

# The Past and Present Debt of Rich Nations to Poor Nations

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**Abstract:** As human beings, we strive for a fulfilling and prosperous life with better quality. Historical evidence suggests that industrialization which first took place in the eighteenth century is one of the most profound and effective ways of improving people's quality of life. Countries that underwent industrialization first evolved into developed countries and thus gained significant advantages over others. However, developing countries of Global South which have not yet finished or even started industrialization remained poor and less competitive. I argue that rich developed countries have hindered the industrialization of poor developing countries in the past and present, namely through morally inexcusable actions of colonialism and a global-scaled existential crisis exacerbated by industrialized countries in the form of climate change. Accordingly, rich nations owe poor developing nations the fair opportunity to develop, which can be remedied by helping the poor to accomplish low carbon emissions industrialization and therefore effectively improve the quality of people in these nations.

## 1. Introduction

Globalization seems to bring countries closer together, but the gaps in wealth, income, and standard of living between rich and poor nations are wider than ever. We typically associate rich nations with developed countries in Europe and North America, known as Global North; and we refer to poor nations as developing countries in Global South, which spreads across Africa, Latin America, and part of Asia. People in rich countries enjoy a greater quality of life, having easier access to clean water and the environment, affordable and decent housing, and other social and economic advantages, and hence more freedom including the will to worship, marry, own property, and obtain knowledge. By comparison, people in poor countries typically have a lower life expectancy, which reflects lower income and poorer public health<sup>[1]</sup>. In those nations, the burden of infectious illnesses, maternal mortality, child mortality, and infant mortality is usually much more severe<sup>[2][3]</sup>. Analyzing the causes of poverty in these countries and finding ways to improve their living standards is a subject that needs to be studied at present.

## 2. Historical Causes-Industrial Revolution and Colonialism

With the start of the Industrial Revolution in the 1760s, machines began to be widely used in the industrializing countries which were mainly in western Europe, and dramatically increased the efficiency and productivity of goods in these countries. With the development and expansion of industrialization, these industrializing countries started to increasingly sell their machine-produced goods to their colonies and buy raw materials such as cotton, wool, and jute for the growing demand of industries<sup>[4]</sup>. The machine-produced goods overwhelmingly defeated the handmade goods in the colonies, which led to the industrializing countries accumulating enough wealth to scale up the industry and keep evolving technologies, whilst the colonies experienced a decline in their home industry. There are many blessing impacts of the Industrial Revolution on the global society and the living standards, but one of the downsides is the hindrance that it caused to the progress of industrialization in these colonies.

Over the years of struggle, in the last half of the twentieth century, many colonies in Africa and Asia declared independence, and more than a quarter of the world's population won their freedom.

These former colonies started to gradually carry out national industrialization and thus became developing countries. While those industrializing countries in the Industrial Revolution have grown to be the developed countries, the new independent developing countries were still influenced by developed countries through the so-called neocolonialism: capitalist powers of both nations and corporations continue to dominate developing countries through the operations of international capitalism rather than by means of direct rule<sup>[5]</sup>. Therefore, the process of national industrialization of the developing countries was still delayed or slowed down in this asymmetric global trade mode with the developed countries.

### **3. Present Issue-Climate Change**

As time goes on, with the continuous progress of scientific studies, the climate change issue rose above the water line and drew more and more attention from the public in the 1970s, with a historical milestone of the first World Climate Conference held in 1979. People found that the developed countries had already emitted copious greenhouse gas (GHG) during their rapid industrialization process. Moreover, these countries with an industrial base had higher cumulative GHG emissions than those developing countries waddled along their industrializing journey<sup>[6]</sup>. From 1850 to 2011, developed countries accounted for 79% of all GHG emissions in the world<sup>[7]</sup>. The excessive GHG emissions from human activities after the Industrial Revolution have not only led to a risk of global ecological system collapse and thus put all lives under a global crisis. But have also further restrained the industrialization process of developing countries. It is because if the broad developing countries repeated the industrialization progress of the developed countries, the unprecedented GHG emissions would raise the global temperature to an extremely dangerous level. Therefore, the developing countries were “suggested” to abandon the traditional industrialization process and adopt a transition toward the net-zero carbon emissions industrialization, which is a much more challenging pathway. People born and living in the developing countries also, of course, have the equal rights to pursue a better quality of life through national industrialization. But their rights are threatened due to the excessive GHG emissions generated by the rich countries. Even worse, the least developed countries, which are also the poorest countries, will be heavily influenced by climate change because of their high dependence of national economies on agriculture, natural resources, and climate vulnerability.

On the other hand, some of the developed countries continue to conduct a high GHG emissions lifestyle that further condenses the GHG emissions room for the developing countries. For example, the average emissions intensity of the richest 10% of Indians is only a quarter of the emissions intensity of the poorest half of the US population, whilst the average emissions intensity of the poorest half of the Indian population is only one-twentieth of that of the poorest half of the US population and is approximate as the same as the richest 10% of the population in Japan (about 12 million people)<sup>[8]</sup>.

Moreover, by exporting their high GHG emissions production lines to the developing countries, the developed countries have managed to “outsource” more than half of their carbon GHG emissions to the developing world, which further limits the space for the industrialization process of the developing nations. According to a study conducted by Stanford University, the United States exports around 11% (2.4 tons per person per year) of total consumption-based emissions mostly to developing countries<sup>[9]</sup>.

### **4. The Rich Owes the Poor-Complete the Industrialization**

As discussed above, the most important reason that has caused the developing countries and their people poor is the uncompleted and slow process of national industrialization. Therefore, to help the poor, the developed countries should assist to accelerate the process of industrialization of developing countries towards inclusiveness, sustainability, and net-zero emissions. This journey could help the developing countries generate competitive and dynamic economic forces that produce more employment and revenue so that their people’s quality of life could be improved. I

propose three measures to achieve the target.

First, rich nations should help poor nations to strengthen the public infrastructure through non-profit aid and low-profit assistance. It is very important to help the developing countries to establish the necessary infrastructure to confront climate disasters. According to the Economic and Social Survey of Asia and the Pacific conducted by the UN, making infrastructure more robust to catastrophes and climate change will necessitate an extra USD434 billion in annual expenditure, and this figure is even higher in sub-regions, such as the Pacific small island developing states. In the Paris Agreement that was adopted by 196 Parties in 2015 and entered into force in 2016, the developed countries have promised to mobilize USD100 billion annually in climate finance to support the needs of developing countries, including to meet the costs of community-based NGOs' programs, urgent adaptation needs, and other expenses. In addition, the financial support from developed countries must be accounted for separately from development assistance. It is because the funding required is not on the basis of developed countries providing aid to developing ones but on the basis of GHG polluting countries providing compensatory finance to those most vulnerable to the effects of the pollution.

Secondly, a reformed international order should actively reduce the trade barriers whilst allowing developing countries to protect their national industry through reasonable tariffs in an appropriate period. Tariff reductions and simplifications of non-tariff trade measures would lower costs at every stage of the production chain, amplifying the overall gains from trade. Nevertheless, given the unequal development stages for the rich and poor countries, especially while facing the unparalleled burden caused by COVID, the developing countries' vulnerable industry needs appropriate and fair protection <sup>[10]</sup>. Fiscally restrained, developing countries have fewer possibilities for economic growth, some poorest countries were even forced to cut expenditure in sectors such as education and infrastructure, leading to a more protracted challenge. Given this situation, it would be advisable for developed countries to first make active moves.

Thirdly, rich nations owe developing countries investments in research and development (R&D). Developing countries' lack of investment in R&D is evident as consistently no more than 1% of GDP was committed. To improve this situation, it is adequate for developed countries to set up "research partnership" with developing countries, during which a supportive international environment was built for researchers to make breakthroughs. Research partnership can serve as the foundation for a more equitable global society, since it provides an invaluable network for researchers across the globe to coordinate, align funding programs, and maximize their research effects. Take the research partnership between the United Kingdom (UK) and Africa as an example. It has not only promoted multiple scientific innovations in Africa but also enabled the improvement of longstanding relationships between the UK and the African continent for joint research and development activities <sup>[11]</sup>.

In addition, to address the "outsourcing" of GHG emissions from developed countries to developing countries, effective policies should be implemented around the globe on a world scale rather than focusing on emissions only within nations' borders, so that more attention can be paid to the amount of carbon dioxide released during the production of commodities. To the extent that developing-country emissions are the principal constraint to effective international climate policy, transferring responsibility for a portion of these emissions to final customers may be a compromise.

## 5. Conclusion

Rich nations owe poor nations, since industrialization, one of the most effective ways to promote economic growth, has been hindered by the rich countries. In the past, through colonialism, rich nations impeded the industrialization of poor nations. Colonies were unable to develop their home industry, as they constantly served as the raw materials markets for rich nations. Even though colonialism disintegrated later, neocolonialism further hampered the industrialization of poor nations. At the present, GHG primarily caused by the industrialization process of developed countries has led to climate change, a world challenge, which also limits the space for poor nations to undergo industrialization. The influence of the misery inflicted by colonialism and climate

change is less of economic development restriction but more of the right of every human to live a higher quality of life, at least better than they are today.

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