

Chapter 1 - Regions in Transition

Mainstreams and Driving Forces

Like any region or country, emerging markets are in permanent transition. They are surrounded by mainstreams, which determined their past and present, while driving forces lead them into the future.

Complexity and Diversity. This is the third dimension. Countries vary greatly in terms of size and their cultural, social, economic and political status. Populations are composed of thousands of ethnic groups; the African continent alone consists of 3000 different ethnic groups communicating in 1000 languages.

It is difficult to sum up countries that currently classify as emerging markets or are seen as potential markets in the confines of this book. Regardless of which accounting methods are used the number is large. A best estimate is detailed below:

	Countries	Population (in millions)
Asia/Pacific region	26	2.870
Africa	53	670
Latin America/Caribbean	30	453
Central and Eastern Europe	20	408
The Middle East	12	139

(These figures will not change significantly in the future. As societies mature they will be replaced in these records by newcomers because of the rapid growth of world population).

The Legacy of the Past. Cultures, religions and the course of history have shaped individual and collective experiences and expectations. This has created specific behavior patterns, which permeate contemporary life and business.

Throughout many centuries colonization covered up to 85 percent of world territory. It deprived people of their dignity and broke the backs of traditional cultures. Many of the artificial borders drawn by the colonial powers are the source of recent civil wars, especially in Africa.

Latin America was dominated by large landowners and military dictatorships while leaders in Africa feathered their private nests to the detriment of developing their own countries. Russia was always ruled by a small upper class, ranging from the dominance of the early monasteries and the Orthodox Church in the Czar regimes all the way through to Communism. Feudal tyrants governed the Middle East. The two World Wars changed the political landscape in Europe. The hegemonic wars of the Chinese, Japanese and the Western Powers, plus the Cultural Revolution in China caused a long period of stagnation in Asia.

The Impetus of Freedom. The fight for freedom in Asia terminated the long lasting European dominance. In Latin America most military dictatorships were brought to their knees by both peaceful and violent revolutions, and in South Africa apartheid was abolished as a result of increasing external pressure and boycotting.

The most dramatic changes took place in Central and Eastern Europe though. Powerful movements led by charismatic leaders caused the systems of government to implode. This was a very emotional time in history. I remember the concert opening the 1990 Prague spring season. Rafael Kubilek conducted "My Country" by the Czech composer Smetana. Kubilek had left his home country some 40 years before. Although seriously ill, he returned to Prague to support the young people in their vigil in Wenceslas Square during the uprising. This filled him with new vigor and he conducted a brilliant orchestral performance. The fervent applause sounded like the liberation cry of the whole nation.

This event and many others, like the 25th anniversary of the freedom movement of the Solidarnosc Union in Poland, remind us that freedom is the highest intrinsic value of mankind.