Historical and Theoretical Analysis of Globalization and Development

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Introduction

The development of society, both regionally and globally, is due to a complex web of factors. This paper will focus on the impacts humans have had on economic changes and what impacts economic changes have had on humans and the planet. Theories of development and human behavior will be presented, current societal problems and solutions discussed, and an evolution of the current economic society will be evaluated.

Economic Change and Development

I. Understanding the Process of Economic Change

North (2005) brings a sociological and psychological approach to economic change and development in an effort to push the thought processes away from just a neoclassical, supply and demand driving force of growth, to full understanding of the push and pull factors contributed by society. He seeks to understand human behavior when presented with opportunities and faced with broad-sweeping changes. To begin, North defines economic changes and growth as, "the key to improving economic performance, is the deliberate effort of human beings to control their environment" (pg. 1). In particular, it is a reflection of our the people in our society, their increased knowledge and understanding, and the adjustments they make with this increased knowledge. However, these are not the only important factors to be considered for measuring human progress.

Increased life expectancy, Gross Domestic Product (GDP) per Capita growth, the shifting of populations from rural to urban locations, and increases in globalization are also highlighted by North in part two, "The Road Ahead" (2005). With a focus on the British and Spanish Empires during the time of American colonization, North provides evidence for his theory that the ability of empires and governments to adapt in their environments are what allow them to work efficiently and grow, as seen by the British Empire. This further coincides with what North considered possible hinderances in understanding the human process in the economic cycle, which include how to handle risk, cultural and religious impacts and differences, and political institutions. Overall, North makes an interesting argument on the importance of examining more than just traditional economic theories based solely on market analysis when determining economic decisions.

II. The Myth of Development

In current society, we often rank countries by their socio-economic development, in which there are developed countries, such as Spain, the United States, and Japan, and developing countries, such as China, Chile, and Niger (Buchholz, 2022). It is often the ideology of the global developed society that the developing countries should work towards obtaining the ranking of “developed” with the UN declaring that all countries have the right to development (United Nations Human Rights, 1986). However, De Rivero (2010) believes that the planet cannot sustain a world full of developed nations and such a society would succumb to food, water and energy shortages. He proposes a modernization of production, technological advancements and further exportation, but holds his optimism for the possibilities of this utopia being successful as civilization is in crisis. De Rivero (2010) proposes an explanation on why the concept of developing countries obtaining full “development” is a mythological concept derived from Leviathan, International Darwinism, and the unjust influence of global power and US culture.

Society has often had an “us versus them” mentality, but this notion of International Darwinism has spurred a global competition to power and control. De Rivero (2010) links the Cold War Era as a fundamental time in creating a global economy and society. Much like the Great Acceleration, which began post-WWII (McNeill & Engelke, 2014), much of the current state of society has been cultivated in the past century as rising and ranking powers have been left to rule without checks and balances. One such ruling nation is the United States of America, which has created what many in the world see as a standard of living. De Rivero (2010) refers to the Crisis of the California Model, where cities are built around the need for transportation via personal automobiles and constant consumption, and the growing ease in trade through globalization has brought this ideology abroad. As a solution, De Rivero (2010), takes a note from North (2005), and proposes that humans work to control their own environments through working together, government adaptability, security on basic necessities, and creating global assets though technology.

Economic Growth Differences

I. The Asymmetries of Globalization

Globalization can loosely be defined as the global trade amongst countries, often with each country producing goods and services specialized to their region, such as petroleum (Ross, 2012), for cheaper and faster than if they were produced in the importing countries. It is a product of economic change (Hodder, 2018; North, 2005) and development goals (De Rivero, 2010), along with being a by-product of both the Great Divergence (Studer, 2015) and the Great Acceleration (McNeill & Engelke, 2014). De Rivero (2010) provided a basis of understanding for the inequities in development, which is further analyzed through the lens of globalization impacts by Yotopoulos and Romano (2007), who seek to understand why there are unequal outcomes in the globalization game. In further agreement with De Rivero (2010), they find that developing countries are at a disadvantage from the beginning as the Washington Consensus, which has allowed a global set of economic “rules” to run the market almost unchecked and at a disadvantage for those nations with less finances (Yotopoulos & Romano, 2007, p. 7).

Furthermore, developed countries have the ability to pick and choose which goods and services they will provide to the world, while developing countries are generally forced to specialize in specific goods production. As discussed by North (2005), De Rivero (2010), Hodder (2018), and others, Yotopoulous and Romano (2007) propose a solution of working together to equilibrate unbalances and provide stability for human necessities in affected countries.

II. The Oil Curse

The oil curse, defined as the impacts selling oil [petroleum] in the global market on a nation's national development, particularly in third world countries and after the 1970's oil crisis (Ross, 2012), is term regularly used when discussing the lack of rapid economic growth in those countries after they enter the global oil market. Some factors behind their slow economic growth include resource exploration by transnational companies who entered these low income countries once it became politically and economically advantageous for them, the authoritarian regimes derived from oil profits. Together, these two factors have caused a deterioration or slowing of the governmental, economic, and social developments in oil rich, low income countries.

Interestingly, Ross (2012) provides an argument against the notion that oil is a curse. Instead, he shows that oil-rich countries generally grow economically at the same pace as their oil-poor neighbors, and that the real "curse" is that having an abundant supply of oil being sold on the global market does not provide a basis for an economic boom. If we compare this to the myth of development proposed by De Rivero (2010) and Yotopoulous and Romano (2007), it is possible to derive a conclusion that their lack of rapid economic growth is also rooted in the current global society whereby developing countries have much greater disadvantages to obtaining development due to the system of finances and capitalism created from the Cold War Era. As such, despite a country being rich in oil or other valuable resources, without the social status and financial ability to compete, their growth is hindered until they can reach the "desired" level of development set forth by society.

III. China's Economic Growth

As we will see in the next section, Studer (2015) provides evidence that 1800s China had similar market development across regions akin to the European markets of the same time period. China's ability to grow economically and create successful markets is not a recent phenomenon, however, the Great Divergence, set China back in the global economic market until the 1980s (Wu, 2004). Wu (2004) provides an analysis into the factors behind China's modern growth and development, which has been exploding due to foreign investment, technological improvements, the ability to work more efficiently, and governmental reforms and deregulations. Much like other countries who opened their doors to trade and globalization, China has reaped the benefits.

What is particularly interesting is that China, which still considered a developing country, has seemed to avoid many of the pitfalls and impacts of globalization (Yotopoulous & Romano, 2007) and the drive for development (De Rivero, 2010).

Important Economic Periods

I. *The Great Divergence Reconsidered*

The Great Divergence can be defined as the time during the 19th century when Europe and Asia veered in different economic courses, with European countries growing and Asian countries stagnating. Studer proposes that an abundance of coal, ease in extracting and transporting it, and a rise in European military power, colonization, and resource exploration of colonies, set Europe up for greater economic growth. Additionally, transportation infrastructures, particularly water transport via rivers and natural harbors, were more advanced, easier, and cheaper to use in Europe, allowing greater connections between markets. Just as North (2005) partially attributes economic changes to social and political factors, Studer (2015) proposes that there must be some other factors at play due to the growth of landlocked Switzerland, stagnant growth in India after the railway development in the mid-19th century, and his analysis on Chinese market development which showed similarities to European markets. As seen in Yotopoulous and Romano (2007), Ross (2012), Wu (2004), De Rivero (2010), and, in particular, North (2010), the success of a country, region or economic agreement depends on more than just the ability to supply the goods at the rate of consumption demand.

II. The Great Acceleration and the Anthropocene

The Great Divergence began the modern economic society, which has been further impacted by the Great Acceleration born from the post-WWII era, beginning in 1945. Just like the Great Divergence, this period of change and growth is born out of technological advancements, energy consumption, and human selfishness in profits over societal and global impacts. While Studer (2015) focuses on differences in regional growth, McNeill and Engelke (2014) continue the discussion, brought forth by De Rivero (2010), Hodder (2018), Yotopoulous and Romano (2007), on the global problem mass consumption is having on the planet, and, particularly, the environment and is referred to as the Anthropocene.

The environmental Kuznets Curve can be referred to as the phenomenon where poor, developing countries grow fast without regard to pollution impacts until they reach a level of financial revenues and social development to spur environmental changes and impacts (Schor, 2011, as cited in Quesada, n.d., p. 30). By comparing these theories and analyses of economic change with this curve, we can see that our mass consumption (Hodder, 2018) regardless of where we live is impacting the environment due to mass growth of and reliance on globalization

(De Rivero, 2010; Hodder, 2018; Yotopoulous & Romano, 2007). Furthermore, as stated by many of the authors in this paper, the solution to this problem will be to work together (De Rivero, 2010; Hodder, 2018; Yotopoulous & Romano, 2007) for environmental standards to protect the future of the planet while understanding that the effects of our current and past levels of production to consumption will impact this planet for many years to come (McNeill & Engelke, 2014).

III. Society Today and Tomorrow's Problems

One of the hallmarks of the Great Divergence, increased trade openness, the Great Acceleration and the further interconnectedness of society, has been the ease in which these socio-economic events have afforded human the ability to consume goods quickly and, generally, cheaply. Hodder (2018) defines this, the human obsession with collecting material objects, as a pinnacle in understanding the background of todays environmental and climate crises. Furthermore, the advancements in technology has allowed us to develop more complex and efficient products. The downside to these advancements in efficiency is that is has created more dependency on things.

Hodder (2018) refers to this in his entanglement theory, which states that we, humans, depend on things, which depend on other things, and those things then depend on us for repairs and maintenance, which we as humans often see as an opportunity for improvements and advancements causing us to create new things. An example of this would be a computer, which often depends on a mouse, keyboard, monitor, power cables, internet systems, and more. Other key material goods which are consistently improved and heavily consumed include: agricultural products, textiles, and transportation. Hodder (2018) questions why humans have such an obsession with material objects, which has grown from just a few personal items thousands of years ago to around 300,000 items in the average American home, and why we continue to consume at such unsustainable rates despite knowing the environmental and climate impacts such consumption is having on our planet? His book, "Where are we heading? The evolution of humans and things," provides valuable background information behind the Anthropocene discussed by McNeill and Engelke (2014), and the discussing of the human thought and behavioral economic processes proposed by North (2005).

Conclusion

The current economic and global society started with the growth of European markets (Studer, 2015), born out of ease in production, transportation and colonization, turned the page with the Great Acceleration, as technology allowed huge gains in production and efficiency after the Second World War (McNeill & Engelke, 2014), and has been propelled forward with the expansion of trade openness, globalization, and international financial markets (De Rivero, 2010;

Ross, 2012; Wu, 2004). These advances have allowed us cheaper goods and services, which are produced or provided more efficiently, technological improvements, and GDP growth. There have also been many downsides due to our need for consumption, competition to be the best, and a lack of checks and balances has provided the perfect storm (De Rivero, 2010; Hodder, 2018; McNeill & Engelke, 2014; Ross, 2012; Studer, 2015; Wu, 2004; Yotopoulos & Romano, 2007). Some countries have found that despite having valuable, sought after resources, they still did not experience an economic boom (Ross, 2012). Others found struggle in obtaining the developed country "status" (Yotopoulos & Romano, 2007), and the negative impacts on our global environment has been discussed (De Rivero, 2010; Hodder, 2018; McNeill & Engelke, 2014). Interestingly, or not, the common solution proposed across numerous authors, has been the need for humans and societies to work together to solve poverty, inequity and environmental crises (De Rivero, 2010; Hodder, 2018; McNeill & Engelke, 2004; North, 2005; Yotopoulos & Romano, 2007). Whether or not we, in this current economic and political society, can achieve this lofty goal has yet to be seen.

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