Preface

The trends of the world economy after the initiation of the globalization process has been observed to be leading the so called backward economies to make progress at a significant manner and tried to catch up with the so called developed economies. The developed economies are also observed to be accommodating the growth of the backward economies and put off their reservations upon the latter. Attracted by this mode of change in the growth and behavior of the two different factions of development and complemented by the publisher, IGI Global, it was in mind to develop such a research outcome in a cooperative manner so that the said economic and political scenarios of convergence can be highlighted and their impacts and implications are explained. After a series of screening by the expert teams of the IGI Global the ultimate title of the book was first-rated as Handbook of Research on Global Indicators of Economic and Political Convergence that would be expected to be capable of covering the original thoughts.

We are observing from the aftermath of World War II that starting from the pertinent differences among the developed and backward countries the economies of poor nations are growing over time with their potential domestic markets and trying to catch up with the so called developed nations through opening up of their economies to the world markets. Besides, the so called developed economies have been hit hard by several economic and political shocks till date and to get rid of them they have been trying to rely upon the economies of the so called poor nations. In other way to state that there have been strong emergence of a few nations particularly from the Asian and Latin American Zones who have been chasing the base GDP levels of the developed countries by growing at a faster rates compared to the developed ones and trying to become the part and parcel of world governing communities. It is, hence, a relevant research area of the economists to study whether the backward zones are catching with up the developed zones. The present edited book proposal, therefore, has taken this venture to explore the issues related to convergence (or divergence) of world economies.

Not only is GDP the relevant variable for analyzing the issue of convergence but there may be so many economic variables as proxy to GDP along with emerging political variables to be considered for the study. It is also to test whether the directions of convergence (or divergence) becomes significant after any major crisis appeared in the world economics and politics. The world economy after the Second World War was clearly divided between the developed countries of the west and backward countries of the east. As time went on the criteria of some of the eastern countries tended to convert into less developed, developing and presently emerging in nature. China, India like heavy weights and Singapore, Thailand, Indonesia, Malaysia, Taiwan like dynamic economies from Asia, Brazil, Argentina from Latin America and South Africa, Ghana and Nigeria from the African Zone have been proving their existence in the world economic and political fields over time. In the past the so called developed economies were
used to export basic production inputs to the backward economies and were enjoying positive balance of payments situations. Till now, almost no countries from the developing and emerging zones have got access to the UN Security Councils and in major financial bodies like World Bank and IMF. It is the vested interest of the developed nations to enjoy global power in a concentrated form and to control and guide the rest of the world. But the dominance of these developed economies sometimes gets eroded by appearances of some of the shocks in economic and political fronts like OPEC Oil Price Shock (1973), Japanese Asset Price Bubble (1986-2003), Indian Economic Crisis (1991), The Gulf War (1991), East Asian Crisis (1997-98), European Sovereign Debt Crisis or Euro Zone Crisis (2000’s), Global Financial Crisis (2007-09), Iraq and Syria Wars, Ukraine Crisis, etc. and to get rid of the crises they used to rely upon the markets of the backward, developing and emerging zones in terms of new product avenues and absorption of the magnitudes of the shocks besides political dialogues.

In addition to that almost all countries of the world have entered into the phase of globalization by means of liberalizing their economies into world trading activities that made them beneficial in terms of growth rates of GDP (either by proper allocation of resources, rising factor productivity, greater financial and real sectors linkages, etc.) in one side vulnerable in terms of weak resistance power to any shock in the external fronts and rising inequalities and joblessness in the domestic economies. When all the developing and backward countries will catch up with the developed ones then only the real meaning and significance of globalization of world economy will make sense. Not only be the GDP as the concerned economic variable for convergence there may be other variables proxy to GDP that can grow over time and can explain one status of development of the particular country. Besides, there may be several political variables like governance, war conflicts, NED funding, etc that can also play a role in minimizing the differences among the developed and developing economies. Since the ideological and benevolent objectives of open trade across the countries are to associate the countries of different status and to make a global equitable village. It is, thus, very meaningful to the academicians all around the world to have knowledge whether we are reaching to the goal or still deviating from it. If positive results are found then the global political troubles may be reduced, the anti country movements may got a break. So the entire study will definitely add some positive values to the researches in economic and political fields of the world.

After invitation to the potential authors through the official website of the IGI Global and my personal networks for contributions to the said mission through chapter submission on the recommended topics a number of chapters has been picked out. All the chapters have attempted to justify their positions in terms of standard quantitative analysis at per their capabilities. After a double blind peer review system and additional review by me, as editor, the number of chapters in revised form ultimately turned out to be twenty three with a standard volume. The entire book has been arranged by two different sections in the content to cover the basic themes as addressed in the title.

Section 1 highlights the issue of convergence among the countries in the world or of a region in respect of the economic variables like households’ consumption expenditure, capital accumulation, productivity, road infrastructure and others. Issues related to optimum currency area theory for the countries of European Monetary Unit suffering from sovereign debt crisis and sustainability of the transitional economies has also been covered under this section. Section II throws light upon the same issue of convergence among the economies or regions with respect to the variables related to political, social and environmental aspects. It highlights the roles of governance, health status, carbon emission, etc. upon the convergence of economies and regions. Some chapters have tried heavily on the searching
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directions and modes of convergence in a quantitative way while others analyzed from qualitative angles. A brief outcome of the chapter contributions are addressed below sequentially.

Chapter 1 highlights the issue of cross country convergence in households’ consumption expenditure containing the observations from the developed and developing countries. It tries to analyze whether the developing countries’ levels of households’ consumption expenditure are converging to the ones in the developed countries during 1980-2013 in the sample of 40 countries. The study reveals that there is no significant absolute \( \beta \) and \( \sigma \) convergence among either in the cross section or in pooling of the data during the given period. But population growth factor is making the countries to significantly converge in conditional sense. By separating the entire data the study observes that, for the entire period, the developed countries are significantly converging in absolute sense but the developing countries are not, although there are mixed results in \( \sigma \) convergence.

Chapter 2 throws light upon problems of development gap between developed and developing nations. The persistently large income gap between the developed countries (DCs) of the North and relatively less developed and developing countries (LDDCs) of the South is one of the most notable features of the international community over the last few decades. Such large disparities in income are paralleled by huge gaps in other non-monetary indicators of well being. Different research works in this field have indicated that the average annual growth rate of per capita income in LDDCs has been faster compared to that in DCs particularly since early 1990s indicating a sign of convergence in the growth process. However, the absolute gap between the DCs and LDDCs in terms of per capita GNP has widened over years. In the chapter, thus, an attempt has been made to indicate the pattern of \( \beta \) convergence and \( \sigma \) convergence in income growth between DCs and LDDCs during 1960-2012. This study shows that there remains a definite indication of \( \beta \) and \( \sigma \) convergence in the growth rate of real PCI across different groups of nations particularly during the period 2000-2013.

Chapter 3 places interests on convergence aspect of capital formation on major countries of the world. It establishes that empirical evidences on convergence or divergence of a group of economies or regions in most instances are based upon per capita income as the only determinant for discussion. The chapter attempts to examine, in a different flavor, whether there is convergence or divergence in per capita gross capital formation across 37 countries for the period 1980-2013. The study observes that there is significant absolute \( \beta \) and \( \sigma \) convergence for the cross section of all the economies for the entire period. By segregating the entire data into the categories of developed and developing country, the study further observes significant \( \sigma \) convergence in both the cases with no absolute \( \beta \) convergence in either of the country categories.

Chapter 4 describes optimum currency area theory and business cycle convergence in Economic and Monetary Union (EMU) by considering the issue of sovereign debt crisis. The question of which countries should be in EMU has been debated frequently in the aftermath of the Sovereign Debt Crisis. This discussion has rooted in the optimum currency area (OCA) theory. The theory simply reveals that; if the countries have similar business cycles, one size fits all monetary policy would able to address the problems of member countries. Otherwise, single monetary policy could not be able to satisfy all members. In this respect, the study tests the business cycle convergence in EMU12 countries over time and has also analyzed the effects of crisis on this convergence. It has observed that business cycles converged over time in these countries. This convergence rises in the times of as they slump together after the shock, but falls sharply in the aftermath of the crisis. This reflects the divergent recovery paths of the countries and put a pressure on single monetary policy especially after crisis.
Chapter 5 analyzes the trend of productivity growth and the process of convergence of productivity among the countries within three blocks viz., ASEAN, APEC and SAARC, using the data compiled by R. Summers and A. Heston in Penn World Table -Mark 5.6 and 7.1. Applying Galton model of the growth process it indicates that the countries within ASEAN and SAARC block do not show any convergence of productivity during the period 1960 to 2010. However, the countries within APEC show the sign of convergence of productivity. Standard tests for convergence show that only the APEC group of countries satisfies the test of absolute convergence that is significant whereas ASEAN and SAARC fail to satisfy the test of absolute convergence. The application of the test of conditional convergence on the ASEAN group of countries does not satisfy the criteria of convergence with respect to volume of investment but it shows strong tendency of conditional convergence of productivity among the countries of SAARC trade block.

Chapter 6 endeavors to look into the issues of convergence in terms of per capita gross domestic product (PCGDP), infant mortality rate, life expectancy at birth and Human Development Index among eight member countries of South Asian Association of Regional Co-operation (SAARC) during the time frame 1990-2013. There has been an evidence of strong absolute beta divergence in terms of per capita gross domestic product and infant mortality rate. But the beta convergence in terms of life expectancy at birth and HDI has also been empirically evidenced. Strong evidence of conditional beta divergence conditioning on infant mortality rate exists in terms of PCGDP only for the time period 1990-1995. Sigma divergence implying dispersion among the countries in terms of PCGDP and IMR has risen over time. But sigma convergence has been found to exist for LEB and HDI.

Chapter 7 analyzes the role of SAARC in regional integration, trade convergence in south Asia. It also highlights the pattern and direction of export and import, share in world trade, preferential trading in South Asian countries. With strong and improving macroeconomic fundamentals, the South Asian region is well established on a high growth path. Based on secondary data on South Asian trade collected from South Asian Economic Reports and other statistical volumes, the study observes a decreasing trend of export during the period 1990-2011. Consequently, the overall intra-regional trade intensity index decreased from the year 2005 to the year 2010. SAARC and SAFTA have not contributed in integration and convergence of South Asian Countries rather lead to trade divergence.

Chapter 8 addresses the issue of convergence and equality of road infrastructure for selected countries in the world. The development of road infrastructure works as one of the most important inputs of production and overall economic activities all around the global economics. The developed countries of the west hold the larger road lengths in both gross and per capita terms compared to the less developed and emerging countries. But it is also undeniable that the less developed emerging countries have been growing fast in this respect or rushing to catch up with the developed countries. The chapter, hence, tries to study the modes of growth and convergence of GDP per kilometer of road length across the 30 selected countries for the period of 1990-2011 by means of γ convergence and also try to estimate the cross country inequalities by means of Gini Coefficients. It observes a sign of γ convergence and the inequality are going down over time, although there are some signs of divergences in some of the short time spans.

Chapter 9 provides insights on some issues associated with the development of sustainability reporting in Egypt as a transitional economy that recently developed the S&P/EGX ESG index. In a dynamic world, and faced with a scientific proof that relates dangerous climatic changes to corporate activity, corporate financial reporting needs to be placed in perspective. Hence, as a social science, accounting
should play a vital role in integrating corporate financial and non-financial measures. Semi-structured interviews were employed to investigate the extent to which sustainability reporting is appreciated in the Egyptian market by both business enterprises and the investors. Results of the study indicate that sustainability information is of limited interest to markets except when it is identified as relevant in terms of risk or governance. On the investors’ side, returns were seen as the main driver of portfolio selection. However, sustainability issues would be seriously considered when comparing among alternatives with similar returns.

Chapter 10 throws light on the issue of codes of ethical conduct and effectiveness of privatized corporate governance in a world of political and economic convergence. It focuses on the conceptualization of such regulatory mechanisms, and their relationship to the larger corpus of corporate social, commercial, and ethical strategic interactions; evaluating their effectiveness as instruments of privatized governance through the particular examination of corporate stakeholder behaviour and recent examples of global best practice.

Chapter 11 aims to analyze the development of capitalism and its influences on institutions and organizations from its beginnings to reach the highest stage in the processes of neoliberal economic globalization and the New Economy version with supports of information and communication technologies. In raising this development from a critical analysis, it examines the impacts and effects on individuals, communities and the nation state. Subsequently it is questioned the scope of the imposed transnational neoliberal capitalism model. Finally, it is concluded that it needs a cultural transformation for not accepting the forms of domination, power and alignment of globalizing capitalism and to reconstruct the identity of communities through individual action and asserting collective self-determination, independence and self-management. To a certain extent, this analysis finds that evolution and globalization support divergence more than convergence.

Chapter 12 elucidates empirically the association between the governance and human development in the context of South Asian countries. Broadly, a converging trend of both the indices of governance and human development across South Asian countries is noticeable with the passage of time. Moreover, substantial empirical evidences suggest that the state of governance and that of level of human development are positively correlated in the sense that countries having a better functioning of governance system are also the countries with relatively high levels of human development.

Chapter 13 sheds light on the Mexican implementation strategy of trade policy openness due to the globalization trend, urging the country to create a series of trade agreements and treaties on free movement of goods and regional integration, becoming the country with the network of the world’s largest trade agreements, increasing its presence and Mexican companies in international markets. Similarly, a spatial analysis of the last five governmental periods, comprising 26 years of foreign trade policies and its impact on foreign investments, foreign trade and main multinationals in Mexico, are done forcing them to centering in competitive productive processes and improving their internal organization, innovation and development.

Chapter 14 evolves the inequality of opportunity in the distribution of weekly wage and education in India by invoking two alternative methods of reckoning inequality of opportunity. Furthermore, it is evaluated from the results of estimations that inequality of opportunity in the distribution of labour market outcome can be attributed to the poor circumstances to achieve education, as the groups with poor circumstances in education as identified by the parametric model are the groups having greater percentage of opportunity inequality in the distribution of weekly wage. This finding corroborates the existence of a vicious cycle from low educational achievement to low earning to low educational achievement in India.
Chapter 15 discusses and formulates a methodology by which one can measure shelter deprivation and its convergence in a region as a step forward to add on to overall well-being of an individual or household. This chapter not only shows a methodology to calculate such divergence and analyses the reasons for such divergence, it also prepares a list of possible combinations of policy prescriptions by which a policy maker, such as the government, can find the extent of rectification of shelter deprivation of a group given its allotment of budget.

Chapter 16 throws light upon the relationship among different economic issues like economic growth, health status and international trade in the context of convergence literature. The chapter illustrates and provides arguments behind the convergence of health status in developing economies in the presence of open economy regime by considering a panel data set of 17 developing economies of the time span 1960-2011. The study reveals that convergence not only occurs in the measure of health care status but also in the measure of trade and openness and therefore we have dealt with such kind of complexities. Apart from these it also finds that health status improves in the post liberalization period but cross-sectional divergence increases in post liberalization era.

Chapter 17 discusses about the status of food security of Asian economies. It has assessed and taken into account food security situation according to various indicators across different regions of Asia as well as average food production as indicator of food security for our analysis. It then endeavors to find whether there is any convergence of average food production across Asian countries. Additionally, it has tested whether average food production is a significant determinant of undernourishment for Asian countries. The results reveal that there is no convergence in average food production in Asia. However, the panel regression exercise reveals that there is significant relationship between food security and undernourishment.

Chapter 18 elucidates the environmentalism and politics of climate change by undertaking a study of the United Nations Framework Convention on Climate Change (UNFCCC) focusing on the Kyoto Protocol document and the UNFCCC conferences held after Kyoto that has centered on how to garner consensus on the way forward for the global community. The study also probed why the agreement at Kyoto, Japan started having problems when a change of government occurred in the United States with a Republican President that leaned towards the interests of big business most of whom would bear the most costs if the policies as articulated in the Kyoto protocols were to be executed and why the Democratic presidency of Barrack Obama has been slow in pushing forward the agreement at Kyoto. It concluded that national political interests of the major powers seem to have stalled the implementation of the Kyoto protocol but a change in the dynamics of global leadership spectrum can have a significant impetus in producing an agreement on climate change.

Chapter 19 analyzes the convergence aspect of per capita carbon emission under the purview of the ongoing debate of climate change policy formulation and implementation as future emission level can only decide the incentive to shift to the clean technology. With a balanced panel of 79 countries and 50 years, during 1960-2009, it tested for both sigma and beta convergence. The data exhibits a possible convergence in carbon emission. The countries are disaggregated twice, first into OECD and Non-OECD countries and then into five categories on the basis of income. OECD countries show absolute and conditional beta convergence, also with sigma convergence. Countries from lower income group have a lower degree of variability in dispersion in the time period being considered.

Chapter 20 looks into the growth convergence of selected basket of emerging nations towards selected basket of developed nations using Autoregressive Distributed Lag (ARDL) framework. The findings of
the study show that not only the economic indicators of the respective emerging nations are responsible towards narrowing the per capita GDP differential between developed and emerging nations, but also the differentials of economic indicators between developed and emerging nations are important. This helps towards answering the paradoxical question why in spite of taking the best measures the developing countries are unable to match up with their developed counterparts’ per capita GDP. Finally, the study shows significant positive relationship between GDP growth rate and carbon dioxide emission.

Chapter 21 explores landscapes in regional convergence on the issue of environment and sustainable development in South Asian countries. Along with geo-political compulsions that have fostered this convergence, it observes that there are also socio-cultural and historical factors present that could serve as binding stones. However environment and climate change pose a huge challenge to the economic integration and growth in this region. While a number of institutional and policy measures have been put in place, there are certain bottlenecks in the region, which are again a product of its history, that need to be addressed. The study realizes that reassessment of national interests and priorities through strong political will are essential to mitigate these bottlenecks to grasp the true potential of convergence in this region.

Chapter 22 takes attempt to see whether there exists any convergence, both absolute as well as conditional, in the total forest product of Jangalmahal area and four districts of it in the state of West Bengal- Purulia, Bankura, West Midnapore and parts of Birbhum and in the incomes earned from forest resources. It reveals the presence of Beta convergence, both conditional and absolute, in both tests of forest products as well as income from it. With respect to the values of Sigma, forest income diverges instead of converge. Similar result is seen in case of timber.

The last one that is Chapter 23 highlights the descriptive case studies methodology to test the effectiveness of the philosophy of neoliberal globalization for readymade garment (RMG) sectors in Bangladesh after the setback of Rana Plaza incident. As a result, the study establishes with the help of data collected from RMG workers that it is still ineffective because policies are malfunctioned. The neoliberal globalization policies adopted by the government are creating divergence and disparity among the workers and investors of the RMG Sector in a serious way.

The upshot of the covered studies in the book presents mixed results of convergence and divergence in respect of all economic, political, environmental and social indicators considered for its development. While there is no convergence among the selected countries in households’ consumption expenditure, there is convergence in capital formation. The developed countries only have shown the sign of convergence among themselves in respect of households’ consumption expenditure but clubbing with the developing countries, the entire sample fails to show any sign of convergence. The countries from all status of developments have shown a sign of convergence and falling inequality with respect to roads as infrastructure and health care status. When we talk about the issue of regional convergence, there are divergence in SAARC group in terms of per capita output, volumes of international trade, food security and infant mortality rates. In addition to that, the studies reveal the existence of convergence in governance and human development, and in environmental factors like carbon emission and forest resources. One critical point to note that, the rate of convergence becomes higher when the developed countries face any sort of major crises like the global financial crisis. On the other hand, in case of divergence results, the rate of divergence becomes lower in the same phase. It suggests that the today’s developed economies have their own interests to accommodate the emerging economies into the world economic and political bodies as the latter plays the role of a safety valve in the time of crisis.
It is now become news that the proposed project has drawn closer to reality. I expect that the said research outcome will lend a hand to the academicians and policy makers all around the world to have a better understanding of the said economic and political convergence that the book addressed to.

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