

## A COMPARATIVE ANALYSIS OF GLOBAL NORTH AND GLOBAL SOUTH ECONOMIES

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### ABSTRACT

In this paper the argument is that there are broadly two economic worlds that cut across the globe, these are the Global North and the Global South. That while, the Global North represent the economically developed societies of Europe, North America, Australia, Israel, South Africa, amongst others, the Global South represents the economically backward countries of Africa, India, China, Brazil, Mexico amongst others. While Global North countries are wealthy, technologically advanced, politically stable and aging as their societies tend towards zero population growth the opposite is the case with Global South countries. While Global South countries are agrarian based, dependent economically and politically on the Global North, the Global North has continued to dominate and direct the global south in international trade and politics.

**Key Words:** Human Development, Levels of Productivity, Population Growth, Dependency Burden, Export

### INTRODUCTION

Economics is essentially the study of a process we find in all human societies - “the” economic problem. The problem is simply the process of providing for the material and well being of society. Thus, economic history focuses on the central problem of survival and how mankind has solved that problem. Man, generally, is an economic animal who is constantly engaged in activities that would improve his economic situation. The countries of the globe have faced the challenges of improving the economic realities in their domains over time. These challenges have been seen in the development realm.

Development can be understood from the point of continued advancement of man towards good living standards. Modern concept of development has its roots from the emergence of industrialization in Western Europe in the mid 18th century. By 1945, after World War II, scholarly interest in development economics heightened. This made it possible to explore the economic conditions / development levels among nations on the globe. Thus, scholars were able to establish that economic development is not even world over. Other countries or societies are more developed than others. At first, scholars looked at macro-economic issues in determining the development of societies; however, as time went on, in the 1980s, scholars approached in assessing the development level of a society shifted to micro-economic issues. Thus, the human development index, which basically is concerned with

individual's poverty levels, became a major concern of development scholars, wishing to determine the level of development of individual societies on the globe.

Through this approach, it became apparent that there exist two major economic worlds on the globe: the wealthy and the poor worlds, respectively. In this essay, it is our desire to draw a distinction between these two economic worlds using few variables to include levels of productivity, population growth and dependency burden, agricultural production, exports, and international relations.

### **CONCEPTUAL AND THEORETICAL FRAMEWORK**

Many scholars have examined the concept of poverty in different angles. The problems always faced by scholars in conceptualizing poverty are the questions of who are the poor and at what level is poverty defined? And what can be used in measuring poverty? These questions have made scholars adopt the Human Development Index (HDI) as the yard stick for measuring poverty. The Human Development Index, thus, helps in defining or determining who is poor and at what level is the individual poor. The HDI is measured in a population's access to facilities and services, which include the following: health, education, balanced nutrition, access to information and communication technologies, access to justice, participation in decision making, wealth creation, etc.

The most ambitious attempt to analyze the comparative status of socio-economic development between nations, systematically and comprehensively, has been undertaken by the United National Development Program (UNDP) in its annual series of *Human Development Reports*. The center piece of these reports is the construction and refinement of the Human Development Index (HDI). The HDI attempts to rank all countries on a scale of 0 (lowest human to the (highest human development)) based on three goals or end products of development, namely: longevity, as measured by life expectancy at birth; knowledge, as measured by a weighted average of adult literacy (two-thirds), and mean years of schooling (one-third); and standard\_of living, as measured by real per capital income adjusted for the differing purchasing power parity of each country's currency to reflect cost of living and for the assumption of diminishing marginal utility income. (Kegley & Wittkopf, 1999)

Development is multidimensional; as such a precise definition of development is difficult to arrive at. Development has shifting, understood variously by different people at various times. (Uroh, 1988) agreed with this position when he asserted that "even within the same era, but under diverse ideological persuasions meanings of development have come to vary". (Ideyi 2005) sees development as a progressive growth in the Gross National Product (GDP), or when per capital income experiences sustained growth, Ideyi, therefore, sees development purely as an economic issue.

Kegley and Wittkopf (1999) explain development as the process which a country increases its capacity to meet its citizens basic human needs and raise their standard of living. From Kegley and Wittkopf's

explanations of development it can be inferred that development has a relationship with poverty. Basically development aims at either alleviating poverty or eradicating it. Agreeing with this position (Nnoli, 1981) argue that development is a process leading to man's progressive and quantitative self improvement. While (Irele, 1993) sees development as the expanding and adaptive capacity of a society in satisfying the materials and cultural needs of its members.

The essence of any development program is often to reduce poverty among a people so that people would enjoy good living conditions. Development is the answer to poverty. A poverty stricken society can never be said to be developed. Thus poverty means under-development while development means the absence or near absence of poverty. If poverty can thus be equated with under development and development be equated with the absence of poverty it can therefore be inferred that cut across the globe there are two major economic worlds thus: the developed worlds of Europe and the underdeveloped worlds of the third world countries. Until recently underdeveloped societies were mainly referred to as Third World Countries, and Less Developed Countries. These Third World Countries or Less Developed Countries are usually associated to countries of Africa, Asia and Latin America. Their major characteristics been a low level of economic and political development, the tendency to keep themselves free from the influence of the capitalist world; colonial experience which left them independent beginning especially from 1945 after the outbreak of the 2<sup>nd</sup> World War when the clamor for self rule became intensified in most of the Third World Countries .

By 1945, after the World War II and when many of the colonized societies began to have their independence, a lot of scholarly interest concerning development arose. This came about due to the glaring picture which colonialism created thus making some societies very wealthy and leaving some very poor. Scholars interest in comparative development caused the emergence of concepts such as "underdeveloped" and "developed", "metropole" and 'satellite' "centre" and "periphery" in an attempt and classifying societies according to the level of their economic development. While "developed", "metropole" and "centre" connote the developed economies, "underdeveloped", "satellite" and "periphery" implies undeveloped economies. However at the end of the cold war in 1991, the concepts of Global North and Global South were introduced in the comparative study on development among nations. While the Global North implies the developed economies, the Global South implies the underdeveloped economies.

Four broad indicators distinguish global north economies from global south economies. These include politics, technology, wealth and demography. While Global North are democratic, technologically inventive, wealthy and aging, as their societies tend towards zero population growth, Global South economies posses the opposite of the above. (Todaro and Smith, 2006) The Global North is made of the USA, UK, Japan, France, Spain, Belgium, Israel, South Africa, Norway, Italy and Sweden. The Global South on the other hand comprises the rest of Africa, India, Mexico, China, Brazil, Indonesia etc. While the Global North is characterized by massive wealth, democratic governance, peace and stability and constantly prone to human progress, the Global South

appear to be a zone of turmoil, war, conflict, poverty, anarchy and tyranny. Also institutional structures like democratic reforms are quite at disparity in the Global North and South.

### **Global North and South Compared**

In this sub-section of the paper, a comparative analysis of development between the north and south countries will be examined using selected themes thus: levels of productivity, population growth and dependency burdens, agricultural production, exports and international relations.

### **Levels of Productivity**

There are low levels of living and deprivations in human development in the Global South countries. In addition to this Global South countries are characterized by low levels of labor productivity throughout the Global South countries levels of labor productivity (output per worker) are extremely low compared with those in the Global North, (Todaro and Smith, 2006) argue that the concept of production function systematically relating outputs to different combinations of factor inputs for a given technology is often used in the way in which societies go about providing for their material needs. But the technical engineering concept of a production function must be supplemented by a broader conceptualization that includes among its other inputs managerial competence, access to information, worker motivation and institutional flexibility and all these are almost lacking in the Global South countries. (Strauss and Thomas, 1988) argue that the workers low productivity may be due largely to physical lethargy and the inability, both physical and emotional to withstand the daily pressures of competitive work. Low productivity leads to low income, which can leads to low capacity forward, and to low productivity, argues (Dasgupta and Ray,1987)

### **Population Growth and Dependency Burdens**

The population of the world in the year 2004 was just over 6.4 billion people, of this number more than five-sixths live in the Global South and less than one-sixth in the Global North. Still both birth and death rates are strikingly different between the Global North and Global South. In Global North birth rates are low while in the Global South birth rates are high. For Global North birth rates are on the order of 15-20 per 1,000 populations where as in the Global South they range from 30-40 per 1,000 populations.

Table 1: Birth rates throughout the world, 2002

Crude Birth rate	Countries
50	Nigeria, Mali, Somalia, Afghanistan, Angola.
45	Malawi, Liberia, Chad, Rwanda, Sierra Leone, Congo (Dem. Rep.), Uganda, Burkina Faso, Gambia.
40	Burundi, Guinea, Senegal, Ethiopia, Tanzania, Mozambique, Zambia, Benin Rep., Niger, Yemen.
35	Central Africa Republic, Laos, Pakistan, Gabon, Switzerland, Namibia, Kenya, Togo, Sudan.
30	Honduras, Paraguay, Bolivia, Botswana, Jordan, Haiti, Nepal, Iraq, Bangladesh, Syria, Paraguay, Zimbabwe.
25	Egypt, India, Cameroon, Libya, Cambodia, Myanmar, Philippine, EI Salvador, South Africa, Venezuela.
20	Algeria, Costa Rica, Mexico, Vietnam, Peru, Colombia, Lebanon, Malaysia, Kuwait, Indonesia, Panama, Sri Lanka, Argentina, Jamaica, Brazil, Iran.
15	United State, Australia, Ireland, South Korea, China, Thailand, Chile.
10	Canada, Cuba, Switzerland, Austria, Germany, Japan, Russia, Singapore.

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**Source:** World Bank. World Development Indicators, 2004 (Washington, D.C. world Bank, 2004), tab 2.1.

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“Yearly number of live births per 1,000 populations.

From the above table, it can be seen that all the countries that have highest birth rates ranging from 50-20 all belong to Global South where as the countries with lowest birth rate 15-10 all belong to Global South.

The yearly number of deaths per 1,000 in the Global South is also higher than that found in the Global North. The high birth rate in the global south has far reaching consequences. Children under age 15 make up almost 40% of the total population in the Global South as opposed to less than 20% of the total population in the Global North. Thus in the Global South, the active labour force has to support proportionally almost twice as many children as it does in the Global North. By contrast, the proportion of the people over the age of 65 is much greater in the Global North. Both older people and children are often referred to as an economic dependence.

**Dependency burden:** This refers to the sense that they are non productive members of society and therefore must be supported. The overall dependency burdens (i.e. both young and old) represents only about one-third of the populations of Global North about almost 45% of the population of the Global South. (Dasgupta and Ray, 1987)

**Agricultural production:** The Global South is characterized with a very high rate of people working in rural areas and according to (Todaro, 2006) over 65% are rurally based, compared to less than 27% in the Global North. Similarly 58 % of the labor force is engaged in agriculture, compared to only 50% in Global North. Agriculture contributes about 14% of the GNI of Global South Nations but only 3% of the GNI of Global North. Todaro further argued that people in the Global South countries concentrate on agricultural production because since their incomes are low their first priorities are food, clothing, and shelter and also due to the primitive nature of technologies, poor organization and limited physical and human capital inputs.

### **Exports**

Many economies of the Global South are still geared towards the production of primary products which form their main efforts to other nations. In 2000 the share of Global South exports in total world trade stood at around 25 % (Uroh, 1988).

### **International Relations**

The Global South is dependent on and vulnerable to the Global North. There is an unequal strength between the Global North and the Global South. The Global North being stronger than the Global South, the unequal strength between the two is manifested not only in the dominant power of the Global North to control the pattern of international trade and agreement regulating it but also in their ability often to dictate the terms whereby technology, foreign aid, and private capital are transferred to Global South. This has acted as a factor in contributing to the persistence of low levels of living, rising unemployment, and growing income inequality in the Global South compared to the Global North.

## **Sustainable Development**

Is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations. The term was used by the Brundtland Commission which coined what has become the most often-quoted definition of sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Indigenous peoples have argued, through various international forums such as the United Nations Permanent Forum on Indigenous Issues and the Convention on Biological Diversity, that there are *four* pillars of sustainable development, the fourth being cultural. *The Universal Declaration on Cultural Diversity* (UNESCO, 2001) further elaborates the concept by stating that "...cultural diversity is as necessary for humankind as biodiversity is for nature"; it becomes "one of the roots of development understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence". In this vision, cultural diversity is the fourth policy area of sustainable development.

It has been clearly identified that information, integration, and participation are key building blocks to help countries achieve development that recognizes these interdependent pillars. It emphasizes that in sustainable development everyone is a user and provider of information. It stresses the need to change from old sector-centered ways of doing business to new approaches that involve cross-sectoral co-ordination and the integration of environmental and social concerns into all development processes. Furthermore, evidences emphasizes that broad public participation in decision making is a fundamental prerequisite for achieving sustainable development

Sustainable development is an eclectic concept, as a wide array of views fall under its umbrella. The concept has included notions of weak sustainability, strong sustainability and deep ecology. Different conceptions also reveal a strong tension between ecocentrism and anthropocentrism. Many definitions and images (Visualizing Sustainability) of sustainable development coexist. Broadly defined, the sustainable development mantra enjoins current generations to take a systems approach to growth and development and to manage natural, produced, and social capital for the welfare of their own and future generations.

During the last ten years, different organizations have tried to measure and monitor the proximity to what they consider sustainability by implementing what has been called sustainability metrics and indices. ([www.wikipediasustainabledevelopment.com](http://www.wikipediasustainabledevelopment.com))

Sustainable development is said to set limits on the developing world. While current first world countries polluted significantly during their development, the same countries encourage third world countries to reduce

pollution, which sometimes impedes growth. Some consider that the implementation of sustainable development would mean a reversion to pre-modern lifestyles

In 1987 the United Nation's World Commission on Environment and Development (the Brundtland Commission), in its report *Our Common Future* suggested that sustainable development was needed to meet human needs while not increasing environmental problems. In 1961 almost all countries in the world had the capacity to meet their own demand but by 2005 the situation had changed and many countries were able to meet their needs only by importing resources from other nations.([www.wikipediasustainabledevelopment.com](http://www.wikipediasustainabledevelopment.com)) A move toward more sustainable living emerged, based on increasing public awareness and adoption of recycling, and renewable energies. The development of renewable sources of energy in the 1970s and 80's, primarily in wind turbines and photovoltaics and increased use of hydroelectricity, presented more sustainable alternatives to fossil fuel and nuclear energy generation.

### **Sustainability**

The word sustainability is derived from the Latin *sustinere* (*tenere*, to hold; *sus*, up). Dictionaries provide more than ten meanings for *sustain*, the main ones being to “maintain”, “support”, or “endure”. However, since the 1980s *sustainability* has been used more in the sense of human sustainability on planet Earth and this has resulted in the most widely quoted definition of sustainability and sustainable development, that of the Brundtland Commission of the United Nations on March 20, 1987: “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

The UN definition is not universally accepted and has undergone various interpretations. What sustainability is, what its goals should be, and how these goals are to be achieved is all open to interpretation. For many environmentalists the idea of sustainable development is an oxymoron as development seems to entail environmental degradation. Ecological economist Herman Daly has asked, “what use is a sawmill without a forest?” From this perspective, the economy is a subsystem of human society, which is itself a subsystem of the biosphere, and a gain in one sector is a loss from another. This can be illustrated as three concentric circles. ([www.wikipediasustainability.com](http://www.wikipediasustainability.com))

A universally-accepted definition of sustainability is elusive because it is expected to achieve many things. On the one hand it needs to be factual and scientific, a clear statement of a specific “destination”. The simple definition “sustainability is improving the quality of human life while living within the carrying capacity of supporting eco-systems” though vague, conveys the idea of sustainability having quantifiable limits. But sustainability is also a call to action, a task in progress or “journey” and therefore a political process, so some definitions set out common goals and values. The Earth Charter speaks of “a sustainable global society

founded on respect for nature, universal human rights, economic justice, and a culture of peace.”  
([www.wikipediasustainability.com](http://www.wikipediasustainability.com))

In early human history the environmental impacts of small bands of hunter-gatherers would have been relatively small, even though the use of fire and the desire for specific foods may have altered the natural composition of plant and animal communities. The Neolithic Revolution 2,500 to 10,000 years ago marked the emergence of agriculture and settled communities. Societies outgrowing their local food supply or depleting critical resources either moved on or faced collapse. In contrast, stable communities of shifting cultivators and horticulturists existed in New Guinea and South America, and large agrarian communities in China, India, Polynesia and elsewhere have farmed in the same localities for centuries.  
([www.wikipediasustainability.com](http://www.wikipediasustainability.com))

Technological advances over several millennia gave humans increasing control over the environment. But it was the Western industrial revolution of the 17th to 19th centuries that tapped into the vast growth potential of the energy in fossil fuels to power sophisticated machinery technology. These conditions led to a human population explosion and unprecedented industrial, technological and scientific growth that has continued to this day. From 1650 to 1850 the global population doubled from around 500 million to 1 billion people. By the 20th century, the industrial revolution had resulted in an exponential increase in the human consumption of resources and an increase in health, wealth and population. Ecology as a new scientific discipline was gaining general acceptance and ideas now part and parcel to sustainability were being explored including the recognition of the interconnectedness of living systems, the importance of global natural cycles, the passage of energy through trophic levels of living systems.( [www.wikipediasustainability.com](http://www.wikipediasustainability.com))

## **CONCLUSION**

It has been observed throughout history that many have placed money and prosperity as their first priority. However that value preference has been challenged and this once popular maxim the belief that the world cannot forever increase its productive capacity has been replaced by the maxim of sustainability.

Sustainability emphasizes the growth limits in the global ecology. Against this backdrop sustainable development which means learning how to live off the earth's interest without encroaching on its capital in order that the planet can continue to provide the means of life that makes the pursuit of other values such as political freedom and religious principles have remained high and well entrenched in the annals of the Global North against the opposite in the Global South.

Once again, the issues of population growth have adverse effect in the two polemics. Other factors like government policies, the legal system, access to capital and technology, the efficiency of industrial production inequity in the distribution of land, labor, resources are some of the characteristics of Global South against the conspicuous consumption patten of the Global North.

Against all these variables, the Global North while not taking anything for granted, particularly on the assumption that sustainability cannot be realised without dramatic changes in the socio-economic and political fabric of the world as we know it today. The Global South painfully does not even know where this situation lies, not to even contemplate on any way forward as it were.

Efforts in the Global South should be more pragmatic and optimistic in approach and concept. Efforts should be genuine with a total commitment and conviction of purpose and intent for while we recognize that there is a wide gap in development between the Global North and Global South economies, while the Global North economies are sustained; the Global South economies are yet to find their feet. Thus living conditions in Global North are far better off than the Global South while the North is wealthy, technologically advanced politically stable and aging as their societies tend toward zero population growth the opposite is found among Global South countries.

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The North-South divide is a socio-economic and political division of Earth popularized in the late 20th century and early 21st century. Generally, definitions of the Global North include the G8 countries, the United States, Canada, all member states of the European Union, Israel, Japan, Singapore, South Korea, as well as Australia and New Zealand and four of the five permanent members of the United Nations Security Council, excluding China. The Global South is made up of Africa, Latin America, and SOUTH AFRICA. A comparative analysis typology of interregionalism. This part of the paper based to a great extent on the systematic paradigm of Michael Schulz & Fredrik Söderbaum & Joakim Årjendal on how regionalism can be studied, conceptualised and understood (Schulz & Söderbaum & Årjendal, 2001: 234-276) and on the analytical tool of comparative analysis of interregionalism proposed by Hans Maull and Nuria Okfen (2006:218-233) will attempt to develop a comparative analysis typology of interdependence and global governance. &#x2013; Balancing superior. power. &#x2013; EMP Similarities Differences. Comparative Analysis of EMP, ASEM and FEALAC. Secondly, a comparative analysis will be carried out. The countries will be classified according to their socio-economic models and institutional variables. Countries will be classified by taking their financial structures and ownership control over firms into consideration (Levine and Kunt, 1999; La Porta et. al., 1999), and we will investigate whether institutions and the type of socio-economic model may have an impact on growth. &#x2013; The aim of this paper is twofold. Firstly, a cross-country analysis of a group of emerging and transition economies during the years 1999-2005 will be carried out. This is a group of 42 countries which includes almost all the emerging economies as defined by the IMF.