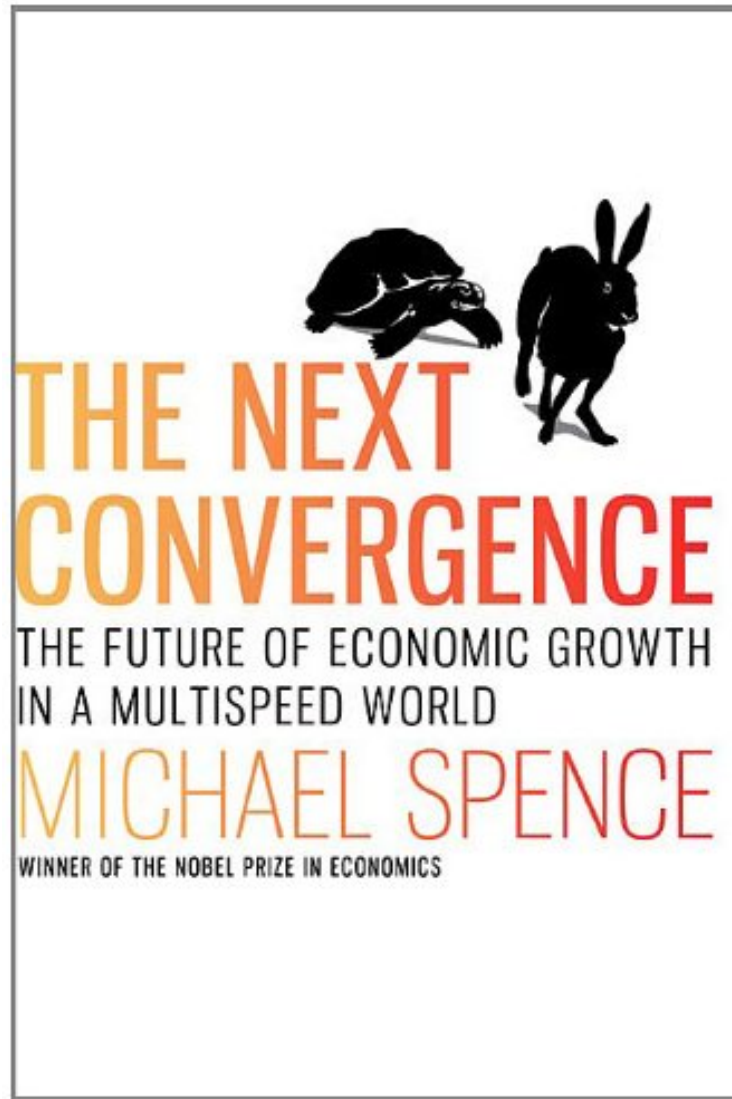


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# The Next Convergence: The Future of Economic Growth in a Multispeed World

*Michael Spence*

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**Michael Spence : The Next Convergence: The Future of Economic Growth in a Multispeed World** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Next Convergence: The Future of Economic Growth in a Multispeed World:

0 of 0 people found the following review helpful. Modern Economic Growth in the Globalized WorldBy Val SamonisThe book is a product of the independent High Level Commission on Growth and Development that completed its work in 2010. Members of the Commission included leaders of social and economic transformations

internationally and top global experts such as Robert Solow, the father of modern growth theory, and Mohamed El-Erian, CEO of Pimco. Prof. Michael Spence, the 2001 Nobelist in Economics, chaired this unique effort. The reading of this book is a humbling experience. The reader is immediately hit by the vast intellectual expanse of the topic and the Author's Nobel winning theoretical brilliance combined with his "hands-on" practical-analytical, integrative, and simplifying capabilities keeping the argumentation both rigorous and free from the rather unnecessary technical jargon. Prof. Spence argues that the formerly huge asymmetries between advanced and developing countries are declining and the pattern for the first time in some 250 years is that of convergence rather than the usual divergence. Part one of the book deals with the shifting characteristics of the postwar global economy, part two is devoted to sustained economic growth theory and practices, part three analyzes the development impact of the Great Recession that started in 2008, and part four analyzes the future trends and sustainability of economic growth. Throughout the book, the leading leitmotiv is the issues of economic governance and leadership in this new era of convergence. Economic growth dynamics is sometimes subject to hitherto rather unexplained statistical laws. For example, the so called 72 rule used by statisticians of growth says that the time it takes in years to double the economy in size is equal to 72 divided by the specific annual growth rate. So at 1% (e.g. EU) growth rate, economy (or income) doubles in 72 years; at China's usual 10% growth rate, economy doubles in roughly 7 years. This gives the reader a measure of the great power of the new convergence processes as well as a measure of the opportunity cost of development retardation due to wars, totalitarianism, political turmoil, endemic corruption or natural factors. Many developing countries, especially small and/or landlocked ones, spend long periods of time languishing in a low growth mode due to these factors. This "low equilibrium", that is not unlike a gravitation pull, must be broken by a decisive leadership and then shifted to a new sustainable pattern. Somewhat different challenges await countries that have already largely achieved a middle-income plateau. Prof. Spence argues that we are now midway through a century of high growth in the developing world and a convergence with the advanced countries; this is the main trend that will change the world beyond recognition. He explains what happened to cause this dramatic shift in the prospects of the 5 billion or so people who live in developing countries, his discussions of human capital, knowledge transfer, and governance in the developmental catch-up processes are revealing. These newcomer countries have already become an increasingly important engine of growth in the global economy bringing about the prospects of new, multi-speed and multi-polar global village. In about a decade, over 50% of the global product will come from these developing countries that are probably better named emerging markets. This is a very optimistic message. However, these extraordinary developments will yet present hitherto unknown challenges in governance, international coordination, and environmental sustainability on a global scale, no doubt about it. The Author ventures a bold and lucid analysis of what is at stake for us and our children in this new brave converging global economy. The book is likely to become a reference material for top level discussions about the state of this global village of ours in the next few decades. In particular, this Great Recession will propel the book to one of the main readings on how to creatively rebalance the global economy and arrive at new and more sustainable re-combinations of global, continental, national, regional, local, and individual economic interests. As well, the thinking about modern roles of all the levels of government in the economy will be impacted deeply by this book. That helps a lot in the era of deepening theoretical confusion and helpless doom and gloom prognostications. With a certain effort, the book is accessible to most educated readers. A very broad spectrum of readers can immensely benefit from reading this unique book but leaders of all kinds of organizations dispersed globally should adopt it as a must read.

Val Samonis, PhD, CPC  
The Web Professor of Global Management (SM) SEMI Online  
The University of the Global Village Toronto  
Globally Riding Modern Recessions: Experiential Learning for Governing Risks (The Series on Global Transformations in the 21st C, SEMI Online)

0 of 0 people found the following review helpful. an interesting look at the future. it is a ...  
By Michael H. an interesting look at the future. it is a bit tough to get through with so many different ideas, but overall very good  
0 of 0 people found the following review helpful. Informative and fascinating  
By Suzanne Dobbins "This book is about the 100-plus years that began in 1945 and will run to the middle of the twenty-first century. Since we are slightly over half-way along, we can think of it as a midterm report." "When I first ran across this book, I was absolutely intrigued. There is hardly an American who does not realize that the third world (especially China and India) are rapidly catching up with the economic strength of the western world. Given the current economic climate, how is this going to affect us going forward? Spence lays the groundwork in his impressive work *The Next Convergence: The Future of Economic Growth in a Multispeed World*, explaining how the developing countries have been able to maintain an impressive growth rate (China is at 9.5%!), how they have weathered the Global Financial Crisis, and what is the next step for them and for the already advanced countries. I found this book informative and fascinating, and was especially impressed how this Nobel Laureate author kept it at a level I could understand. I admit, I enjoy the topic of economics and have related college degrees, but most literate persons should be able to understand this book.

A Washington Post Notable Nonfiction Book for 2011 With the British Industrial Revolution, part of the world's population started to experience extraordinary economic growth—leading to enormous gaps in wealth and living standards between the industrialized West and the rest of the world. This pattern of divergence reversed after World

War II, and now we are midway through a century of high and accelerating growth in the developing world and a new convergence with the advanced countries—a trend that is set to reshape the world. Michael Spence, winner of the Nobel Prize in Economic Sciences, explains what happened to cause this dramatic shift in the prospects of the five billion people who live in developing countries. The growth rates are extraordinary, and continuing them presents unprecedented challenges in governance, international coordination, and ecological sustainability. The implications for those living in the advanced countries are great but little understood. Spence clearly and boldly describes what's at stake for all of us as he looks ahead to how the global economy will develop over the next fifty years. *The Next Convergence* is certain to spark a heated debate how best to move forward in the post-crisis period and reset the balance between national and international economic interests, and short-term fixes and long-term sustainability.

Contrary to his book's title, Nobel Prize-winning economist Spence does less prognosticating than one might expect. Indeed, early on he shares a chart showing just how inaccurately economists predicted growth during the 1990s. Instead, he offers a comprehensive summary of the forces at play in today's global economy: removal of trade barriers, the lightning-fast transfer of knowledge from developed to emerging economies, global demand, resources, the role of national and international governments, and the management (or not) of currency rates, among others. Spence's style is pretty flat (Where's John Kenneth Galbraith when we need him?), and he seems to underestimate the looming role of climate change in any economic scenario. Yet his status report could give attentive readers a more empowered role in their own economic future.—Alan Moores, Booklist