

Danny Quah: Convergence Determines Governance – Within and Without. Reset



Professor Danny Quah

The longer we remain in denial on what the emerging economies have achieved, the longer we keep global governance gridlocked and ineffective.

Convergence across nation-states is about the poor catching up with the rich, even as growth continues for all. Convergence is about the Global South achieving parity with the Global North. Convergence is about the distribution of incomes of people around the world flattening towards equality, and thus about the shift in the planet's economic landscape curving to fit better the world's spatial distribution of people.

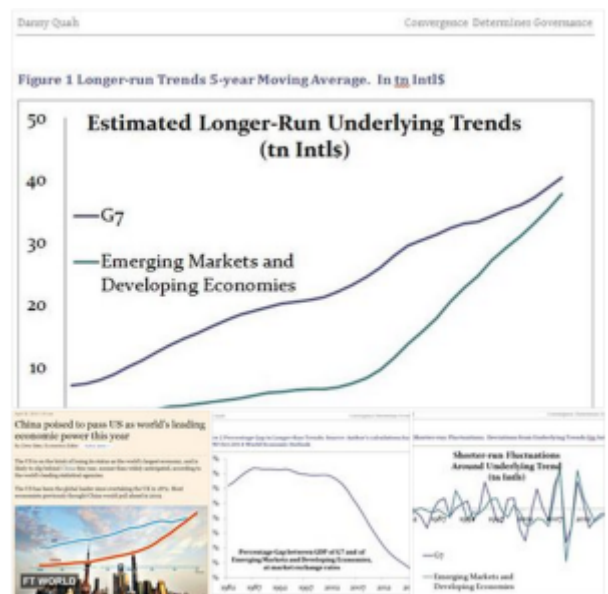
Of course, how exactly convergence is studied and discussed does not always achieve that goal. When economists study the dynamics of income per capita, say, and assess if that measure shows a tendency to return to some steady-state long-run trend, obviously such an exercise will always be remote from achieving an understanding of the poor catching up with the rich. When researchers seek to explain the dynamics of, again, just income per capita, obviously such an exercise can give no insight into what happens to the incomes of the bulk of the world's population nor into what happens to the very poor and the very rich of different societies. Convergence across nation-states is about the poor catching up with the rich, even as growth continues for all. Convergence is about the Global South achieving parity with the Global North. Convergence is about the distribution of incomes of people around the world flattening towards equality, and thus about the shift in the planet's economic landscape curving to fit better the world's spatial distribution of people.

But these shortcomings are conceptually, at least, easily overcome. Policy discussion and research can factor in population size and the distribution of income within nation-states, and thereby sharpen understanding accordingly.

Other deficiencies, however, are less easily addressed.

Economic policy making and academic research on economic growth and convergence have, traditionally, focused on the economic, institutional, and political organizations within the nation-state: It is these, in the conventional thinking, that determine if growth is sustainable.

Much less studied is how the external or global environment might matter for growth and convergence. Historians (Kennedy 1989) and international relations scholars (Cox 2012; Hoge 2004) of "Global Power Shifts" in particular and geopolitics more generally provide ready counter-examples. These researchers study the conditions that surround the rise of a challenger to the incumbent world super-power: What is such a rise but exactly convergence of a poorer economy towards the lead nation-state? In this research the failure of global governance to adjust to such challenge can set in motion violent events that either



Longer-term growth in the emerging economies is not slowed down by secular stagnation in the advanced ones, even if

topple the incumbent or disrupt the continued rise of short-term the emerging and advanced the challenger, and inflict damage to worldwide economies are highly correlated. economic growth more generally.

The positive tradition in such foreign policy analysis is strong. In that thinking the global hegemon dominates •discussion world leadership because it can: it is the world's economic superpower; it issues the world's reserve currency; it has the strongest military capabilities. But an economics perspective would suggest global hegemony also needs normative foundation: the world leader leads, not just because it can, but because in doing so it improves the well-being of humanity. That leader provides global public goods; it keeps the world safe and the global economy stable. What happens to the global economic landscape, as convergence takes place or fails to do so, then has profound implications for what global governance might be appropriate •(Quah 2011; Quah 2014a).

But do such considerations matter for growth and convergence today?•

Complete version continues in the following:

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