

Gruber, Lloyd (2013): "Trade, growth, poverty, and politics: Toward a unified theory," *Politics & Policy* 41(5), 723-764.

1. What are the long-term implications of globalization for economic and political development?
2. What could ensure that the political system corrects the inequities generated by the economic system? If the inequities are not corrected, will globalization eventually inhibit rather than stimulate development?
3. How does the economic process (growth, inequality) interact with the political process (regulation, redistribution)?
4. For how long will a unified theory of economic and political process be lacked? Can the long-run impact of globalization be determined and evaluated without any such theory?
5. What ensures that the political system will correct the inequities generated by the economic system?
6. Is there anyone harmed by globalization? The poor?
7. Is the (national) welfare state weakened by globalization (the integration of national markets, the expansion of global markets)? How precarious is the future of the welfare state in an extensively globalized world?
8. How valid is the pro-globalization view that
trade/openness/globalization → economic growth → development → betterment for everyone?
9. What is more important: relative or absolute improvement? Which case is preferable, A, B, C, D, E or F?

A				B			
time	t	$t + 1$	$t + 2$	time	t	$t + 1$	$t + 2$
the richest	100	150	225	the richest	100	70	50
the rest	5	10	20	the rest	5	5	5
C				D			
time	t	$t + 1$	$t + 2$	time	t	$t + 1$	$t + 2$
the richest	100	90	80	the richest	100	100	100
the rest	5	15	25	the rest	5	10	20
E				F			
time	t	$t + 1$	$t + 2$	time	t	$t + 1$	$t + 2$
the richest	100	110	120	the richest	100	105	110
the rest	5	15	25	the rest	5	15	25

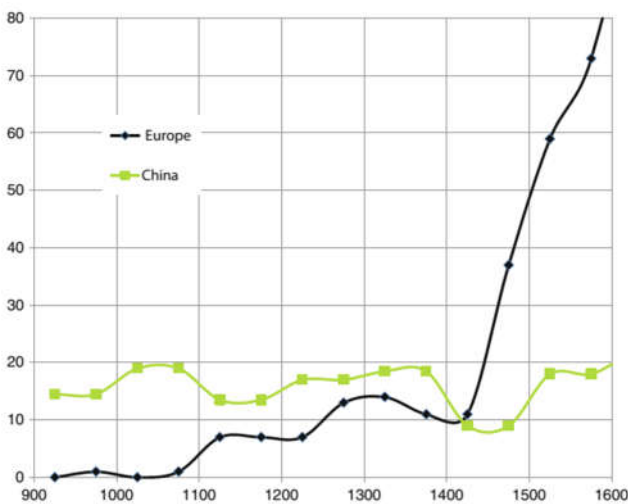
10. Does a rising tide always lift all boats? What mechanisms ensure the lifting? What guarantees the persistence of the mechanisms?
11. Is necessarily political (welfare state, redistribution, regulation) the solution to the economic problems produced by globalization (volatility, instability, inequality)? Is the economic malfunctioning of globalization what justifies public intervention? Does the provision of social insurance necessarily require that the demand for social insurance be strongly requested by the population?

Grinin, Leonid; Andrey Korotayev (2015): *Great divergence and great convergence: A global perspective*, Springer, Cham, Switzerland.

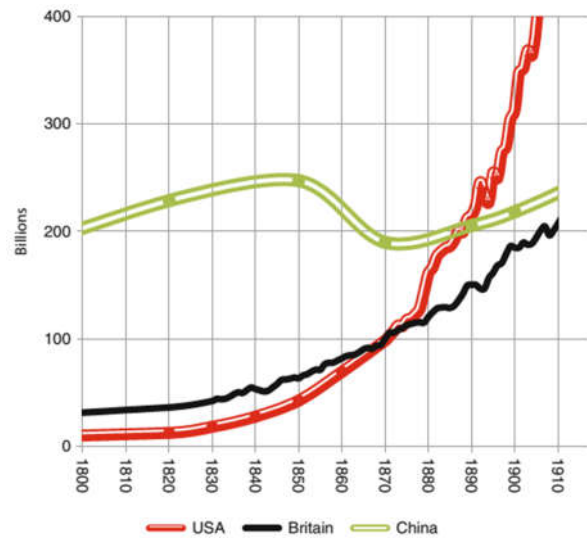
Vries, Peer (2013): *Escaping poverty: The origins of modern economic growth*, V&R unipress, Vienna University Press, Goettingen, Germany.

12. Was the 'Rise of the West' (the European transition from underdevelopment to development through the Industrial Revolution that established the European superiority in wealth and power in the nineteenth century) actually a long rise (that started in the European medieval period) or a sudden (and possibly accidental) divergence from the rest of the world?

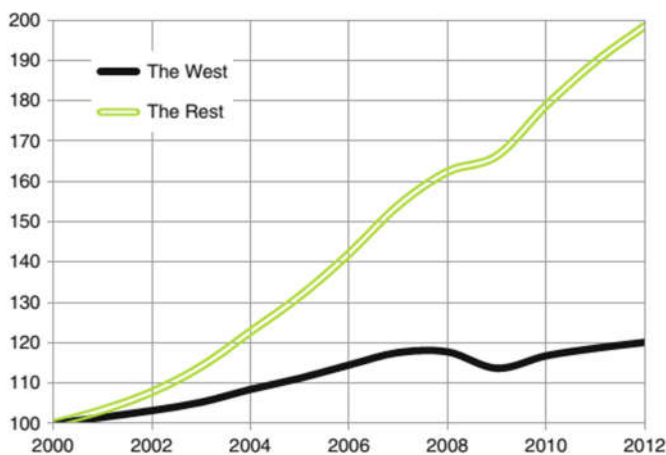
- 13. The traditional view of the Rise of the West.** Some features of the European society (a uniquely creative, multipolar, internationally open society?) eventually produced the surge in productivity, technological progress and military power. If this view is correct, does it imply that, to become as developed as European/Western societies, the rest of societies must resemble European/Western? Is there an essentially unique way to become developed and prosperous? If it took a long time European societies to become developed, will non-Western societies also need a long time to match the Western levels of material well-being and technological progress?
- 14. A dissenting view (the California School of global historians).** Asian economies enjoyed levels of productivity and material well-being similar to the European levels, probably up to 1750-1800. India and China were manufacturing powers even during the 17th century. The European success/superiority arrived late and quickly. It was the accidental result of a resource windfall (the exploitation of the Americas) combined with the decline of the Asian economies. An implication of this view is that non-Western economies could catch up rapidly. Evidence supporting this conclusion: Japan and South Korea have been able to reach Western levels of prosperity and technology; and, in the last decades, China and India (and other Asian economies) have achieved growth rates far larger than the Western rates.
- 15.** Is the Great Divergence in standards of living between the West and the Rest that resulted from the Rise of the West being cancelled out by an ongoing Great Convergence (through which the Rest is catching up with the West)? Is the globalization of the world economy the means by which the Great Convergence unfolds? Is then the Great Convergence a necessary continuation of the Great Divergence? Are they the two phases of a Global Modernization process?



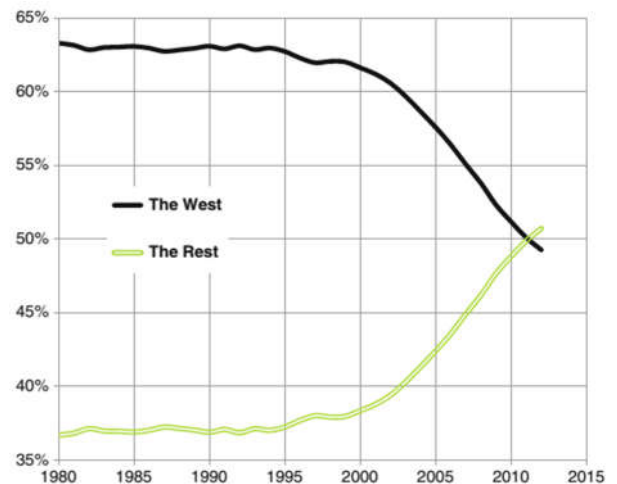
Left: Number of innovations in science and technology, 900–1600, Grinin and Korotayev (2015, p. 46)



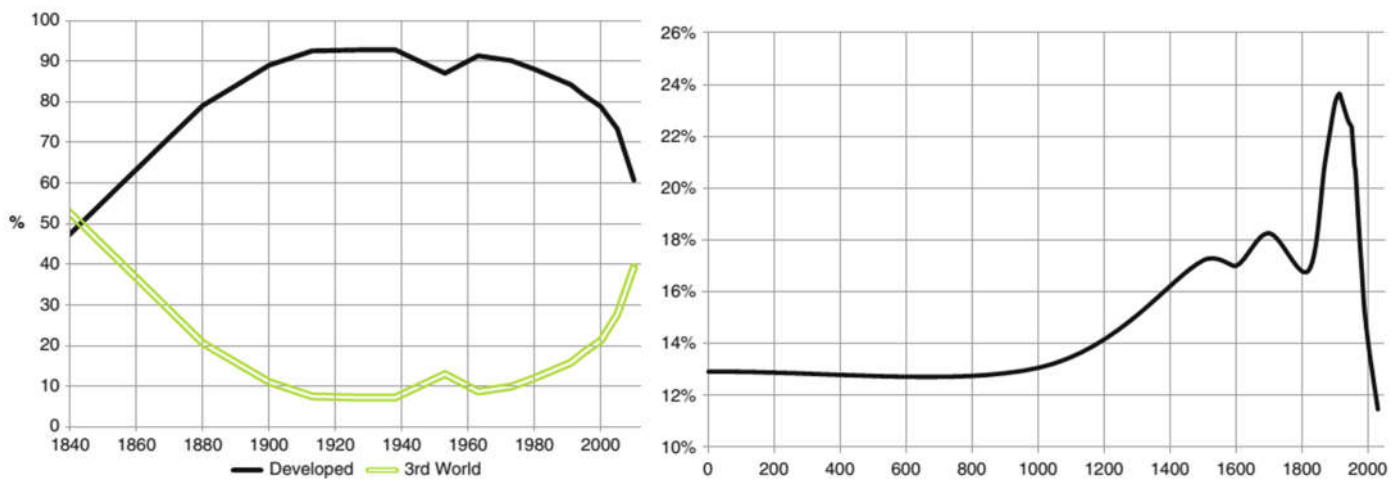
Right: GDP dynamics, 1800–1917, Grinin and Korotayev (2015, p. 80)



Left: Relative GDP dynamics between West and Rest, 2000–2012 (2000 = level 100), Grinin and Korotayev (2015, p. 91)



Right: Share of the West and the Rest in global GDP, 1980–2012, Grinin and Korotayev (2015, p. 91)



Left: Western percent share in the world manufacturing, 1840–2010, Grinin and Korotayev (2015, p. 94)

Right: Share of the West in the world population, Grinin and Korotayev (2015, p. 94)

Cappelen, Ådne (2007): “Convergence, divergence and the Kuznets curve,” in Erik S. Reinert (ed) (2004): *Globalization, economic development and inequality: An alternative perspective*, Edward Elgar, Cheltenham, UK, 309-325.

16. Versions of the hypothesis of convergence of GDP per capita.

- Absolute convergence (absolute beta-convergence). Regardless of their initial conditions, economies converge in the long run. To test this assumption it must be verified (i) that poorer grow faster than richer countries and (ii) that GDP per capita growth is negatively correlated to the initial level of GDP per capita (the poorer a country at the start of the period under consideration, the faster it grows during that period).
- Conditional convergence. Economies converge in the long run regardless of their initial conditions if they must possess similar structural characteristics. Conditional converge does not imply absolute convergence.
- Club convergence. Economies with similar structural characteristics converge in the long run if they enjoy similar initial conditions. Club converge implies neither absolute nor conditional convergence.

Allen, Robert C. (2012): “Technology and the great divergence: Global economic development since 1820,” *Explorations in Economic History* 49, 1-16.

Chen, Kunting (2012): “Analysis of the Great Divergence under a Unified Endogenous Growth Model,” *Annals of Economics and Finance* 13(2), 317-353.

Davids, Karel (2013): *Religion, technology, and the Great and Little Divergences, China and Europe Compared, c. 700-1800*, Brill, Leiden, The Netherlands.

Dobado-González, Rafael; Alfredo García-Hiernaux; David E. Guerrero (2014): “West versus Far East: Early globalization and the Great Divergence,” *Cliometrica* DOI 10.1007/s11698-014-0115-9.

Francks, Penelope (2016): *Japan and the Great Divergence: A short guide*, Palgrave Macmillan, London.

Gruber, Carmen (2014): “Escaping Malthus: A comparative look at Japan and the ‘Great Divergence’,” *Journal of Global History* 9, 403-424

Jones, Eric (2003): *The European miracle: Environments, economies and geopolitics in the history of Europe and Asia*, Cambridge University Press, Cambridge, UK.

Li, Bozhong; van Zanden, Jan Luiten (2012): “Before the Great Divergence? Comparing the Yangzi Delta and the Netherlands at the beginning of the nineteenth century,” *Journal of Economic History* 72(4).

Parthasarathi, P. (2011). *Why Europe grew rich and Asia did not: Global economic divergence, 1600-1850*, Cambridge University Press, Cambridge, UK.

Pomeranz, Kenneth (2000): *The Great Divergence: China, Europe, and the making of the modern world economy*, Princeton University Press, Princeton, NJ.

Rosenthal; Jean-Laurent; R. Bin Wong (2011): *Before and beyond divergence: The politics of economic change in China and Europe*, Harvard University Press, Cambridge, MA.

Studer, Roman (2015): *The Great Divergence reconsidered: Europe, India, and the rise to global economic power*, Vries, Peer (2015): *State, economy and the Great Divergence: Great Britain and China, 1680-1850*, Bloomsbury, London.

Vries, Peer (2010): "The California School and beyond: How to study the great divergence," *History Compass* 8 (7), 730-751.

Williamson, Jeffrey G. (2008): "Globalization and the Great Divergence: Terms of trade booms, volatility and the poor periphery, 1782-1913," *European Review of Economic History* 12, 355-391.

17. General explanations of the Great Divergence (strongly related to the so-called fundamental growth determinants: culture, geography and institutions): (i) access to natural resources (coal); (ii) institutions (those favouring the spread of market activities); (iii) role of the state (promotion of industrialization); (iv) science and technology (cultural and institutional contexts favouring or difficulting their development); (v) the extent of the market for consumer goods (consumer revolution, Industrious Revolution); (vi) de-industrialization of the periphery (mainly during the 19th century).

18. The expression Little Divergence captures an intra-European phenomenon. An older Little Divergence refers to the growing economic divergence (during the 17th and 18th centuries) between the more dynamic and expansionary economies in north-western Europe (Holland, England) and the comparatively more stagnant southern (Mediterranean) economies in Europe (Spain, Italy, France). A newer Little Divergence is associated with the increasing gap in GDP per capita between north-western (Atlantic) Europe and both Mediterranean and East-Central Europe after around 1750.

19. An explanation behind both the Great and Little Divergences (Davids, 2013) emphasizes religion as an important factor in technological change, through the impact of religion on: (i) the formation of knowledge and skills; (ii) the circulation of knowledge; and (iii) technical innovation. The Protestant Reformation is seen as an event that promoted the establishment and development of social and political institutions favourable to economic growth (via incentives to accumulate human capital, increase the supply of labour and adopt more responsible and predictable forms of government).

Reinert, Erik S. (2007): *How rich countries got rich... and why poor countries stay poor*, Constable, London.

20. Is 'emulation' rather than 'comparative advantage specialization' and 'free trade' the strategy leading to successful development? At least, it appears that the West became rich through emulation: when the West started to rise, the more developed economies were Asian (China, India).

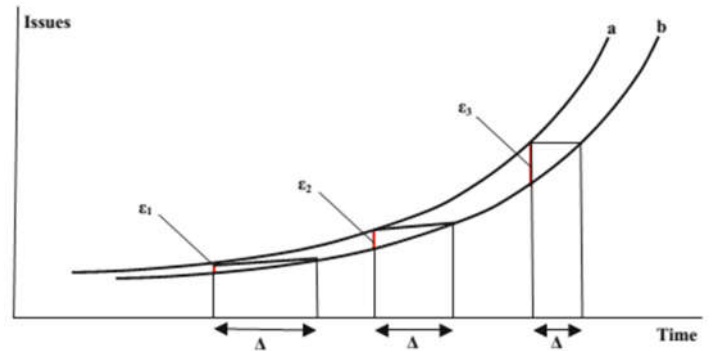
21. Spain in the 16th century as an example of what not to do: the immense amounts of gold and silver taken from the Americas were not invested in productive systems but instead de-industrialized the economy. "Successful states protected manufacturing industry, unsuccessful Spain protected agriculture to the extent that it killed manufacturing".

22. Reinert (2007) identifies two main types of economic theories. One (the conventional one) relies on metaphors from physics (invisible hands like gravity, equilibrium states) and builds the theories (and elaborates economic policy recommendations) down from those metaphors. This type of theory has eventually become disconnected with time (history) and space (geography). The other type invokes biological metaphors and starts the construction of theories (are experience-based) from the ground up. Policy recommendations often precede theoretical elaborations and rely on the identification of empirically relevant factors, like increasing returns, technological change, synergies and side effects. These theories accept diversity and heterogeneity as essential elements in the understanding and control of reality.

23. Each type of theory leads to a different view of globalization and development. The conventional type supports income convergence in the world economy. The 'Washington consensus' expresses its policy recommendations. The heterodox type holds that globalization reinforces differences: countries unable to emulate the richer ones will experience retrogression and primitivization (they fail to develop and enjoy progress). Hence, unless ready to emulate, it would be premature to participate in the globalization process. Regarding development, the first type tends to view it as capital accumulation; the second, rather as the result of emulation and knowledge assimilation.

Aslaksen, Erik W. (2018): *The social bond: How the interaction between individuals drives the evolution of society*, Springer, Cham, Switzerland.

24. Curve **a** represents, as a function of time, the issues (social, political, cultural, economic problems) created by new technologies. Curve **b** shows the issues that are resolved. The vertical distance between the two curves at any point in time measures the number of issues pending of resolution. The figure indicates that this number is increasing: new technologies are introduced at a faster rate than society solves the issues. Slow or inadequate response to technological change may destabilize or collapse society, overburdened by issues pending of resolution.



Mayer, Maximilian (ed) (2018): *Rethinking the Silk Road: China's Belt and Road Initiative and emerging Eurasian relations*, Palgrave, Macmillan, Singapore.

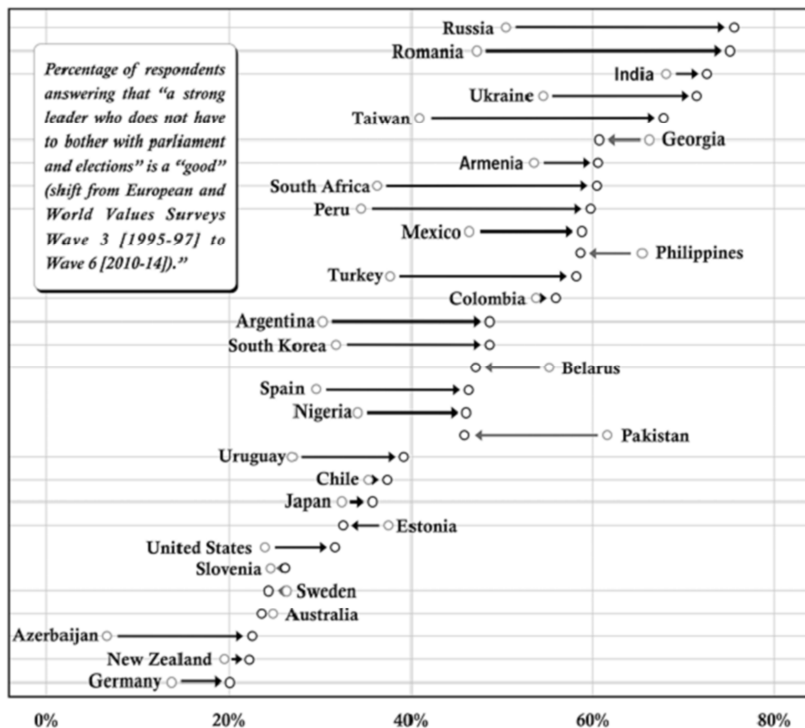
25. At present, China's economic and political ascent is one of the most significant events. After four decades of continued growth, China's share in world GDP is around 17%. Is this event signalling a displacement towards Asia of the center of gravity of the world economy? How will China behave as a major power? What changes in the global economy will China favour?
26. **The Belt and Road Initiative.** This initiative (proposed in 2013 by President Xi Jinping) constitutes the most ambitious foreign policy project by China. Its ultimate goal is to integrate, by means of large-scale infrastructure projects and related investments, all the Eurasian countries, connecting Central Asia, South Asia, South East Asia, Middle East, East Africa and Europe. The initiative appears to signal China's attempt to become a Eurasian great power (the greatest?). The initiative has two components: the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Both aim at increasing the economic integration of the countries connecting East Asia with Western Europe.

Hedges, Chris (2010): *Death of the liberal class*, Nation Books.

Mau, Steffen (2015): *Inequality, marketization and the majority class: Why did the European middle classes accept neo-liberalism?*, Palgrave Macmillan, New York.

27. The role of the liberal class in a traditional democracy is to ensure that reform remains a viable alternative. It is placed between the power elite and the general population. The liberal class controls the behaviour of (and civilizes) the power elite, offers hope for change to the general population, makes proposals to gradually reduce inequality and protect the weak, and becomes useful to power elite by discrediting proposals of radical change. In the last instance, the liberal class attributes legitimacy to the power elite and serves as a voice to the general population in their demands for change and improvement.
28. One of the consequences of globalization has been the accumulation of economic power (and, through it, political influence and even political power) in the hands of multinational corporations. This power has been used to assault the traditional democracies and deprive the liberal class of its role as a safety valve. The role of the liberal class has been reduced to offer empty rhetoric. "The inability of the liberal class to acknowledge that corporations have wrested power from the hands of citizens, that the Constitution and its guarantees of personal liberty have become irrelevant, and that the phrase consent of the governed is meaningless, has left it speaking and acting in ways that no longer correspond to reality." (Hedges, 2010) Since the liberal class has lost its ability to articulate responses to discontent, it becomes more likely that populist movements and/or violence will arise to deal with the sources of discontent.
29. One political lesson of history is that those in power that appear incapable of performing their duties, and this notwithstanding persist in retaining their privileges, tend to be removed by force. By not fulfilling its traditional tasks the liberal class is exposed to the same fate: to be brutally discarded.

30. An ineffectual (dead) liberal class creates a more polarized society: the power elite has no check to prevent the plundering of the economy and the general population increases its frustration and finds more attractive finding solutions outside the democratic institutions or without the instruments of a traditional democracy. In killing the liberal class, the 'corporate class' behaves like a parasite that kills its host: without the liberal class the power elite is free to demolish the system of measures (welfare state) erected by the liberal class to protect the general population from the inequities of the economic system.



Heydarian, Richard Javad (2018): *The rise of Duterte: A populist revolt against elite democracy*, Palgrave Macmillan, Singapore.

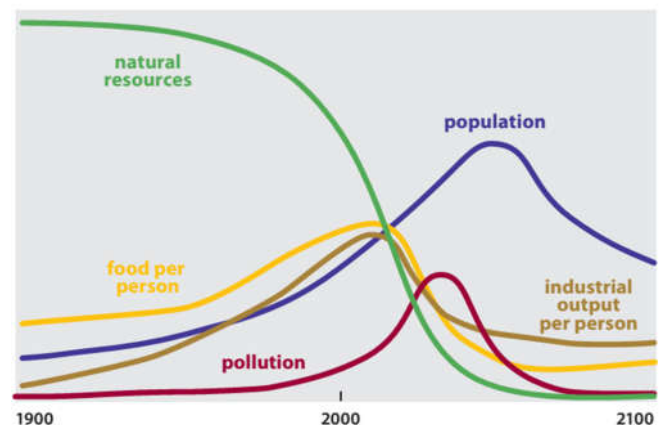
On the left: Global survey of share of citizens preferring a strong leader "who does not have to bother with elections". (Heydarian 2018, p. 6)

Ernst Ulrich von Weizsäcker; Anders Wijkman (2018): *Come On! Capitalism, Short-termism, Population and the Destruction of the Planet. A Report to the Club of Rome*, Springer, New York.

31. The world is facing a perfect storm of problems: overpopulation, overconsumption, environmentally malign technologies, inequalities. All of them seem

sustained by the irrational belief that permanent growth is possible in a physically finite economy. They are also the expression of the conflict between what economists believe and what physicists know.

32. The dominant economic views and theories were created in an "empty world": one in which population was small, natural resources did not represent a limit and the environment had enough capacity to absorb wastes. Economies in an empty world do not face planetary boundaries. If a "full world" damages to the environment and wastes play a dominant role. On the right a projection of the world economy under a business-as-usual assumption: the logic of an empty world is applied to a full world.



Horgan, John (2015): *The end of science: Facing the limits of knowledge in the twilight of the scientific age*, Basic Books, New York.

33. Is science coming to an end? Are there no new big discoveries possible? Have we already converge as much as we can on the truth? Is the apparent strength and potency of present day science not an indication of its near death? As in the chart just above, a system crashes just before the system is runs at the greatest speed.

34. Another sign of the end of science is that most published research is false (John P. A. Ioannidis, 2005, "Why most published research is false", PLoS Medicine 2(8)): scientific research was become just a way of raising money and prestige; pursuing the truth is secondary.