised and (among the BICs at least) tend to demonstrate much regional influence and self-association. They tend to opt for reformist rather than radical change, favour regional integration and attempt to construct identities that are distinct from those of the weak states in their region (Jordaan 2003; Hurrell 2006).

Yet, the emerging middle is also distinct from the BICs. Brazil, India and China are important already, simply because of their size and high economic growth. These factors indicate that the BICs are destined (or likely) to become great powers – not hegemonic, nor in the foreseeable future challenging US hegemony, but highly influential within the international sphere. Other rising powers cannot hope to attain a similar position – much like the traditional middle powers. They therefore differ substantially from the BICs, and yet they also differ from the small or 'system ineffectual' states (in Keohane's [1969] terminology). Distinct from the great and emerging great powers, distinct from the small powers, and yet also distinct from the traditional middle powers, this emerging middle warrants its own attention. Though any classification of the boundaries of this emerging middle beyond the BICs will inevitably be a grey area and subject to debate, nonetheless we think that we can usefully begin to explore the basis on which such a classification can be made.

It is the nature of the middle power concept that the countries which should be included depend on the subject being examined. Middle powers, by definition, lack the resources to engage with every area of international politics – such is the preserve of great powers. As such, when discussing the emerging middle concept it is advisable to state clearly which arena they are being considered with respect to. This paper is concerned with the impact the emerging middle will have on global poverty reduction, and the dimensions on which the emerging middle are examined are chosen accordingly. Major transformative effects of emerging middle countries on income poverty and livelihoods beyond their borders are related to changing material capabilities, institutions and ideas. A rapidly growing population and sustained economic growth are one plausible set of distinguishing characteristics of the emerging middle. Countries with those features exhibit growing domestic demands for exports from other developing countries, are more likely to provide aid and foreign direct investment (FDI), and tend to become major destinations of international labour migration.[2] From a somewhat different perspective, institutional stability and an effective state apparatus might constitute crucial features of the emerging middle (see Evans and Rauch 1999). Stable and competent states have a higher degree of influence on the global economy, and are better able to engage in regional leadership, establish South-South partnerships, and broker deals within global institutions. Finally, the emerging middle includes those countries whose strategies have a 'reforming' character (Heulsz 2009). That is, the behaviour of emerging middle countries actively challenges prevailing power relations and legitimating ideologies such as the Washington Consensus (Cox 1996).

This paper uses an eclectic mix of theoretical traditions, reflecting its wide-ranging subject matter. A Coxian approach underpins the overall framework for analysis, but the paper draws insights from a variety of other traditions, including the state capacity, developmental state and Weberian bureaucratic efficiency literatures.

The paper unfolds as follows. The next section makes the case for the emerging powers beyond the BICs being a crucial element of analyses of global economic shifts and future poverty reduction. Section 3 serves several purposes. It sets out the phenomenon of the emerging middle and the key dimensions across which it should be analysed. It also continues to develop the argument that attention should be focused on a wider set of countries than the BICs, and highlights areas in which they impact on poverty. Specifically, we examine the economic, institutional and ideational factors that may be seen as characterising the emerging middle concept. The fourth section briefly examines existing approaches to understanding the emerging middle, and critiques them in light of the foregoing analysis. The final section concludes, calling for greater empirical work to elucidate the transformations identified in the rest of the paper, on which more robust analytical framework can be built.

2. Why look at the emerging middle beyond the BICs?

Changes are underway in the global state system that are shifting the distribution of power and restructuring the global economy. This has received a great deal of attention within academia and business over recent years, particularly focusing on the emergence of China and to a lesser extent India and Brazil. Various characterisations of emerging countries have been formulated by business analysts, including Goldman Sachs' identification of the BRICs and the Next 11 (Goldman Sachs 2005; 2007), and

[2] See Korzeniewicz and Moran (2009) for the link between global inequality, social mobility, and poverty reduction.

PriceWaterhouseCoopers' identification of the E7 (Wozniak 2006).[3] Taking a slightly different approach, the Boston Consulting Group identifies the 100 most powerful emerging companies in developing countries (Boston Consulting Group 2009). From within IR, the Yale Pivotal States project seeks to identify which states should be a particular focus of US foreign policy – those in which there is a threat of internal instability and which externally exert significant influence over regional and indeed international trends – to ensure stability within the global system and continued US hegemony (Chase, Hill and Kennedy 1999).[4] All these different characterisations converge in their emphasis on Brazil, India and China as the next big players on the world stage.

Yet, there is a further tier of countries beyond the BICs that are likely to alter the dynamics of the global economy and the international agenda in decades to come, and thereby have a profound effect on global poverty reduction. This tier, which we call the 'emerging middle', remains highly under-theorised and under-analysed. The countries in this group are qualitatively different to the BICs, in terms of both projected economic growth and size, but are likely, nonetheless, to impact significantly on regional and global politics, economics and poverty reduction (Shaw *et al* 2009).

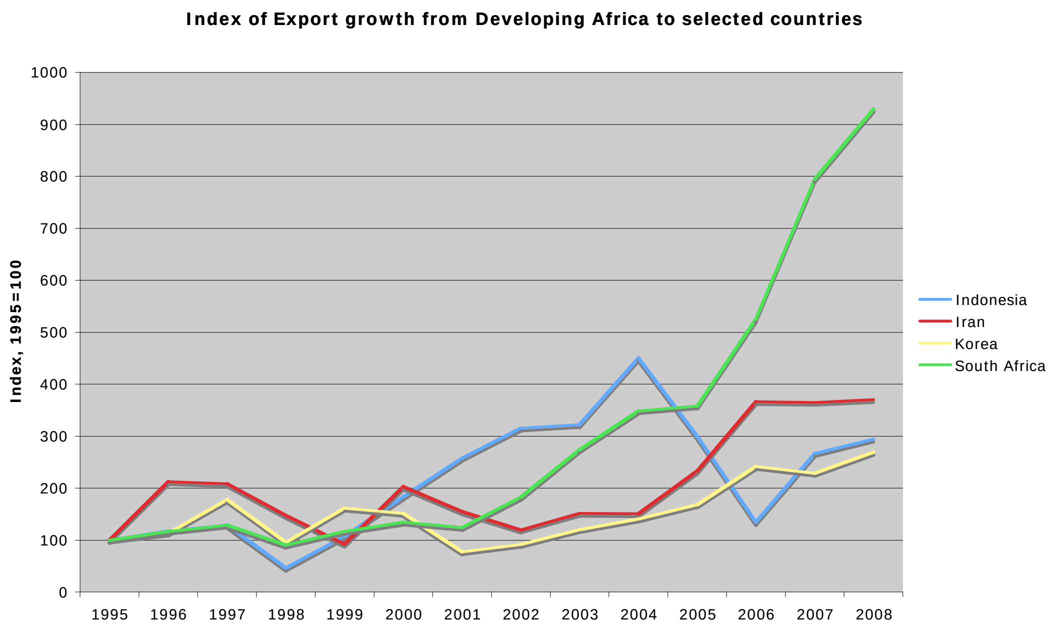
A central dimension of the emerging middle phenomenon is economic growth (which is examined in detail in the next section). High growth has a number of important effects with respect to global poverty reduction and the capacity to impact or influence what is happening in neighbouring countries and more broadly. A key effect is the creation of new markets. As Figure 1 and Table 1 show, exports from African developing countries have increased significantly over the last 15 years into a number of emerging middle countries. Much of this demand is for raw materials and minerals, pushing up world prices and helping to bring about significant growth in sub-Saharan Africa (averaging nearly six percent per annum for 2000-2008) and improvements in its terms of trade. The growth of Brazilian, Indian and Chinese trade in Africa is well documented. Importantly for present purposes, this growth is not confined to the BICs. As South Africa's economy has become more coupled with that of the rest of Africa, imports of goods from the rest of Africa into the country increased seven-fold between 2000 and 2008. While this is, *ceteris paribus,* welcome, the impact it will have on poverty depends on the extent to which this wealth 'trickles down' and the degree to which South Africa is (or is not) able to foster improved policies and institutions in other African countries. Similarly, Turkey has started to systematically expand its trade and investment activities in sub-Saharan Africa. For instance, Turkish exports to Africa have increased from $1.5

[3] China, India, Brazil, Russia, Indonesia, Mexico and Turkey.
[4] These pivotal states are identified as Algeria, Brazil, Egypt, India, Indonesia, Mexico, Pakistan, South Africa and Turkey.

billion in 2001 to over $10 billion in 2009.[5] The threat of jobless growth remains for sub-Saharan Africa. Nonetheless, as Figure 1 indicates, new demand is being created by the emergence of countries beyond those of the BICs which will potentially have an important part to play in African poverty reduction over coming decades (see Shaw *et al* 2009 and other papers in the same special issue for an analysis of the impact of the BICs on African development).

At the same time, economic growth is only part of the story. Another important dimension of the emerging middle phenomenon is global governance. Global institutions such as the World Bank, the IMF and the World Trade Organization (WTO) are central to economic policy making, while the United Nations (UN) and transnational NGOs such as Oxfam play crucial roles in debt relief campaigns and global anti-poverty initiatives. The rise of the emerging middle entails changes in the power structures that underpin these institutions, with potentially major ramifications for global poverty reduction. One example is the recent mutation of the G7/8 into the G20. Another one is the current Doha Development Agenda. While Brazil, India and China have emerged as increasingly powerful actors in these trade negotiations, leadership among developing countries is not limited to those three BICs. Other countries, such as South Africa and Bangladesh, have gained a degree of influence within the negotiations and, at least theoretically, have the potential to pull together networks or blocks of countries to challenge the dynamics of global policymaking.

Figure 1:



[5] *The Economist*, 27 March, 40.

Table 1: Exports from developing Africa to partner countries. Index, 1998=100

Partner country	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
China, mainland	100	196	479	392	462	893	1383	2102	3100	4059	5424
Peru	100	138	473	189	210	628	102	1671	1454	2604	2900
Syria	100	401	319	408	410	573	1004	1443	1322	1342	1776
Nicaragua	100	124	64	174	209	565	169	1720	4543	2666	1700
Uruguay	100	43	152	107	63	90	206	420	524	870	1062
South Africa	100	129	149	137	202	304	387	397	582	882	1031
Brazil	100	140	158	159	172	191	291	385	450	575	940
UAE	100	97	104	169	121	267	301	456	706	731	864
Oman	100	88	66	73	119	148	225	270	445	404	846
Nigeria	100	101	139	159	331	244	413	489	527	615	835
Chile	100	121	223	87	108	103	420	690	892	574	752
Algeria	100	122	120	145	192	220	259	381	513	492	751
Sudan	100	103	78	105	129	208	261	374	394	605	749
Egypt	100	108	130	198	202	226	384	466	443	641	747
Bangladesh	100	218	195	134	134	267	323	823	285	305	714
India	100	159	223	142	153	160	81	124	349	560	693
Malaysia	100	112	111	99	110	168	226	237	359	722	643
Indonesia	100	231	394	555	680	693	970	645	289	574	634
Turkey	100	112	194	145	157	174	202	304	361	416	586
Kuwait	100	137	112	95	122	174	164	167	193	274	546

Source: IMF Direction of Trade Statistics, available from www.esds.ac.uk.
Notes: These are the 25 countries that have created the largest growth in demand for exports from African developing countries over the last 10 years. Small island states, former Soviet Republics, Japan and all countries for which imports from developing Africa in 2008 were small (below $100 million) have been removed.

The rise of the middle has also major implications for regional power dynamics. Emerging middle powers desire to consolidate their economic position and assert their influence in the international system. They predominantly do so through a regionally focused geo-economic and geopolitical strategy, which is organised around measures such as economic cooperation, systematic investment and development aid. For instance, Brazil sees the rest of Latin America as a strategic place for trade and the construction of political hegemony. Accordingly, Brazil is at the forefront of arrangements to liberalise trade in the region (e.g., MERCOSUR), and has become heavily involved in regional infrastructural investments. These measures are coupled with 'soft power' initiatives to bolster social development in neighbouring countries and project ideological leadership in social policy making. Yet, attempts to become a regional powerhouse are not limited to the BICs. Turkey pursues a comparable geopolitical strategy in the Black Sea region and Central Asia, while Nigeria has taken on a similar role in West Africa. Indeed, while contemporary efforts to create an East African Union are about the 'internal market', East Africa's leaders understand that such a union could significantly strengthen their role in setting regional and continent agendas.

In the following section we discuss plausible factors that might be constitutive of membership within the emerging middle category. From this we do not attempt to create a definitive list of which countries should be 'in' and which 'out'. Rather, we argue that the emerging middle is a multi-dimensional concept. Inevitably, some countries will 'score highly', as it were, on some dimensions and not others. The precise boundaries of the emerging middle are therefore left intentionally fuzzy. Rather, our idea is to provide academics and policy framers with an analytical toolkit to approach the emerging middle phenomenon. Alongside this, we also examine some of the key impacts these factors have on global poverty.

3. The dimensions of the emerging middle

Material capabilities

In the study of international relations, the distribution of military power has been a central concern, most notably for realists, who have used the balance of power to account for the behaviour of states (for realist analyses of the emerging powers see, among others, Friedberg 2005; Mearsheimer 2005). When considering the emerging middle, current debates among realists rage primarily about whether China will come to compete with the US militarily, though this remains a long way off at present. Some argue that, with its expanding military capabilities, China is rapidly attaining a position in which it can (at least partially) counterbalance the US (Friedberg 2005; though for an opposing view, see Segal 1999).

However, when considering the emerging middle beyond the BICs, military capabilities remain a secondary concern. No other emerging power beyond China can hope to challenge US military hegemony in the foreseeable future. The degree of military influence that the emerging middle powers beyond the BICs can hope to attain is severely circumscribed, both by the continuing military hegemony of the US (which accounts for roughly half global military spending) and by the BICs themselves and their emergence as regional hegemons. This is not to say that the emerging middle powers beyond the BICs will not increase their military capability as their economies grow. However, this is not the most salient dimension of their growing capacities, nor that on which they will have the greatest impact on the world. This is particularly the case for present purposes – the fight against poverty is not a military one.

As such, it is not military power but economic power that is most important for the analysis of emerging middle powers beyond the BICs. A range of countries has experienced considerable economic growth over the last two decades (see Table 4). This includes small states such as Equatorial Guinea, which tops the table, and the huge states of the BICs.

Table 4: Average growth rates, 1989-2009, top 40 plus selected others

1	Equatorial Guinea	25.4	24	Angola	5.8
2	Afghanistan, Rep. of.	11.3	25	Panama	5.6
3	China	9.6	26	Kuwait	5.6
4	Myanmar	8.4	27	Nigeria	5.5
5	Qatar	7.8	28	Bahrain	5.4
6	Vietnam	7.3	29	Chad	5.3
7	Bhutan	7.1	30	Korea	5.3
8	Cambodia	7	31	Chile	5.3
9	Mozambique	6.9	32	Bangladesh	5.2
10	Uganda	6.9	33	Mali	5.2
11	United Arab Emirates	6.7	34	Iran	5.2
12	Azerbaijan	6.6	35	Trinidad and Tobago	5.1
13	Laos	6.6	36	Mauritius	5
14	Turkmenistan	6.3	37	Sudan	5
15	India	6.3	38	Thailand	5
16	Singapore	6.3	39	Sri Lanka	4.9
17	Maldives	6.2	40	Ethiopia	4.9
18	Cape Verde	6.2			
19	Malaysia	6.1	46	Indonesia	4.8
20	Armenia	6	58	Egypt	4.4
21	Belize	6	63	Pakistan	4.3
22	Georgia	5.9	104	South Africa	3.2
23	Botswana	5.8	109	Saudi Arabia	3.1

Notes: Ireland has been removed. The data for Equatorial Guinea is highly suspect and should be ignored (see Johnson et al 2009). Where data is unavailable, only the years for which data is available are used. This may severely distort a number of cases, notably Afghanistan, for which data is only available from 2003. South Africa is averaged post-apartheid only.

However, growth in and of itself means little in terms of a country's regional and global influence, as countries with small populations, or starting from a very low base, can grow rapidly for decades but remain minnows in the world economy. (But do note that small, high income countries can have R&D capacities that could permit greater influence.)

More revealingly for our present purposes, Table 5 shows the change in the share of world GDP between 1989 and 2009, while Table 6 shows the countries that have achieved the greatest movement up the ranking of by GDP per capita.

Table 5: Share of global GDP, 1960-2008

	1960	**1970**	**1980**	**1990**	**2000**	**2008**
China	5.24%	4.63%	5.20%	7.83%	11.77%	17.48%
India	3.88%	3.41%	3.18%	4.05%	5.18%	6.70%
Russia	NA	NA	NA	4.24%	2.11%	2.51%
Brazil	1.99%	2.13%	3.19%	2.74%	2.66%	2.48%
Indonesia	1.15%	1.01%	1.38%	1.66%	1.83%	1.98%
South Korea	0.36%	0.51%	0.78%	1.38%	1.84%	1.86%
Mexico	1.44%	1.66%	2.16%	1.90%	1.98%	1.72%
Turkey	0.75%	0.80%	0.90%	1.13%	1.18%	1.20%
Thailand	0.35%	0.46%	0.60%	0.94%	1.08%	1.12%
Taiwan	0.17%	0.27%	0.47%	0.74%	1.02%	0.94%
Iran	0.55%	0.88%	0.78%	0.74%	0.83%	0.90%
Argentina	1.36%	1.27%	1.16%	0.78%	0.87%	0.87%
Pakistan	0.39%	0.45%	0.49%	0.67%	0.72%	0.76%
Egypt	0.32%	0.31%	0.44%	0.53%	0.56%	0.60%
Colombia	0.47%	0.48%	0.57%	0.59%	0.55%	0.56%
Philippines	0.50%	0.49%	0.60%	0.53%	0.53%	0.55%
Venezuela	0.86%	0.83%	0.75%	0.59%	0.54%	0.55%
Malaysia	0.15%	0.16%	0.25%	0.33%	0.49%	0.51%
Vietnam	0.30%	0.23%	0.20%	0.25%	0.39%	0.50%
Saudi Arabia	0.21%	0.34%	0.66%	0.53%	0.48%	0.47%
South Africa	0.63%	0.67%	0.64%	0.54%	0.48%	0.46%
Nigeria	0.40%	0.44%	0.49%	0.40%	0.39%	0.44%
Hong Kong	0.11%	0.16%	0.27%	0.37%	0.42%	0.44%
Chile	0.38%	0.36%	0.31%	0.31%	0.43%	0.43%
Bangladesh	0.35%	0.31%	0.24%	0.26%	0.31%	0.35%
Syria	0.16%	0.16%	0.29%	0.26%	0.33%	0.32%
Peru	0.35%	0.37%	0.37%	0.24%	0.27%	0.31%
Burma	0.15%	0.13%	0.14%	0.11%	0.17%	0.29%
Singapore	0.05%	0.07%	0.11%	0.16%	0.25%	0.25%
Israel	0.12%	0.17%	0.20%	0.22%	0.27%	0.25%

Source: Maddison (2010).

Table 6: GDP per capita rank position of fastest moving countries, 1950-2006

Country	1950-59	1960-69	1970-79	1980-89	1990-99	2000-06
Botswana	112	111	74	53	40	37
China	95	99	90	67	51	35
South Korea	62	54	40	19	10	7
Oman	78	49	31	20	20	23
Taiwan	54	41	24	14	7	5
Thailand	71	64	54	44	25	25
Cape Verde	105	104	110	81	67	63
Lesotho	109	105	96	84	69	68
Burma	104	102	103	93	87	64
Malaysia	45	46	43	34	22	17
India	87	88	89	75	64	60
Cambodia	97	95	102	88	86	70
Pakistan	90	91	84	69	63	66
Singapore	27	29	16	8	4	3
Mauritania	100	86	83	86	85	77
Swaziland	76	59	50	50	54	53
Indonesia (including Timor until 1999)	68	72	65	60	44	47
Tunisia	55	50	48	45	36	34
Vietnam	81	87	95	91	66	61
Hong Kong	20	17	13	6	1	1
Egypt	69	69	64	54	52	50
West Bank and Gaza	111	110	112	104	81	93
Mongolia	102	97	87	72	80	85
Dominican Republic	56	61	53	51	48	40
Laos	89	94	93	87	83	73
Mali	103	106	105	101	94	87
Japan	16	9	6	3	2	4
Yemen	67	73	59	55	57	56
Nepal	96	100	104	100	89	86
Burkina Faso	99	96	100	98	91	89

Notes: This is taken from a set of 114 developing countries. These countries' GDP per capita was averaged over each decade, before being put in rank order. The table reveals those rank positions for the 30 countries that achieved the largest movement up the table between 1950 and 2006. Equatorial Guinea was removed. Source: Maddison (2010).

As Tables 5 and 6 reveal, China and India stand out for the change in economic position they have achieved. Viewed in a longer time horizon, these countries are simply returning to the position within the global economy that they enjoyed up until the protracted economic shock unleashed by the industrial revolution and the age of colonialism. In 1700, China and India accounted for 22 percent and 24 percent respectively of global GDP. By 1950, both had fallen to below five percent. China's had by 2006 returned to around 17 percent, while India's still lagged comparatively at 6.7 percent (calculated from Maddison 2010). The emergence of these two powers should more accurately be seen as a re-emergence. Beyond India and China, however, as Tables 4 and 5 show, there are other emerging countries that have grown in economic importance over the last 20 years.

Growing resources facilitate greater engagement with other countries, such as through becoming aid donors.[6] South Korea, for instance, has recently become a member of the OECD's Development Assistance Committee (DAC), the international club of aid donors, and has increased its ODA volumes by over 230 percent over 2001-2008. This rise is set to continue as it brings itself more in line with DAC member averages for ODA as a percentage of GNI (currently South Korea gives 0.09 percent of gross national income (GNI), compared with the DAC average of 0.31 percent).

Other countries are (or have been) significant donors, though they have declined to join the DAC. The formation of OPEC in 1973, and the concomitant high oil revenues, led to a number of Middle East countries becoming significant aid donors. For the 1970s as a whole, OPEC aid was around a quarter of DAC assistance (Browne 2006: 124) and was associated with institutional changes. The UN's International Fund for Agricultural Development (IFAD) was catalysed by Middle Eastern oil exporters seeking to channel their aid into a new (and they hoped more effective) institution. Most of this comes from Saudi Arabia, Kuwait and the UAE, though Algeria, Libya, Iran and Qatar also provide some ODA (Neumayer 2004). Aid fell drastically in the 1980s and 1990s, and for some significant donors (notably Saudi Arabia) gross disbursements were less than revenue from past loans.[7] Nonetheless, at times Arab donors have been highly generous. In 1973 Saudi Arabia's aid budget reached fully 15 percent of its GDP (Browne 2006: 124, citing Browne 1990). As oil prices are rising again, so are aid levels. Other donor countries include Thailand, which gives around 0.13 percent of GNI (over $250 million per year), India (estimated to have given around $1 billion in 2004) and Taiwan (estimated at about $500 million in 2004) (Browne 2006: 129). Accurate data for aid from non-DAC countries remains difficult, as it is often undeclared, or even 'secret' in a number of Arab countries (Neumayer 2004).

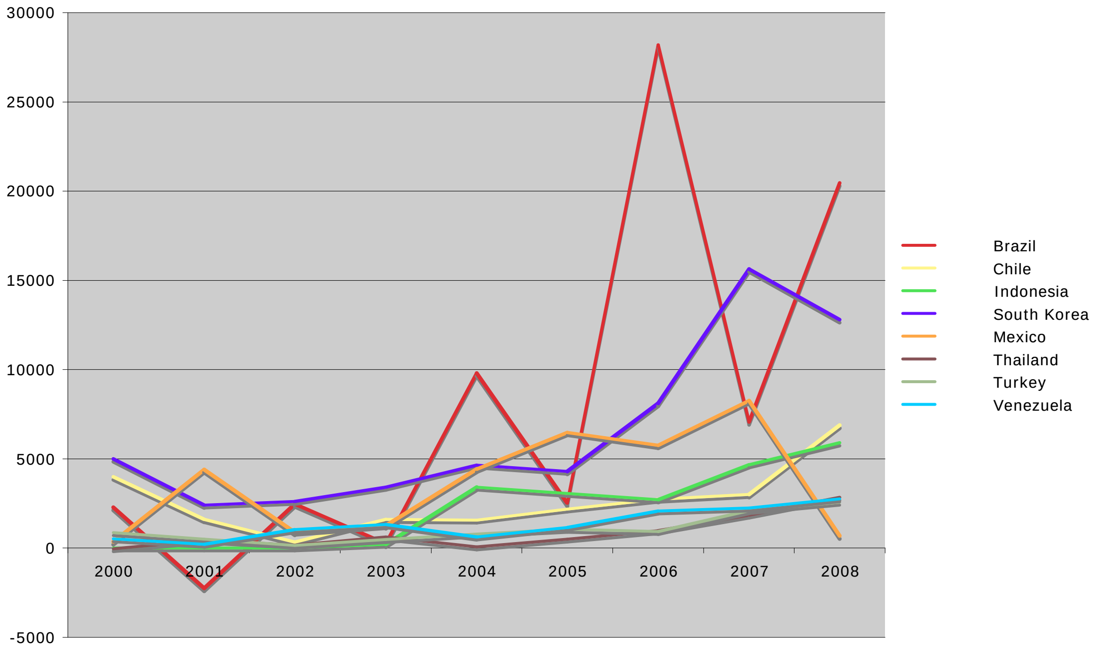
[6] This has been the BIC experience, with India setting up the Indian International Development Agency, Brazil establishing its Brazil-Africa Programme and many parts of China's public sector engaged in foreign development projects.

[7] Note that aid is defined by the DAC as finance given as grants or highly concessional loans – that is, loans with a grant element of at least 25 percent.

For other emerging middle countries the greatest impact on developing countries may come through neither increasing demand for their exports nor aid, but through providing new sources of FDI. A number of countries have exhibited rising FDI flows over the last 10 years from a low base (see Figure 3 for a selection). Though China and Brazil stand out in this trend, other countries are becoming important new sources of FDI, notably Malaysia, South Korea, Chile, Indonesia and Mexico.[8]

Concomitantly, areas of the world that have been relatively starved of FDI are seeing increased inflows (see Figure 4). FDI flows to countries classified as 'low income developing countries' have surged since 2000. Similarly, Africa has seen a large rise. Perhaps surprisingly, given the rise of countries in Asia, Asian LDCs have seen little increase in FDI (though it should be noted that there are twice as many African as Asian LDCs).

Figure 3: FDI outflows from selected economies, 2000-2008



Source: www.imf.org/external/data.htm

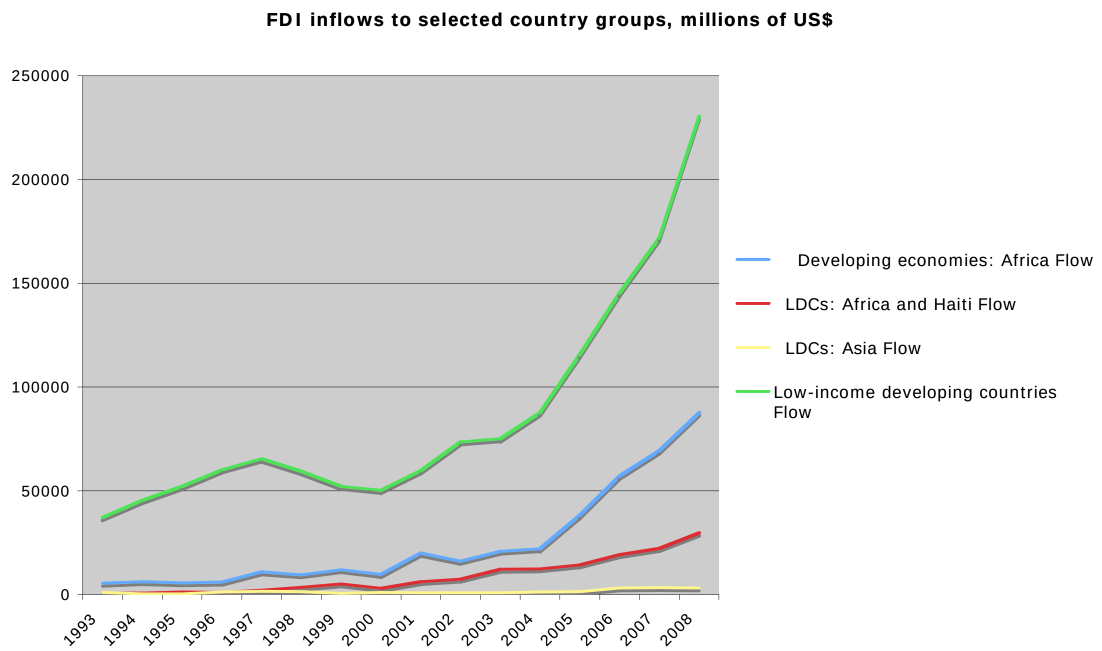
[8] Although the financial crisis of 2008 seems to have been associated with a slump in FDI by these 'new' players.

Table 6: Top developing country providers of FDI in 2008, million US$

China, Hong Kong SAR	59920	Libya	5888
China	52150	Thailand	2835
Brazil	20457	Venezuela	2757
India	17685	Turkey	2585
United Arab Emirates	15800	Angola	2569
Malaysia	14058	Qatar	2399
Korea, Republic of	12795	Colombia	2157
China, Taiwan Province of	10293	Panama	2094
Singapore	8928	Egypt	1920
Kuwait	8521	Bahrain	1620
		South Africa	1556*
Chile	6891	Argentina	1351
Indonesia	5900	Saudi Arabia	1080

Source: www.unctad.org. The British Virgin Islands and the Cayman Islands have been excluded.
*South Africa's figure is an average of the last five years, due to high volatility.

Figure 4:



The effects of this rise in FDI from new sources into the poorest areas of the world are an open question and one which demands attention. Though often treated as an unalloyed positive, FDI is not without its potential problems. Some types of FDI, particularly portfolio investment, can be short term and volatile, while investment into extractive industries can be environmentally destructive and do little to create jobs. New FDI into Africa is potentially harming African food security. Huge areas of land in Africa are being leased to foreign companies to grow food for export to satisfy growing demand in fast-growing middle-income countries. *The Observer* (2010) estimates that up to 50m hectares of land in Africa (an area more than double the size of the UK) has been leased in this way in the last few years. Many of these deals, it finds, have led to evictions, civil unrest and complaints of 'land grabbing'. It is seen by some as 'the new, 21st century colonisation' (*The Observer* 2010, quoting Haile Hirpa, president of the Oromia Studies Association in Ethiopia). By contrast, others point to the thousands of jobs being created on these farms. Along with this, rising demand created by rising incomes in emerging powers has lead to a spike in global food prices over recent years, though this was mitigated by the global economic crisis. These trends indicate that food is an important area, if not the most crucial area, in assessing the impact of emerging powers on poverty.[9]

Linked to FDI flows is the emergence of Sovereign Wealth Funds (SWFs). Over recent decades a number of countries, particularly those with energy deposits enjoying recent high oil, gas and mineral prices, have built up large reserves of capital. Increasingly this capital is being put into SWFs, which then invest it across the world. (Several SWFs played crucial parts in keeping Western financial organisations afloat during the recent financial collapse, bailing out the likes of Citigroup, UBS, Merrill Lynch and others – see IFSL 2008). States known to have large SWFs include Norway, China, Saudi Arabia, the UAE and Russia, but other countries have more modest, though still significant, SWFs, including Qatar, Malaysia, Nigeria, Iran, Singapore, South Korea, Chile and Botswana. This latter group were estimated to hold collectively a minimum of $328 billion in SWFs in February 2008 (IMF 2008: 7). Estimates made by the IMF suggest that foreign assets under management of SWFs could reach $6-10 trillion by 2013 (IMF 2008). Little information about SWFs is currently available, but they will play an increasing part in global markets and serve to increase the global influence of their owners.

Demographic patterns

Another plausible approach to unpacking the emerging middle phenomenon focuses on demographic patterns. The most prominent representative of this perspective is the idea of the 'Next Eleven' (N11), introduced by Goldman Sachs to understand the growth potential of middle-income countries beyond the BICs and identify new investment opportunities. The N11 countries identified by Goldman Sachs are Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and

[9] For example, the cost of rice for low-income households in Bangladesh in 2010 is 25 percent higher than it was in early 2008. For households that spend 50 percent or more of their income on food, this is a devastating experience.

Vietnam. All of them marshall large and rapidly growing populations. The underlying logic of this argument is that high rates of population growth establish a growing consumer pool, while macroeconomic stability and widespread provision of education provide the potential for sustained and rapid growth. Countries experiencing modest improvements in per capita income (or production), but with high population growth rates, could become middle level economies within a few decades.

Table 3 takes this perspective forward and displays the current population size of the largest non-OECD countries. It also illustrates projected population growth between 2010 and 2040 as share of the total global population. A focus on demographic patterns suggests that Indonesia, Pakistan, Bangladesh, Nigeria and Mexico should be considered part of the emerging middle, simply because of their population size (over 100 million). Other countries with a significant population size that is projected to be rapidly growing are the Philippines, Vietnam and Egypt. Thus, our findings largely converge with the assessment of Goldman Sachs, with the exception of South Korea. As a matter of fact, population size and growth provide powerful criteria by which to distinguish emerging powers, especially because they allow us to exclude countries such as Singapore or Qatar, which exhibit staggering economic growth rates, yet are unlikely to constitute emerging powers in a broader sense, simply because of their population size.

At the same time, there are also certain problems with this approach. For one thing, it is primarily a 'demand-side' argument. While there striking similarities in population size and growth among those countries, creating the potential for sustained consumption, there are also stark differences among these countries, in terms of economic growth, industrial capacity, human capital and their position and strategies within the global state system. As a matter of fact, this perspective extrapolates from demographic patterns to economic performance, rather than focusing directly on economic patterns.

The analysis in this section has reiterated the widely acknowledged phenomenon that economic wealth is shifting from the North to the South and East. It has emphasised that this encompasses more countries than those of the BICs, and that these emerging powers beyond the BICs are likely to play a key role in the future of global poverty through increasing trade, FDI and aid flows. However, the emerging middle cannot be analysed solely in terms of economic and demographic weight, though this is inevitably important. Domestic institutional frameworks and participation in international institutions are also important, to which we now turn.

Table 3: Total population and share of global population in 2010, and projection for 2040 (selected countries)

Country	2010 population (millions)	2010 global population share (%)	2040 projection of global population share (%)
China	1,354	19.60	17.78
India	1,214	17.58	16.53
Indonesia	233	3.37	3.44
Brazil	195	2.83	3.22
Pakistan	185	2.67	2.95
Bangladesh	164	2.38	2.50
Nigeria	158	2.29	2.45
Russian Federation	140	2.03	1.55
Mexico	111	1.60	1.48
Philippines	91	1.36	1.39
Vietnam	89	1.29	1.38
Egypt	84	1.22	1.25
Turkey	76	1.10	1.08
Iran	75	1.09	1.08
Thailand	68	0.99	0.84
South Africa	50	0.73	0.69
Republic of Korea	49	0.70	0.64
Colombia	46	0.67	0.56
Argentina	41	0.59	0.54
Algeria	35	0.51	0.54
Peru	29	0.43	0.46
Venezuela	29	0.43	0.46
Malaysia	28	0.40	0.44
Saudi Arabia	26	0.38	0.43
Taiwan	23	0.33	N/A

Source: UN Population Division, 2008 Revision. Except for Taiwan, sourced from Taiwanese official national statistics. Note that only those countries of interest in the present paper are listed.

Institutions

Scholars converge in their emphasis on the crucial role political institutions play in shaping economic growth, social welfare and the capacity of countries to project power in the global arena. The well-established literature on 'democratic peace' points to the importance of regime type for maintaining stable relationships with neighbouring countries and reducing the likelihood of involvement in international wars. In turn, regimes that engage in systematic collective repression and discrimination are unlikely to be perceived as just and fair by their citizenry and the international community. Finally, whether democratic or authoritarian, regimes that are unable to maintain central authority and make public policy are unlikely to secure their own continuity and are thus marked by inherent political instability and polarisation.

One prominent instrument to gauge these institutional qualities is the State Fragility Index. This index is composed of different indicators that map the effectiveness and legitimacy of states across a variety of dimensions, including security and governance, and also economic and social measures. The combination of these indicators makes the State Fragility Index broader than our specific interests in regime and state characteristics requires, but it does provide a compelling window for assessing the capacities of states to manage conflict and maintain political order.

Table 7 shows countries that witnessed the most significant improvement over the 1995-2007 period. In those cases, state institutions became characterised by greater effectiveness and legitimacy, crucial ingredients to obtain growth, enhance human welfare, and project leadership within the global arena. The findings are obviously somewhat biased towards post-civil war situations. Countries such as Bosnia and Herzegovina and El Salvador – during the 1990s still marked by persistent civil war – experienced dramatic increases in their institutional stability. Moreover, many small countries, such as Togo or Nicaragua, appear to be on an upward trajectory. Yet, major improvements in the ability to establish cohesion and stability are not limited to those cases. Particularly noteworthy are the dramatic improvements of countries with large, ethnically diverse, and rapidly growing populations, most prominently India, Indonesia, and Mexico.

Another prominent approach to state capacity is the assessment of bureaucratic quality. Students of 'developmental states' (Amsden 1989; Evans 1995; Wade 1990) and scholars working on welfare states (Pierson 1994; Skopcol 1992; Huber and Stephens 2001) emphasise that countries endowed with high-quality government are on average more likely to achieve economic development and human welfare. Based on Max Weber's (1978) initial arguments, scholars argue that a competent bureaucracy shapes growth, by helping to overcome coordination problems of markets and providing public goods to enhance the effectiveness of investment (Rodrik 1997). A competent bureaucracy is also a precondition for systematic investment in human capital formation and can raise the prospects for the achievement of poverty reduction goals (Henderson et al 2007). Last but not least, a Weberian bureaucracy might also be of help to engage

Table 7. State Fragility Index for the 30 most improved countries

Country	State Fragility Index 2007	State Fragility Index 1995	Trend
South Korea	0	4	-4
Albania	3	8	-5
Cuba	4	8	-4
Bahrain	4	8	-4
Mexico	4	9	-5
El Salvador	5	9	-4
Morocco	5	9	-4
Panama	5	9	-4
Romania	5	9	-4
Vietnam	5	9	-4
Tunisia	6	11	-5
Serbia	6	10	-4
Bosnia and Herzegovina	7	14	-7
Nicaragua	7	13	-6
Georgia	8	13	-5
Honduras	8	12	-4
Indonesia	9	14	-5
Moldova	9	13	-4
Mali	10	19	-9
Papua New Guinea	10	15	-5
Peru	10	14	-4
Senegal	10	14	-4
India	11	17	-6
Bangladesh	12	19	-7
Togo	12	19	-7
Laos	12	17	-5
Cambodia	12	16	-4
Azerbaijan	13	18	-5
Uganda	16	20	-4
Angola	17	22	-5

Notes: This is taken from a set of 162 countries, and shows the 30 most improved countries. The State Fragility Index varies between total scores of 0 and 25, with 0 ’no fragility‘ and 25 ’high fragility’. Equatorial Guinea was excluded. Source: Marshall and Cole (2008).

in global governance. A competent, purposive and cohesive bureaucratic apparatus enhances the capacity to cooperate with other countries in arenas such as global trade policy and FDI, or to broker deals with other countries in South-South negotiations.

Bureaucratic strength and quality thus constitutes a compelling factor that might help to identify likely emerging middle powers. Specifically, states with bureaucratic authority structures that exhibit a certain degree of autonomy from political pressures, engage in the meritocratic recruitment of officials, and provide the opportunity of rewarding careers within the state apparatus are indicative of bureaucratic competence (Evans and Rauch 1999). Building on these insights, the International Country Risk Guide (ISRG) of the Political Risk Service (PRS) Group assesses the 'bureaucratic quality' of individual countries on a scale between 0 and 4 as the highest score. Table 8 helps to identify which country exhibits bureaucratic capacities that might be conducive to obtain growth, enhance human welfare and project leadership within the global arena. It displays those developing countries that exhibit above the average bureaucratic qualities (a score higher than 2) or have made significant improvements over the last 25 years (an increase of more than 1 point). There is a strong regional clustering, which is probably linked to distinct legacies of colonialism and their implications for state development (Acemoglu, Simon and Robinson 2001; Lange, Mahoney and vom Hau 2006). The 'East Asian Tigers' – specifically Korea, Singapore and Taiwan – score high with respect to the quality of their bureaucracies. Other Asian countries, including Malaysia, India and the Philippines, are also noticeable performers. Another regional cluster of countries endowed with comparatively competent bureaucracies is the Caribbean and Latin America. By contrast, most African and South Asian countries on average exhibit bureaucratic authority structures less conducive to growth, human welfare and global leadership. Particularly noteworthy is the absence and thus relatively low scores for economically and demographically emerging countries, such as Egypt, Nigeria and South Africa in Africa, and Bangladesh, Pakistan and Vietnam in South Asia.

Power resides not just in the shape of domestic institutional frameworks, but also in global institutions (and in the ideas that shape institutions and that institutions promulgate). The emerging middle countries are not just altering the global balance of material capabilities, but are changing the contours of global governance and the ideas that underpin it.

The G7, expanded to include Russia in the 1990s, has now been further expanded to embrace the G5, namely Brazil, China, India, Mexico and South Africa. Technically the G5 are not full members but 'outreach partners', but the relationship has been more or less made permanent by the Heiligendamm Process put in place in the 2007 G8 Summit. The expansion of the G8 represents, in Scarlett Cornelissen's (2009: 19) words,

Table 8: Bureaucratic quality in selected developing countries ('4'=highest score)

Country	1984	1989	1994	1999	2004	2009
Singapore	3.5	3.5	3.5	4.0	4.0	4.0
Brunei	3.5	3.5	3.5	3.0	3.0	3.5
Argentina	2.0	2.0	2.0	3.0	3.0	3.0
Bahamas	3.0	3.0	3.0	3.0	3.0	3.0
Chile	2.0	2.0	2.0	3.0	3.0	3.0
Guyana	0.0	0.0	2.0	3.0	3.0	3.0
Hong Kong	3.5	2.0	3.5	3.0	3.0	3.0
India	3.0	3.0	3.0	3.0	3.0	3.0
South Korea	3.0	3.0	3.5	3.0	3.0	3.0
Malaysia	3.0	2.0	2.0	3.0	3.0	3.0
Mexico	2.0	2.0	2.0	3.0	3.0	3.0
Philippines	1.0	0.0	1.0	3.0	3.0	3.0
Taiwan	3.5	3.0	3.5	3.0	3.0	3.0
Trinidad & Tobago	2.0	2.0	2.0	3.0	3.0	3.0
UAE	2.0	2.0	2.0	3.0	3.0	3.0
Ghana	0.0	2.0	3.0	2.0	2.0	2.5
Malawi	1.0	1.0	1.0	2.0	2.0	2.5
Bangladesh	0.0	0.0	1.0	2.0	2.0	2.0
Bolivia	0.0	0.0	1.0	2.0	2.0	2.0
El Salvador	0.0	0.0	1.0	2.0	2.0	2.0
Guatemala	0.0	0.0	1.0	2.0	2.0	2.0
Guinea	0.0	1.0	1.0	2.0	2.0	2.0
Honduras	0.0	1.0	1.0	2.0	2.0	2.0
Indonesia	0.0	0.0	2.0	3.0	2.0	2.0
Panama	0.0	0.0	1.0	3.0	2.0	2.0
Uganda	0.0	0.0	1.0	2.0	2.0	2.0

Source: PRS Group (1979-2010)

'a fundamental altering of one of the most important constituents of the international political architecture painstakingly fashioned following the end of the Second World War'.

Perhaps more importantly, the emerging middle powers have engaged in renewed and revitalised South-South cooperation that is to some extent overshadowing the older order (Cornelissen 2009: 20). The clearest examples of this are to be found in the trade regime. Developing countries have been marginalised within the post-war global trade system since it was formed (see Wilkinson 2006). In response, the emerging powers are both operating within the WTO to challenge the old order and revitalising other trade forums that exclude the developed countries. Within the WTO this process has included the formation of the G20 of developing countries, which is regarded as having played a crucial part in the ability of developing countries to resist successfully the imposition of a deal in the Doha Round at the Cancun Ministerial Conference of 2003 (Narlikar and Tussie 2004). Outside of the WTO, UNCTAD is being revitalised. In December 2009, 22 countries (including Brazil and India, but not China) signed a South-South trade deal known as the Generalised System of Preferences (GSTP), granting each other preferential market access.[10] Though South-South trade bargains are often somewhat derided as being of little economic importance, the GSTP is more than merely rhetorical. It will create greater market access into the participating countries than will the WTO's Doha Development Agenda as it currently stands (Scott 2010).

Other examples of new South-South cooperation include the IBSA (India, Brazil, South Africa) forum, bringing together India, Brazil and South Africa 'to promote South-South cooperation and exchange', and the New Africa-Asia Strategic Partnership of 2005. Though the transformatory potential of these remains limited (see Taylor 2009 on IBSA), as Shaw et al (2009) argue, these new multilateral forums reflect the frustration and marginalisation that developing countries feel within the established, Western-dominated institutions. How this process will impact on the institutions of global governance and thereby on global poverty is an area demanding further research.

Ideas

Not only are new institutions being formed, but the emerging middle powers are advocating new ideas that challenge the established order. Perhaps the most important concerns the challenge made to the Western-backed development strategy that has centred on the Washington Consensus. The rising powers have all achieved their position through following heterodox policies, including significant state involvement in the economy and in channelling finance into particular industries and targeted trade protection. This has led to what has been called the 'Beijing consensus' (Ramo 2004). However, other emerging powers are equally if not more involved in spreading the lessons of their development strategy. South Korea, for example, has created an institution specifically to do this, providing technical assistance to developing countries wishing to emulate its rapid development.

As noted above, there is a rising degree of South-South multilateral cooperation being undertaken. This is qualitatively different to the North-South dynamic in several ways. First, developing countries are more likely to accept it as a form of partnership, rather than the paternalistic relationship that has existed with North-South cooperation, since

[10] This is actually the third round of negotiations within the Generalised System of Trade Preferences. The GSTP is administered by UNCTAD.

the emerging powers are not tainted by the West's colonial history. Second, much South-South cooperation, notably aid flows, is made without conditionality attached. The timing of this is also important, coming after the 'lost decade' for development in the 1980s, widely blamed on the Washington Consensus-based conditionality of the Bank and Fund, and the second lost decade in Africa in the 1990s. With the legacy of this failed conditionality still being felt, emerging powers receive added impact from providing new sources of development assistance that come without strings attached. Such aid is both distinct from Western aid and impacts on Western aid. Countries such as Angola, Sudan and Zimbabwe now have an alternative source of 'last choice' borrowing from China and can thus avoid the need to agree to an IMF facility. In the future, emerging middle powers may become a component of this financial alternative.

Connected with this is the continuing legacy of the ideas with which developing countries have framed their foreign policy. India is a good example (see Narlikar 2006). Since independence India's foreign policy has achieved a reputation for being inflexible and ideologically driven, asserting its independence through Third World groupings such as the Non-Aligned Movement. As India has emerged as a new power, this stance makes little sense and yet it has continued, leading Stephen Cohen to characterise Indian diplomacy as being 'The India that can't say yes' (Cohen 2001). As new powers emerge to become significant middle powers, the ideas that have characterised their foreign policy are likely to continue to shape their behaviour. This will in turn impact on the institutions they operate within. For South Africa, by contrast, the legacy of their historical engagement with the rest of Africa may prevent the emergence of South Africa as a regional hegemon (Alden and le Pere 2009).

This section has demonstrated that emerging middle powers are a neglected component of the changing economic balance of power; reasserting their rights within existing institutions and creating new multilateral South-South institutions; and providing development strategies that have been demonstrated to work, and which are markedly different from the failed Washington Consensus that has been pushed by the North. All of these factors have significant implications for global governance and for poverty reduction. As this section has also shown, these changes involve a wider set of emerging countries than the BICs, on which attention has too often focused.

Military power, economic power, institutions and ideas: a summary

While each of the issues we have examined is significant in its own right, we posit that emerging middle powers that are advancing on several dimensions are more likely to impact on regional and global processes and thus to impact (positively, negatively or in both ways) on global poverty.

Table 9 summarises the previous analysis. It also includes membership of the G20 in addition to the factors examined above as a proxy for involvement in the global institutional architecture.

Clearly, this table is a very crude way of assessing which countries are emerging and should not be taken to be overly prescriptive. To use such a matrix with rigour one would need to decide which characteristics are essential (e.g. share of global GDP), how different characteristics are weighted and what the ‘minimum score’ would be to be classed as ‘emerging’. Which countries should be considered to be part of the emerging middle is inherently a matter of judgement, which cannot be reduced to a set of tick-boxes. Important factors are left out, as they require a detailed analysis of each country in question, set within its regional and international context. For example, stable and competent state institutions might be critical for the emergence of sustained growth and for projecting a country abroad. Even then, state capacity is only one plausible ‘path’ for emerging middle countries, as the examples of Saudi Arabia and Pakistan illustrate.

Table 9: Economic, military, institutional and ideational emergence: a summary table

	Share of global population above 1%	Rising % of global GDP	Source of FDI	SWF	Source of ODA	Member of the G20	Declining state fragility	High bureau-cratic quality
Argentina		X	X			X		X
Bahrain			X				X	
Bangladesh	X	X					X	
Brazil	X		X		X?	X		
Chile		X	X	X				X
China	X	X	X	X	X	X		
Columbia			X					
Egypt	X	X	X					
Hong Kong		X						X
India	X	X	X		X	X	X	X
Indonesia	X	X	X			X	X	
Iran	X	X		X	X?			
Kuwait			X		X			
Libya			X					
Malaysia		X		X	X?			X
Mexico	X					X	X	X
Nigeria	X	X		X				
Pakistan	X	X						
Peru		X					X	
Philippines	X							X

Qatar		X	X	X	X?			
Russia	X			X	X?	X		
South Africa			X			X		
Saudi Arabia		X	X	X	X	X		
Singapore		X	X	X	X?			X
South Korea		X	X	X	X	X	X	X
Taiwan		X			X			X
Thailand		X	X		X			
Turkey	X	X	X		X?	X		
United Arab Emirates		X	X	X	X			X
Venezuela			X					
Vietnam	X	X					X	

Nonetheless, Table 9 helps to begin the characterisation of the emerging middle. Countries that clearly should be considered to be emerging powers are Indonesia, Mexico, South Korea, Saudi Arabia and Turkey. These countries exhibit the economic, institutional, and ideational traits to emerge as important regional economic and political powerhouses. In this role, they might become major forces in affecting global poverty, whether by expanding domestic markets, making strategic investments in developing countries, becoming a major destination for international migration, or by engaging in global institutions.

Obviously, these five countries differ in their specific power resources. South Korea is the paradigmatic case of a 'developmental state' that can rely on economic power, bureaucratic competence and a strong position within the international community. Similarly, Indonesia and Mexico can rely on comparatively stable and competent state institutions, while the two countries, together with Turkey, also exhibit large and growing populations. Saudi Arabia's power base is its economic strength, combined with military might.

A second tier of countries to be considered emerging powers are Argentina, Iran, Pakistan, South Africa and Vietnam. The latter is only recently emerging, but it is in a good position to repeat the success of other East Asian countries. South Africa has emerged as a major regional player in sub-Saharan Africa, yet it is still hampered by the apartheid legacy. Similarly, Iran and Pakistan command substantial military power and economic strength, yet their respective standings and alliance capabilities within the international community are limited. By contrast, as a member of the G20 and an active source of FDI, Argentina enjoys significant international influence. Yet, from a long-term historical perspective, it is unclear whether Argentina indeed fits the category of an emerging middle country, or whether it is more aptly described as a declining power.

Countries that fulfil a number of conditions, but are unlikely to become emerging powers are Chile, Qatar, Singapore and the UAE. These countries have such small populations that they are not likely to exert a significant degree of influence over world affairs. By contrast, other countries that could become emerging powers, yet still lack substantially in certain dimensions, are Bangladesh, Egypt and Thailand. Bangladesh has a large population, shows economic growth, and the bureaucratic quality of state institutions has improved significantly, yet it remains a lower-income country without much international projection. Egypt and Thailand remain characterised by political instability.

4. Existing identifications of emerging powers beyond the BICs

Using the analysis of the previous section, we can examine the utility of existing classifications of emerging powers. As noted in the introduction, which countries are considered to be emerging powers (beyond emerging great powers) depends on the subject matter with respect to which they are being considered. As such, our purpose here is not to critique these groups per se, but to critique them with regard to which countries will emerge as significant in the area of global poverty.

The most often cited grouping beyond the BICs is the Next 11 (N11) (Goldman Sachs 2005), namely Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam. Goldman Sachs is an investment bank and its interest in these is as potentially lucrative markets for business investment, particularly due to their expanding middle classes and rising consumption. As such, an emphasis is placed on large population. However, Goldman Sachs also includes a Growth Environment Score, which seeks to capture the degree to which countries have the requisite determinants of economic growth. This is based on 13 indices grouped in five areas: macroeconomic stability; macroeconomic conditions; technological capabilities; human capital; and political conditions.

With regard to global poverty, the N11 is useful but inadequate. Emerging markets are different from emerging powers. The former entail little more than high consumption, while the latter require the exercising of power in the political arena, which involves engagement with international institutions and the articulation of ideas through which to channel that power. As such, the N11 includes and excludes certain countries that are likely to be important in the area of poverty. In particular, it excludes South Africa. Though South Africa is unlikely to achieve the same high level of growth as elsewhere, for geographical and political reasons it has the potential to be a key player in the fight against poverty. As noted above, exports from the rest of Africa to South Africa have increased by a factor of seven since 2000. Furthermore, South Africa is an important player within certain political institutions, such as the IBSA forum. Saudi Arabia appears in our analysis to be likely to play a role in changing global poverty, but is not in the N11. By contrast, the Philippines and Pakistan are included in the N11, but do not appear to be likely to make a significant contribution to poverty reduction.

Jumping on the bandwagon of acronyms (but coming to the party somewhat later) PriceWaterhouseCoopers identified in 2006 the Emerging Seven or E7, in a paper titled ‘Who is going to rule the world in 2050?’ (Wozniak 2006). The E7 they identify are China, India, Brazil, Russia, Indonesia, Mexico and Turkey. This is too restrictive for our purposes, though it is interesting to note that they include Indonesia and Turkey, but not South Korea, as the most important emerging markets. It should also be noted that the likelihood of these seven ‘ruling the world’ by 2050 is precisely zero.

Another classification of emerging powers is that of Robert Chase, Emily Hill and Paul Kennedy (1999) in the Pivotal States project. Pivotal States are those in which there is a threat of internal instability and which externally exert significant influence over regional and indeed international trends. Chase et al identify Algeria, Brazil, Egypt, India, Indonesia, Mexico, Pakistan, South Africa and Turkey as Pivotal States. Similarly, Jeffrey Garten (1997) identifies ‘The Big Ten’ (Mexico, Brazil, Argentina, South Africa, Poland, Turkey, India, Indonesia, China and South Korea), which he claims will change the face of global economics and politics. The aim of both these projects is to formulate how the US should respond to these states to ensure that it retains its position within the global order. It is what Cox characterises as ‘problem solving theory’, falling within the tradition of realism within IR, though a more ‘enlightened’ realism than its traditional variants. Garten also puts significant emphasis on free markets. For our purposes, it is likely to be the lessons that the emerging powers provide in the importance of *not* liberalising too early that are more important.

These classifications can feed into our analysis. Though we may argue that the countries they identify will not be the most important emerging powers with regard to poverty reduction, those that are identified as being highly important for business and for US foreign policy are likely to grow in importance, merely due to that identification. In the next section we begin to examine how emerging powers have been treated within IR theory.

A note of caution…

It is inevitable in a project such as this that analysis, however carefully undertaken, may fall victim to the vicissitudes of international circumstance. Political or economic upheaval, as seen recently in Thailand, may erupt unexpectedly, putting a halt to progress. This is an unavoidable hazard. However, there is a perhaps more important source of a need for caution when examining emerging countries, which comes from the past record of successful developing countries. A number of developing countries, notably the East Asian tiger economies, have successfully industrialised and become middle-income countries, but there is evidence to suggest that they have been unable to progress further and found themselves in a 'middle technology trap' – and that this trap is set to strengthen. Robert Wade (2010) divides the world into four groups of countries – the rich countries; the 'contenders', namely countries that have incomes of two-thirds and more of that of the poorest rich country (Portugal or Greece); the Third World, with incomes between one-third and two-thirds of that of the poorest rich country; and the rest. Wade then constructs 'mobility matrices', comparing the countries moving between categories from 1960 to 1978 and from 1978 to 2000.

The results indicate that the majority of states stay within the same category, particularly at each end. Most movement between categories is found within the middle two, but most of this movement is *downwards.* Eighty percent of the states in the 'contender' category in 1978 fell into a lower income category by 2000. By 2000 there were fewer countries in the 'contender' income category than there were in 1978 – a startling result, and with important consequences for us. As Robert Wade says:

> The statistics suggest the difficulties of upward mobility in the world income hierarchy, and the experience of specific middle-income countries confirms the difficulties. Many middle-income countries are today caught in what could be called a 'middle-technology trap', their firms stuck in the relatively low value-added segments of global production chains, unable to break into innovation-intensive (Wade 2010: 152).

As more countries enter this middle technology trap, so the chances for other countries to industrialise by following the same path are lessened. More and more countries become specialised in lower value-added activity, squeezing profitability and crowding out the path towards industrialisation for others. The path to becoming a middle income country is strewn with obstacles, may be hampered by other countries having already made the transition, and is insecure even when attained, with slipping backwards a much more likely prospect than breaking into the upper income echelons. Even the continuation of China's rise has been questioned as the reforms begin to rub up against the basis of the Communist party's political control (Hutton 2007; Huang 2008).

Doubts remain about China, the ‘pin-up’ of emerging powers. Those doubts must be continuously borne in mind when seeking to understand the phenomenon of the emerging powers.

5. Conclusion

This paper has argued that there is a tier of emerging powers beyond the much-analysed BICs that will have a crucial impact on global poverty in coming decades. The future of global poverty and poverty reduction is bound to the phenomenon of the emerging powers. This has several elements: new export demand; new sources of FDI and developmental finance; new institutional frameworks that provide an alternative to and potentially challenge existing US-led global institutions; greater articulation of alternative developmental strategies that challenge neo-liberal orthodoxy and draw from the experiences of recently industrialised countries; and the potential for a new chapter of South-South cooperation. None of these are certainties, but they are important areas for further research.

This paper has further argued that the existing classifications of the emerging powers beyond the BICs are useful as a starting point, but were devised for different purposes, either identifying important emerging markets for business reasons (N11, E7) or identifying states that pose particular problems for US foreign policy (Pivotal States, the Big Ten). For the purpose of examining global poverty, a modified grouping is required. However, which states qualify and which do not is inevitably far from black and white. This paper has argued that states that should be seen as falling squarely within the group of emerging powers beyond the BICs include: Indonesia, Mexico, South Africa, South Korea, Saudi Arabia and Turkey. Others satisfy a number of relevant criteria: Argentina, Iran, Pakistan, South Africa and Vietnam. Countries that might become emerging powers include Bangladesh, Egypt and Thailand.

Before the emerging powers beyond the BICs can be fully conceptualised, and their behaviour theorised, more empirical work is required. Important questions raised by this paper that will prove useful in that process and which link the emerging middle to poverty reduction include:

- What will be the impact on poverty of rising food demand in emerging middle powers?

- What form will FDI flows take? Will this be a ‘new colonialism’ in Africa?

- Will aid from emerging powers repeat the mistakes of Western aid during the cold war, being linked primarily to political and economic imperatives and with scant regard for poverty reduction? Or will aid from the South be more progressive – less tied to flawed economic conditionality and better targeted to facilitate a repeat in the recipient countries of the economic success of the emerging donors themselves?

- Similarly, will South-South trade relations be more of a partnership than the unequal trade regime that has characterised North-South trade since WWII, overseen by the GATT and WTO? Or will the rapid economic divergence among countries of the South lead to the emerging powers effectively joining the North, and Southern solidarity evaporate?

- Will the emerging powers articulate alternative developmental strategies based on their own experiences with heterodox (that is, non neo-liberal) policies, or will this evaporate as their economic strength re-orientates their interests towards greater global openness of trade and finance?

- Will the emerging powers become major destinations of international migration? If so, will their own experience with massive emigration (e.g., in the case of Mexico or Turkey) shape their policy-making and result in more progressive immigration regimes that acknowledge migration as a social mobility strategy, or will they repeat the xenophobic and exclusionary approach taken by the North?

Many factors will determine the rate and forms of global poverty reduction in coming decades. Understanding how the ‘arrival’ of the emerging middle powers might be influenced so that it is used as an opportunity to promote the needs and interests of poor people is a lacunae in research that demands attention. This paper is a first step in that task.

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