GLOBAL GOVERNANCE: 
THE GREAT SHIFT EAST

by
Danny Quah
Professor of Economics LSE and
Co-Director LSE Global Governance
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As the East continues to rise in economic strength, debate in the West grows increasingly alarmist. Invariably, the focus is how to respond; invariably, the focus is what is best for the West. But shouldn’t the global community be asking instead, What will bring peace and prosperity across the world?

The great challenger to Western dominance, or more correctly US hegemony is, of course, China.

Towards the end of 2010 China became the world’s second-largest economy, along the way overtaking Germany, the UK, France, and all the rest of Western Europe. Today, the economic strength of China is exceeded only by that of the US. By some accounts China today already consumes half the world’s output of refined aluminium, coal, and zinc; and uses twice the quantity of crude steel as does the EU, the US, and Japan combined.

India, the only other billion-people nation on the planet, has launched itself onto a similar growth path, after a half-century of moribund quiescence. These two giant economies now grow at a pace previously recorded only in easier-to-ignore, special-cased, tiny Far East Asian island nations. This emergence of the East has, in the last three decades, yanked the world’s economic centre of gravity nearly 5000 km out of its 1980 mid-Atlantic location eastwards past Helsinki and Bucharest, onto a trajectory aimed squarely at India and China (Figure 1).

That global economy activity has moved east in this graphic fashion shows the rapid growth in incomes going to the large chunks of humanity who live in China, India, and the rest of East Asia. (Population itself changes much more gradually; this sharp east-directed rise of the rest does not come from just population growth.)

Together with this growth has been the lifting from extreme poverty of over 600 million people—a large and rapid improvement in the well-being of humanity unprecedented in the history of this planet.
But more is to come. Today, the income of the average person in the East is still lower than that of his counterpart in a dozen countries in Africa; his carbon footprint is less than one quarter that of the average American; and he is intent on making not just refrigerators and running shoes, but solar panels, wind turbines, and nano-cars cheaply enough that yet more of humanity can afford them.

What’s not to like?

But many policy-makers and observers in the West fail to share this optimism on the shifting global economy. Instead, they ask: Will emerging Asia now buy up all the West’s assets, use up all the world’s raw materials? Is the West history?

Contrary to this alarmist view, there is, of course, always the possibility that this shift towards the East might, in truth, be only beneficial to the West.

But, independent of the eventual outcome, if now the East is indeed viewed as challenging the West, the correct question should not be what is good for the West or indeed for the East, but instead what is good for the planet. If one side loses while the other gains, compromise is needed: What contours frame that bargain?

In the alarmist scenario the West is overtaken in the next 10 years: So, how much would the West be willing to pay the East to prevent that? How much disruption in the East’s development trajectory is justified for the West to remain Best?

The tradeoff, unfortunately, seems far from favourable.

China today faces possible trade reprisal even though its average citizen remains poorer than his counterpart in Belarus, El Salvador, and Jamaica, or for that matter, across 9 countries in Africa. If China kept its current average income but had the same population as, say, Namibia and were located on the African continent, China would today be a candidate for US foreign aid, not a potential rival for global hegemony. In the last 30 years China has lifted over 600 million people from extreme poverty: this is double the population of the US or the EU, ten times the population of the UK. In the last three global economic downturns, China has provided a growth boost to the world economy multiple times what the US failed to do. What good does it do the world if the West disrupted so successful a poverty-reducing machine, so effective a stabilizing influence for the global economy?

No one yet knows answers to the difficult questions on what is best for the world. But I suspect that considering them seriously will lead to optimism and hope for the changes given in Figure 1. The shifting global economy has improved the well-being of humanity for the last 30 years: to overturn or even slow these changes now for short-term domestic gain can reveal only a tragic failure of global political vision.
Figure 1  The Figure shows the evolution of the world’s economic center of gravity, from 1980 through 2049. The black dots begin mid-Atlantic in 1980 and then proceed eastwards; they are indicated in the Figure every 3 years. The red dots are projections forwards up until 2049, although they are obviously only clustering after 2020. Details of the construction are provided in my 2011 paper, *The global economy’s shifting centre of gravity*. 