

## An emerging challenge

*Antoine van Agtmael thinks that firms in the rich world have not fully digested the rise of the emerging markets.*

EMERGING markets have been exceedingly kind to Antoine van Agtmael. His company, Emerging Markets Management, controls some \$13 billion-worth of investments in them. His name guarantees him access to their most powerful politicians and businessmen. He is such a respected figure in America that he has been made chairman of the National Public Radio Foundation, the local equivalent of being given a seat in the House of Lords. This is only as it should be: Mr van Agtmael was the man who coined the term "emerging markets".

These days the market in business catchphrases is saturated. Every business writer wants to produce a rival to "The World is Flat" or "The Long Tail". Every management consultancy wants to coin the follow-up to "re-engineering" or "total quality management". Such famous turns of phrase are the gurus' equivalent of brands: they burnish their reputations for original thinking and ensure that they stand out in a crowd. A brilliant catchphrase can be worth millions in book sales and speaking fees.

"Emerging markets" is one of those terms that has buried itself so deeply in our brains that we have no idea that it once represented a bold challenge to conventional thinking. Before Mr van Agtmael coined the phrase in 1981 the region was referred to as either "the third world" or "the developing world".

Bankers regarded the "third world" as little more than the financial equivalent of a rat hole. The term conjured up images of "flimsy polyester, cheap toys, rampant corruption, Soviet-style tractors and flooded rice paddies", as Mr van Agtmael puts it. Western governments regarded "the developing world" as an object of largesse—an area that could be rescued from poverty only by a combination of donations from the rich world and better economic planning by developing countries' governments.

Mr van Agtmael argues that his idiosyncratic background gave him the wherewithal to challenge conventional thinking. He grew up in the Netherlands. His schoolteachers frequently talked about the country's historical ties with Indonesia. He even owned a few shares in global Dutch giants such as Philips and Unilever. He spent a decade working in the private sector—including a stint at a Thai subsidiary of an American bank, Bankers Trust—before eventually ending up at the World Bank's investment arm, the International Finance Corporation.

He was uncomfortable with the banking industry's contempt for the developing world. (One of his bosses at Bankers Trust once told him, "There are no markets outside the United States.") But he was equally unhappy with the World Bank's obsession with state-driven development. He became an evangelist for the power of private investment to turbocharge growth. But how could you persuade wary bankers to invest in the third world? He had a eureka moment after making an investment pitch to Salomon Brothers: why not replace the depressing-sounding phrases used to describe poorer countries with the more upbeat "emerging markets"?

Almost 30 years later Mr van Agtmael remains as bullish about emerging markets as ever. He has seen the category grow to include formerly closed economies such as China and Vietnam. He has seen emerging-market champions go from welcoming the term as uplifting to rejecting it as condescending. (His publisher in China changed the title of his latest book from "The Emerging-Market Century" to "The World is New".) Most striking of all, he has seen the developing world start to produce some of the world's biggest and best companies, a legion of giants that are shaking up the West's comfortable assumption that it will continue to lead the world in global reach, technology, design and marketing. Mexico's CEMEX is the largest cement

company in America, the second largest in Britain and the third largest in the world. Acer of Taiwan is vying to become the world's second-biggest manufacturer of personal computers. Brazil's Aracruz is the world's largest and most profitable producer of pulp for paper and tissues. He even cites Russia's Gazprom, which controls more gas reserves than all the West's big oil firms combined.

Just as the West once underestimated the potential of emerging markets, now it underestimates the power of the region's corporate champions, Mr van Agtmael believes. These companies are no longer content to be mere followers. They have built global brands: South Korea's Samsung is one of the world's best known makers of electronic goods (Mr van Agtmael still classifies South Korea as an emerging market), for example, and Mexico's Grupo Modelo produces one of the most recognised brands of beer in the world, Corona.

### Emerging and upstaging

Reconciling the rich world to the rise of these powerhouses will be as difficult as integrating the third world into the global market, Mr van Agtmael argues. He knows as well as anybody that global trade can benefit all involved—that the emerging world's gains do not have to be paid for by the rich world's losses. Where Samuel Huntington predicted a "clash of civilisations", he hopes for a "creative collision" that will lead to innovation. He points out that some of the most fraught economic rivalries in recent history—the space race of the 1960s and Japan's rise in the 1980s—provoked creative rather than defensive responses.

But he is nevertheless worried about the sirens of protectionism. Mr van Agtmael points out that America and its allies have been on top of the world for so long that it will take a huge psychological adjustment to treat the likes of India and China as economic equals (his office has a spectacular view over the centre of Washington, DC, with its many monuments to America's glorious past). He also thinks that most people have no idea how serious the challenge from the emerging world has become. Perhaps the very phrase "emerging markets" may end up blinding people to the fact that many of these markets have already emerged.

**Fonte:** The Economist, Apr.15th 2010. Disponível em: <[www.economist.com](http://www.economist.com)>. Acesso em: 19 abr. 2010.