

The Global North-Global South Relations and their reflection on the World Politics and International Economy

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Abstract

The concept of **Global North** and **Global South** (or **North-South relations** in a global context) is used to analyze a grouping of states along with socio-economic development and political parameters. The **Global South** represents a term frequently used to identify **the regions of Latin America, Asia, Africa, and Oceania**. It is one of a family of names, including "Third World" and "Periphery", that determine territories outside Europe and North America, in most cases (though not all) low-income and often politically or culturally marginalized countries on one side of the so-called divide, the other side being the countries of the **Global North** (often equated with developed countries). As such, the term does not inherently refer to geographical south; for example, most of the Global South is geographically located within the Northern Hemisphere, and on the contrary, some countries from the Global North – particularly Australia, New Zealand, and the South African Republic are located in the Southern Hemisphere.

The determination as used by governmental and developmental institutions was first introduced as relatively open and value-free alternative to "Third World" and similarly, potentially "valuing" terms like developing countries. The States of the Global South have been described as newly industrialized or in the process of industrializing, and most of them appeared on the world political map as independent states as a result of the process of decolonization, which occurred during the cold war period in the second half of the XX Century.

In its turn, Global North correlates with the Western world—excluding Japan, South Korea, Singapore, Taiwan, and Israel (among others)—while the South is largely associated with the developing countries (previously called «Third World») and the Eastern world. The two groups are often defined in terms of their differing levels of wealth, economic development, income inequality, democracy, political and economic freedom, as defined by freedom indices. Countries, that are generally considered as part of the Global North tend to be wealthier and less unequal; they have developed states, with strong democratic institutes, which export technologically advanced manufactured products and where the biggest part of the economically active population is employed in the service sector. Southern states are generally low-income developing countries with younger, more fragile democracies heavily dependent on primary sector exports and generally, they share a history of colonialism imposed on them by Northern states. In most of those countries, the biggest part of the economically active population is involved in the sector of agriculture. Nevertheless, the divide between the North and the South is at times challenged.

Based on the socio-economic parameters, as of the two decades of the 21st century, the share of the North—with one-quarter of the world population—comes four-fifths of the income earned anywhere in the world. 90% of the manufacturing industries are owned by the companies that are located in the North. Inversely, the South—with three-quarters of the world population—has access to one-fifth of the world's income. As nations become economically developed, most probably they will be associated with the concept of "North", regardless of geographical location; similarly, nations that do not qualify for "developed" status are in effect deemed to be part of the "South".

Keywords: North, South, Globalization, Dependence, cooperation, integration

Introduction - The "North-South" controversy in the modern world

In the 1970s and 1980s of the last century, in international relations, the so-called principle of the "Doctrine of the Three Worlds", according to which the first world was represented in international politics - the United States and its allied developed capitalist countries, the second world - the USSR and its allied socialist countries and the third world states. Prominent new independent states from Latin America, Africa, Asia, and Oceania. These countries have been granted the status of developing countries.

In January 1949, former US President Harry Truman for the first time used the term "underdeveloped countries". Later, however, a decision was made within the United Nations that the so-called In order to avoid harassing Third World countries (so as not to call them "backward", "poor" or "underdeveloped" countries), they were given the status of "developing" countries. The use of this term dates back to the middle of the 20th century.

After the end of the Cold War, when the political, economic, ideological, military, geopolitical, and other confrontations between the "West" and the "East," that is, the capitalist and socialist worlds, ended, many experts believed that there was no threat of global confrontation. However, it soon became clear that the end of the Cold War did not mean the end of bipolarism. It gradually became clear that the old poles of confrontation (West-East) had been replaced only by new poles: the "North" and the "South", that is, the developed and developing world.

The opinions of several well-known researchers are noteworthy in this regard. For example, political scientist John Mirsheimer in his book "Back to the Future" noted that the world chaos was saved by the "Cold War". But since the Cold War upset the bipolar balance, the main guarantor of stability - the bipolar system has collapsed, and the process has created not only peace but also new problems, primarily related to the escalation of ethnic conflicts (Davitashvili, Elizbarashvili, 2012).

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According to the second concept, which was proposed by the American scientist Samuel Huntington in his work "Clash of Civilizations", the 21st century will be a century of global confrontation - a war will break out between world civilizations, first of all between Western and other civilizations.

Research Questions:

- 1) What can be the main reasons of unequal socio-economic development of Global North and Global South?
- 2) What are the main Parameters of uneven development in the countries of the South and North?
- 3) What are the main ways of the contacting the socio-economic differences between "Global North" and "Global South"?

With regards to the research Methods, the following methods have been used:

- 1) **Quantitative research methods** were used in the research paper, particularly collect and analysis of the different statistical data – describing the socio-economic conditions in the countries of the Global North and Global South.
- 2) **Methods of comparative analysis** – related to the analysis of the different levels of socio-economic development in Global North and Global South countries.
- 3) **Content analysis** - the study of for example the content of the researches of leading specialists in the field of Economics and Business Administration.
- 4) **Narrative analysis** – related to the deep analysis of all those processes, which are going on in the world in the sphere of business and economics.

As for the **methodological framework of the paper**, the subsystems of International political and economic Order theories are used to analyze the economic and political relations within west-west, North-South and West-East relations. Furthermore, the structuralism and dependence theory also will be used.

With regards of the **findings of the paper** – it analyzed the different parameters of the socio-economic and business conditions of countries of the Global North and Global South in details.

World political and economic order and International relations in the contemporary period

Subsystems of the International Political and Economic order

By the development of the processes, which are going on in the International economic system, during the analysis of the conflicts and cooperation, and during the discussion about main reasons and results, American economist J. E. Spero presented the discussion about three sub-systems (western – inter-dependent, North-South and East-West). Those systems are not isolated from each other, but at the same time, political and economic processes in each system are specific.

Western Subsystem. This subsystem includes highly developed market economies of North America, Western Europe, and Japan. Those countries are interrelated with each other by many economic, trade, financial, technological and other aspects. Strong relations among them has developed thanks to the Bretton – Woods monetary-finance system and signing the document – General Agreements on Tariffs and Trade, according to Spero, those two international regimes were based on the American Dollar and American economic and military hegemony (Spero, 1997).

At the same time, the national economy of one member state of this system is strongly dependent on the economy of the other national economies. The changes in the monetary, trade, and capital investment sphere of one country reflect the same fields of the economy in the other countries. Accordingly, to the scientists, J. Dutheil de la Rochelle, one of the most difficult problems before the national governments are the coincidence of the national and team interests, which would be optional for the separate states, also for the partners (Rondeli, 2003).

North-South System. In this system is seen the confrontation between developed and developing countries. If in the western subsystem, there are presented the countries with the more or less equal development, it is a huge difference of the economic development between the countries of the global North and Global South, which has the asymmetric character.

The developing countries, due to their unsatisfactory development, have not diversified exports. Due to it, they are dependent on the markets of the countries from the global North. Their export is mostly mineral and agricultural products and raw materials.

The dependence is reflected in the field of capital investments, The biggest part of the capital investments to the economy of the developing countries is coming from the developed countries.

One of the other forms of dependence is financial dependence. Many countries with a weak economy gain aid from the International Monetary Fund, and the last one has the right to present its positions related to granting or not granting the credits (Spero, 1990). At the same time, developing states are taking the credits from the commercial banks of the developed states. As of the beginning of the XXI Century, the volume of such credits prevailed at 700 billion US Dollars (Rondeli, 2003).

East-West Subsystem – This system has been practically disintegrated as a result of the collapse of the communist system. As it is known, during the “cold war” period, the member states in each system were in the opposite to each other political and economic camps, when in one camp the free-market economy and at the second the centrally planned economy was dominating. One of the main features of this system was the fact that socialist countries did not participate in the activities of the International Monetary Fund, World Bank, and GATT.

After the disintegration of the communist system, most of the states from Central and Eastern Europe and former Soviet Republics started the development of the market economy. They are becoming the parts of the relations, which today exist between the Global South and Global North. Part of them have already managed to be integrated into the global North (Baltic States, Poland, Czech Republic, Slovenia, Hungary, etc.), but part of them during the long period can remain in the “South”. According to R.G. Kayser, the reintegration into the Capitalist economy of the countries from the East represents one of the most important, complex, and dramatic events of our epoch (Kayser, 1990).

Structuralism and dependency theory

Structuralism is closer to the Marxist economic point of view. According to structuralism, the liberal free-market economy promotes the keeping of the differences between the developed and developing states and prevents the further development of the developing states. According to the views of the representatives of the Structuralism school, in the XIX Century, free trade was promoting the development of the world economic system, in the modern period, it cannot implement the same function, because of the difficult conditions in the economically backward states from the demographic, social, economic conditions.

In the 60th of the XX Century, it became clear that countries of the global “South” would not be able to overcome the above-mentioned problems, and based on structuralism there were born more radical theories, such as the “dependence” theory. This theory was worked out in Latino America by such radical economists and political scientists, as F.E. Cardozo, E. Faletto, A.G. Frank, J.N. Braghwati, S. Bodenheimer, K.T. Fann, and D.C. Hodges, P. Sargent, T. Smith, D. Seers (Rondeli, 2003).

The dependence theory was not only an attentive scientific attempt, but it became a powerful ideological weapon for the weak developed states for the fighting for the establishment of a new economic order and gaining some economic and trade benefits.

The authors of the dependence theory and their followers were proving that the gap between “North” and “South” in the framework of the International Economic system was the result of the exploitation by the first and the second.

According to the dependence theory, the backward countries are not able to be developed normally because their possibilities are not given by the character of the International Economic system.

The dependence theory is coming from the point of view, that the structural factors of the history represent the economic processes and during the last centuries the Northern capitalism (in the form of Mercantilism, later – Free trade and international finances, and today – transnational corporations) was the main force of the history.

During the discussion about the dependence theory, western analysts pay attention to the modernization aspect, which represents the systemic transferring process and includes all spheres of society and all aspects of social behavior. According to E. Hermassi, when the changes are started in one field of public activity, they will cause the changes in the other fields too (Hermassi, 1978). According to Samuel Huntington, taking a position in the modern level from the traditional society side means the changing of the traditional values and structures by the modern values and appropriate structures (Huntington, 1976).

In the dependence theory, special attention is paid to the characteristics of the mechanisms of International Trade, which play a negative role in the attitude toward the developing states. Foreign trade has significant importance for countries with weak economies. About 2/3 of their foreign trade is coming to the economically developed states. For the developing states, the main sources of income represent export (mostly agriculture products and raw materials, foreign aid, commercial debts, and private capital investments. One of the main sources for those states is export, from which comes about 75% of the foreign currency income for the developing states. According to the supporters of the dependence theory, founded after World War 2 international trade (GATT) and monetary-financial (Bretton-Woods) system or regime or order become nonconvenient and not acceptable for the developing states (Valenzuela, 1978).

According to them, this regime promoted the economic development of the developed countries and at the same time, backward states became in the worst conditions. The liberal trade regime, which is GATT, provides the interests of the powerful nations and prevents the development of the poor states.

The experts and scientists of the UN economic commission for Latin America, whose leader was Argentinian economist Raul Prebisch, have worked out the new ideology based on the new economic order, related to the dependence theory.

Since the 70th, from the representatives of the dependence theory came new initiatives about the foundation such as a new economic order, which would create better conditions for the backward states. The dominated version of the “Free Trade”, according to them, supports only economically developed states and does not allow the poor states to improve their economic conditions.

The victory of the Prebisch school can be considered the foundation of UNCTAD (United Nations Conference for Trade and Development). It represented the institutionalization of the ideas of Prebisch. The scientist himself was the first secretary of this organization. The supporters of GATT and economic liberalism negatively evaluated this factor, but taking into account the requirements from the developing states, they were forced to retreat.

UNCTAD has implemented several programs, which somehow created better conditions for the developing states, related to the stabilization of export and increasing the incomes from the export.

Despite this, the realities of the world economy are the dominance of the developed countries and international economic institutes, which have been founded by them.

The structuralism and dependency theory become the significant economic weapon for the economically backward states. It was effectively used since the 70th and was reflected in the new requirements for the new economic order.

At the same time, the liberal economists and political analysts of the West blamed the developing countries for their backward positions because of the problems that existed inside of those states and not in the structure of the international economic system. Those ideas were developed by economists P.T. Bauer and B.S. Yamey, S.D. Krasner, C.F. Bergsten (Bauer, 1977).

Special interests should be paid to the transnational corporations in economically backward and small states. TNC controls the most important spheres of economy of the host states and for the host state, it is very difficult to control the activity of such a company, which has no "nationality" and does not subordinate to the laws of any state.

It is important to mention, that TNC-s, the number of which prevailed 40 thousand, are concentrated in not all the developing states, but in the small group of the states from the global south. For example, at the end of 80th, in the developing world, about 86% of all invested capital was coming only to the 18 countries (World Investment Report 1995).

The evolution of the relations between TNC-s and host states is presented by Charlie Kennedy, according to him, those relations include three main stages:

1. The dominance of TNC-still 60th of the XX Century;
2. The confrontation between TNC-s and local authorities;
3. Negotiations between host states and TNC-s since the 70th of the XX Century till now (Chitadze, 2017).

Parameters of uneven development in the countries of the South and North

The concepts of "rich north-poor south" are widely used today to refer to the phenomenon, which consists in a significant polarization of the world along with the axis "North-south". As a result, in the countries located in the northern hemisphere (developed states), the overall socio-economic level of life is significantly higher than in the developing countries in the southern hemisphere. Sometimes, although recently much less frequently, the countries in the "South" are much more often called "countries of the third world". This term was originally disseminated in the framework of neo-Marxism in the years of the Cold War when the world was divided into capitalist, socialist, and "other" countries.

About 20% of the world's population lives in the prosperous countries of the northern hemisphere. According to data provided by the United Nations Development Program for the beginning of the second decade of the XXI Century, they consume about 90% of all goods produced on the Earth. They own approximately 85% of the entire park of cars. They account for almost 60% of the total generated energy. And the incomes of their citizens exceed those who live in developing countries by 60 times or more (Davitashvili, Elizbarashvili, 2012).

At the same time, the growth of the population is observed in developing countries (here lives 85% of those who were born in 1960 and later). According to the World Bank, in such regions as Africa and the Middle East, the annual population growth is about 3% (Chitadze, 2017). The high tempo of population growth proposes the solution of such problems, such as education, health, and the creation of new working places. However, instead of economic growth and improvement in the social sphere, there is a decline in these areas.

In developing countries, the number of AIDS patients is increasing: Currently, they account for almost 90% of all HIV-infected people. Concerning the World Bank, such data is often given. In Africa, in the sub-Saharan region, where the situation is most difficult, every 40th adult is HIV-infected. Along with the AIDS epidemic in developing countries, there is a high incidence of hepatitis (2 million deaths annually), tuberculosis (3 million, respectively), malaria (1 million deaths with 300 million diseases annually), and others, including tropical diseases. The Health system in this region is at a lower level in comparison to developed countries. According to the World Health Organization - WHO, 75% of the world's population, living in developing countries, account for 30% of doctors within the first decade of the XXI Century (Lebedeva, 2007). To this, it should be added that the incomes of adults in these countries do not allow them to spend significant sums on medicines and medical care. As a result, even sharp respiratory disease can lead to death.

Lack of drinking water, shelter, food, and other vital funds are also typical for these countries. In some countries, for example in India, Pakistan, Indonesia, Nigeria, Brazil, etc. part of the population, especially in rural areas, not only doesn't have water pipeline, but also has to daily overcome significant distances for drinking water, and this problem leads to the spread of gastrointestinal diseases that lead among the causes of death (4 million deaths per year), as well as to the deterioration of the sanitary conditions of life in general.

At the beginning of the XXI Century, the World Bank cited figures that about 80% of all incidents in developing countries were related to the quality of consumed water. This results in the death of about 10 million people annually (Lebedeva, 2007).

The spread of diseases is facilitated by the low level of housing conditions. In one room there are large families and housing, for reasons of cost savings, is often built without taking into account seismic conditions, possible actions of monsoons, typhoons, etc. In developing countries, the percentage of homeless people is also significantly higher. The absence of a house is one of the most acute problems of the "global South".

Complicated sanitary and housing conditions are accompanied by a shortage of food supply. The percentage of people living in rural areas of developing countries is much higher than in developed countries. J. Goldstein cites data according to which in the developed countries about 70-80% of the population lives in the urban areas, while in Asia and Africa this indicator is not above 20%. Despite the involvement in the field of agriculture, approximately 800 million people in developing countries are chronically undernourished, as a result, they can't perform even the simplest work.

However, among those who rose a little above the extreme poverty line, a large percentage of people don't get enough protein and vitamins. This is due to the need to allocate huge areas of agricultural lands under export crops: tea, coffee, cocoa. Even those cultures, which make good the deficiency of proteins (for example, soybeans) and could be used to fight hunger in their country, are used for export or for feeding the middle class (Goldstein, 2011).

Bad socio-economic conditions in developing countries lead to the fact that the average life expectancy in them is about 60 years (in the poor - 50, and some, due to the development of AIDS epidemic is much lower), while in developed countries length of life is approaching 80 years. At the same time, more than 17% of newborn babies in developing countries do not survive until the age of five (in developed countries, this figure averages just over 1.5%) (Maksakovsky, 2009).

Table 1. Comparison of socio-economic conditions in economically developed and developing countries on the example of Japan and Nigeria for the period of the crossing XX-XXI Centuries

Comparison of the two countries: Developed (Japan) and developing (Nigeria) according to the most important indexes		
Indexes	Japan	Nigeria
Life expectancy	80	53
Infant mortality rate per 1000 newborns	4	80
GDP Per Capita	39640	250
Reproduction of the population within the 90-th of the XX Century	0,2	2,9
Adult Literacy, %	98	57
Number of doctors per 100 thousand people	164	2

Source: Rourke, Boyer, 2000.

The level of education in developed and developing countries is different. If in the "Global North" about 97% of the population are literate, in some regions of the "Global South" literacy may be less than 40%; people basically can't read and can't write the simplest sentences. Instead of school children of these countries are more often sent for earnings. Homelessness and child criminality is growing (Chitadze, 2017).

Low standard of living, education, and health, unemployment is often accompanied by conflicts, instability, and political coups. Especially alarming is the fact that for several indicators the gap between "North" and "South" continues to be increased. J. T. Rourke and M. A. Boyer cite the data according to which in 1990 the annual GDP per capita in the countries of "the Global North" was an average of 19 590 US dollars, and in "Global South" - 840, i.e., the difference in income is 18,750 dollars. At the beginning of the XXI Century, the difference was even greater - \$ 24,260 with annual income per capita in developed countries \$25 510 and in developing countries 1 250 (Rourke, Boyer, 2009).

The countries with the lowest per capita incomes are of particular concern. These states, according to the classification of the International Monetary Fund, are among the least developed among the developing countries – the least-developed of the less-countries, LLDCs. In those states, the average income per capita is about one dollar per day, and commodity-money relations are replaced by natural exchange, although the standard of living of a small percentage of persons belonging to the political and economic elite of these countries, can be quite high. In the least developed countries, according to various estimates, lives from 1.3 to 2 billion people. There are many such countries in Africa, to the south of the Sahara. There are some of the lowest indicators in per capita income and other socio-economic parameters. Moreover, in some countries in Africa since the late 1980s, there has been a decline of GDP, as well as production (till 80%) with the simultaneous growth of population (Maksakovsky, 2009).

To compare different countries in terms of development level, taking into account much of what has already been mentioned, various indicators have been worked out. One of the most widely used is the *Human Development Index*, which takes into account not only the GDP of the state but also social parameters such as lifespan, educational level, etc. According to an estimate of the United Nations Development Program - UNDP for 2021, the top five leading countries were included Norway, Switzerland, Ireland, Hong Kong, Germany, and last places were taken by African countries - Burundi, South Sudan, Chad, Central African Republic, Niger (HDI, 2021).

Other indicators are taken into account when assessing the socio-economic development of the countries. Among them is the *Gender Development Index*, GDI, fixing the differences in socio-economic indicators of life between men and women. By this criterion, Canada had again leading positions within the first decade of XXI Century, it was followed by Norway, the United States, Australia, Sweden (in these countries, gender differences were very low), Guinea Bissau, Burundi, Burkina Faso, Ethiopia, Niger closed the list (Kereselidze, 2011).

Quite sharply there is a question - the indebtedness of the "South" to the "North" countries. It was formed as a result of loans that developing countries received from the West. The situation began to deteriorate dramatically in connection with a jump in oil prices in the 1970s. Many developing countries, which did not extract oil, were forced to import "Black gold" by significantly higher prices, for which the money loans in Western banks were taken. However, among borrowers, there were also such countries that exported energy resources, in particular Mexico. Generally, the debt of developing countries in 1982 was 805 billion American Dollars and by 1996 reached 2 trillion 95 billion USD. In 1982, Mexico announced that it could not liquidate a foreign debt, and asked for help in 4 billion US dollars. Following Mexico for the help appealed to other countries too (Lebedeva, 2007). Within the second decade of the XXI century, the foreign debt of the developing countries prevailed at 5 trillion USD (World Bank, 2020).

The problem was that the growing debt of developing countries began to threaten both the states of the «South» and «North». The first simply could not pay off. As for the «North», the creditors lost huge sums of money. The default of developing countries could have the most direct impact on them. All this led to the need to address the foreign debt of developing countries and the crisis of debt as such. In 1989, the United States, as one of the leading creditors, proposed a plan under which part of the debt of developing countries was forgiven, while another concept was directed to decrease the interest rates; New loans were also guaranteed under the guarantee of the International Monetary Fund, the World Bank and the governments of creditor countries. This somehow has weakened the crisis. However, in general, the problem of foreign debt of developing countries has not yet been resolved.

Particularly alarming were the financial upheavals of the 1990s, in particular, problems with the Mexican currency in 1994; worsening economic situation in developing countries. They also again started to take significant credits. Complex internal socio-economic situations in developing countries also questioned the ability of their governments to cope with a budget deficit, which is necessary for the payment of a debt. The situation especially deteriorated as a result of the spreading COVID 19 pandemic in 2020. Many developing countries were forced to take new foreign debts for taking preventive measures against this disease.

This is the general picture of differences in the standard of living between developed and developing countries. This social and economic gap has been named the North-South gap. Immediately after the end of the Cold War, there were allegations that in the modern world the confrontation along the line "East-West" was replaced by a confrontation along the axis "North-South". In Reality, at first sight, there is quite significant polarization of the world by several indicators. However, this gap is not as unambiguous as it may seem.

First of all, the statistics require interpretation. Obviously, in the countries of the "Global South," the standard of living is lower than in the states of the "Global North". Statistics give an overall picture and individual statistical indicators need to be compared with each other. Thus, per capita income should be compared with prices for basic consumer goods – price index, access to health care, education, etc. For these purposes, the indicator is associated with purchase parity. By this standard, developing countries are not so strikingly different from developed ones, although, of course, they lag behind them, especially if we take into account the quality of the consumed goods.

Secondly, "South" is far from being uniform in terms of socio-economic criteria. Some countries of the "South" managed to overcome the backlog in socio-economic development. First, economic success was achieved by individual States in the Middle East, in particular member countries of OPEC, which is associated with the export of oil. For example, countries such as Kuwait, United Arab Emirates, Qatar, were able to reach the level of life, which by socio-economic indicators is comparable with developed states of the "North". Several other countries in the Middle East Region were included in the group with average development indicators.

Later arose the phenomenon of the so-called newly industrialized/industrializing countries - NICs, to which relates the countries of South-East Asia. Their success in socio-economic life is even more impressive than in the countries of the Middle East. In the 1980s, in a relatively short historical period, South Korea, Singapore, Taiwan, Hong Kong, which gained the name of the so-called "Asian tigers", managed to become developed industrial countries. Their economic strategy was aimed at developing their industry and attracting investments. As a result, according to the International Monetary Fund, IMF by the beginning of XXI Century, the share of these countries was coming up to 10% of the total trade turnover and 3.4% of production (Chitadze, 2016).

In general, it can be assumed that at the base of the indisputable economic success of several developing countries lies a powerful leap of a limited number of states. Thus, during the past decades, over 4/5 of the GDP growth in the "third world" was provided by 26 countries, where about 28% of the whole population (Chitadze, 2016). The degree of differentiation level of the socio-economic development of the countries of the world "South" today is such, that it can be assumed about the stratification of them into three different groups, the gap between which grows.

Third, there is not only a gap between countries but also within individual countries by different indicators. For example, Kuwait, which in the mid-1990s, was one of the five countries with the highest per capita income, at the same time was also among those countries, where a large percentage of the adult population remained illiterate. A similar pattern is observed in some other countries of the The Middle East, which is engaged in oil exports. And from the other side here are some countries, former Soviet republics, which have a literacy approaching 100% among the adult population, which puts them on a par with the developed countries of the "North" (Chitadze, 2018). At the same time, they have low per capita incomes, which brings them closer to the states of the "South".

The "North" is also heterogeneous. There are some areas and population areas virtually with the same problems as in the "South". Although, of course, the number of such people is much less and the problems themselves usually do not have such acuity. In general, in some African countries the ratio between the income of the poorest and the richest diverges more than 50 times, while in North America and Western Europe, this gap is less than 10. According to the World Bank, at the beginning of the XXI Century, it was the largest between the richest and the poorest categories of the population, in Brazil (Maksakovsky, 2009).

Thus, the modern world is more a kind of "Mosaic" by the level of life and not divided in half the scope. However, the mosaic nature of the world does not, in general, eliminate the problem of uneven social and economic development of the "North" and "South".

The reasons for the differences between the "Global North" and "Global South" and possible ways to overcome them

How to explain the disproportion of socio-economic development between "Global North" and "Global South"? Many researchers tend to believe that the gap between developed and developing countries is conditioned by both internal factors of development, also by relations between the "South" and "North". In this case, different emphases are made on various factors, respectively, there are stand out different theoretical approaches.

The first approach to the problem of "rich North" - "poor South" comes from the *theory of classical economic development*. The main message in the framework of this approach is supported by the provision that the level of well-being is determined by the availability of efficient production, free entrepreneurship, trade, technological innovation and not by climate and natural resources. This is based on the ideas of the modernization approach that arose shortly after World War II and proceeded from the fact that industrial development began in the "global North." Industrialization first came to Europe, and then to North America. This, on the one hand, has brought improved living conditions, on the other hand, led to the improvements of the armaments, which later were used for the colonial wars.

The theory of classical economic development is based on the fact, that the colonial heritage, of course, has become a kind of a brake on development (but at the same time several authors pay attention to the fact, that colonialism, despite its negative moments, has provided by technical and social innovations countries of the "South"), but the main obstacles in the modern development of the "global South" lie in itself of the countries from this geographic area. A great impact on the formation of this approach was provided by the American economist and political figure W. Rostow. In 1960 he published a book "The Stages of Economic Growth", later, in 1991 the third edition of the book was published. In his research, the author suggested that developing countries would pass the same stages in their development as the developed ones. Even though the "global North" continues to develop, the pace of development of the "global South" would be much higher, which will create the conditions to finally catch up with the countries of the "North". In addition, the "North" itself, according to this theory, will be interested in this development, since it is oriented by its nature on liberal values, the openness of the borders, and the creation of a single economic space (Rostow, 1991).

At the end of the 20th century, the theory of classical economic development experienced its revival and is called *neoclassical*. The incentive to address the ideals of market development has become largely the example of new industrial estates, which were directed at times for a general liberalization of the socio-economic life of society. This phenomenon has led to several studies in which analyzed the relationship between political freedoms and economic development. And anyway, the main problem in neoclassical theory has been attempts to find ways to overcome the significant differences between developed and developing countries.

Supporters of this approach in principle agree that the "North" is responsible for the backwardness of the "global South". Developing countries can't cope without outside aid with their problems, because, on the one hand, they lack the qualified personnel, due to the low level of education of the population as a whole; on the other hand – they are economically dependent on the former metropolis. According to this approach, the countries of the "South" should be assisted in economic development, as well as for their democratization. Both these spheres in neoclassical theory are closely related.

At the same time, supporters of this approach emphasize that the most important argument in favor of the need to develop relations with the "global South" is not so much the historical responsibility of the "North", but the orientation toward future relationships. Neoclassical theory is inclined to consider them between "North" and "South" as a game with a non-zero-sum when the winners may be both - "North", and "South". In the other words, interaction can be beneficial for both parties. The advocates of this point of view emphasize the interdependence of the world, the need to integrate its parts into a single world system. To illustrate the liberal approach in the North-South relations J.T. Rourke and M.A. Boyer use the metaphor associated with the death of "Titanic" in 1912. The modern world is so interconnected, that it can either be proportionally developed and achieve a certain general "port of prosperity", or sink like this ship. In the last case, it is not significant the differences between passengers of expensive cabins and those who bought the cheapest tickets (Rourke, Boyer, 2009).

The greatest discussion of the problem of the socio-economic gap between the "rich North" and "poor South" started perhaps, in the framework of another approach - neo-Marxism. It underlines the structural stratification of the globe on the exploited ("global South") and the exploiters ("global North"). Hence, one more of its name - a *structural theory* that was quite popular in the 1970s-1980s years.

The stratification of the world is conditioned, according to this approach, by the imperialist policy of the developed countries, which could make it a result of the occupation and exploitation of colonies. Despite gaining independence in the second half of the 20th century, former colonies remained economically dependent from the former metropolitan countries or wider from the "global North". Moreover, this dependence on the "rich" is characteristic even for those countries that were not colonies.

In the economy of the developing countries, this or that branch of the economy prevails. Thus, the economic development of Ethiopia is largely oriented on the supply of coffee, Botswana-diamond mining, Zambia – production of copper, etc. In this economic dependence exists, according to neo-Marxism, not only the gap between the "North" and "South", but also its deepening. Neo-Marxism proceeds from the premise that the "Global North" is not interested in the dynamic development of the "South", because for the economically developed states the former colonies remain as suppliers of raw materials and cheap labor force.

In the framework of the neo-Marxism theory, two areas are distinguished: *the world-system approach* and direction, oriented to the *theory of dependence*. The world is a systemic understanding of the gap between the "North" (the core) and "South" (periphery) proceeds from the fact that the functioning of the economy of the core and periphery are specialized and simultaneously interdependent. In other words, they can't exist without each other. Prolonged historical cycles that consider this direction, provide the countries the opportunity to "move around" within the structure: the core, semi-periphery, and periphery. At the same time, this theory can hardly explain the rapid economic development of the new industrial countries.

The special attention to the gap between the "North" and "South" in the framework of neo-Marxism, pays the dependence theory. It proceeds from the fact that this gap is the key in modern political economy. Representatives of the dependence theory, including A. G. Frank and others, oppose the thesis on the stages of economic development (Frank, 1996), which was pursued in the framework of neoliberalism by William Rostow, according to which each state consistently passes one after another the same stages (Rostow, 1991). Objecting to this, the adherents of the theory of dependence say that for the developing states this is not a stage of development at all, but a result of the hierarchy of the world and the exploitation of the "South" by the "North". They emphasize that modern developed countries have never been in a situation of developing, compelled to catch up with more developed states. Therefore, economic development or backwardness is not "natural", but are caused by unequal relations between the countries of the "global North" and the "global South".

The argument, confirming the inequitable relationship between the "North" and "South", also serves for supporters of this theory *the phenomenon of a two-tiered economy*. The essence of it is that several industries – branches of economy of the developing countries are in the field of the interests of the "North" and turn out to be "tied up" on modern information and communication technologies (computers, telecommunications), while others remain at the "prehistoric" level.

In many respects responsible for the division of the world into the "rich North" and "poor South" representatives of the dependence theory consider Transnational Corporations - TNC. In their opinion, Transnational Corporations are instrumental in modern neo-colonialism. It is also stressed that the introduction of innovation, investment in developing countries - all this contributes to disproportional development of the "South" and in the end - strengthening the gap between "South" and the "North". In these positions, their theoretical orientations are based on many anti-globalization movements.

To overcome the differences between the "North" and "South", which, as neo-Marxists emphasize, are unfair, world production and trade must be radically rebuilt.

Finally, the third approach in "North-South" relations is oriented toward *neo-realism*. In the sphere of economic relations, it has received the name of *mercantilism*. This approach is based on the fact that the problem should be solved first of all by the developing countries themselves. Respectively, economically developed countries in their interaction with the countries of the "South" should focus on their interests, but not on patronage.

Supplying the states of the "global South" with food, medicines and other necessities leads to an increased birth rate, but not to the restructuring of the economic system, declare the supporters of neo-realism. This approach practically does not take into account the fact of interdependence in the modern world; therefore, it proceeds from the premise that the problems of developing countries should have less interest by developed countries. Moreover, some authors who are oriented on this approach, believe that the actions of developing countries are aimed at changing the «Rules of the Game» and obtaining their advantages. In general, neo-realism to a lesser extent, compared to the other classical approaches, deals with the problem of socio-economic development between the «North» and «South».

Several authors draw attention to the fact, that if in the period of the "Cold War", the own development of the "South" countries was restrained by ideological considerations based on which, the main factor was the economic assistance, investment policy, etc. for the countries of "South", then after the end of the "Cold War" this factor ceased to function.

Nevertheless, in the practical aspect, today the problem of development of the "South" is quite difficult. Developing countries use different strategies for overcoming the economic gap. One of them is oriented toward the domestic production of products that were previously imported (import substitution policy). Its meaning is in the development of its industry. This strategy was used by many Latino American countries. However, in its extreme form, it can lead to the fact that the country will be outside of the global economic system and this will only aggravate its economic backwardness. In addition, restrictions on the use of import substitution policies related to the fact that their product is often not high quality, expensive and uncompetitive.

Nationalization is another strategy. Like the already discussed strategy, it has negative moments associated with a possible lowering of economic efficiency. The problem is in the choice of optimal means and methods of development in each specific case.

There are also undertaken collective efforts of the developing countries for overcoming the economic gap. So, in 1973, their leaders at the meeting in Algeria presented the initiative, which was named the New International World Order, NIEO. In 1974, within the General Assembly of the United Nations, it has proposed:

1. To implement reform in the field of international trade, including improvement and stabilization of the market in the field of raw materials;
2. To reform the financial sector, thereby making it easier to access for developing countries to loans of the International Monetary Fund (IMF) and other international financial organizations; to stabilize inflation and exchange rates;
3. to provide foreign assistance to developing countries in the amount of about 0,7% of their GDP; to develop a program of assistance in repaying the debt of developing countries; introduce international control for the activities of TNC, which has particularly negative consequences for developing countries;
4. to assist developing countries in acquiring new technologies and conducting industrialization;
5. to provide the countries of the South with rights and control functions about their resources (UN, 2005).

In the first stage, the reaction of developed countries was negative, but the dialogue of the "South" and "North" took place and continued. Currently, developing countries actively participate in various international organizations, including the UN. Thus, the United Nations Conference on Trade and Development (UNCTAD), which was established as a permanent body of the UN General Assembly in 1964, was focused on solving the economic problems of developing countries. It is a permanent international institute, which organizes meetings once approximately every four years. As of May 2018, 195 states were UNCTAD members (UNCTAD, 2018).

Assistance to developing countries goes also through other international organizations and specialized United Nations agencies, including through World Health Organization (WHO). As a result, if in 1980 only 20% of children were vaccinated against the 6 most prevalent diseases, in 1991 this indicator reached 80%, first of at the expense of developing countries (UN, 2005). As of 2019, the Global vaccine coverage of children with only one-year-old in such diseases as Tuberculosis (BCG), Polio (Pol3), Diphtheria/tetanus/pertussis (DTP3), Measles, first dose (MCV1), Hepatitis B (HepB3) was about 85% (Global vaccine coverage, 2019).

Much attention to the problems of developing countries, especially in the field of education, human development is paid by the Program - United Nations Development Program (UNDP). In general, there are many programs and areas for assistance to developing countries that are being implemented by intergovernmental organizations, individual states, and non-governmental associations. They are very diverse both by region and by focus (for example, aimed at improving health care, education, or categories of the population, etc.).

Finally, it is another approach that is proposed to overcome differences between the "South" and "North". Its essence boils down to the fact that in the era of globalization the confrontation of the "North-South" will disappear naturally, since the "development centers" will be formed according to different principles, for example, in the form of the creating small entities - located both in the "North" and on the "South", particularly territories-cities, which by communication, information and other "nodes" will link the remaining territories to the global world. This view is supported, in particular, by the Swedish researcher O. E. Andersson, who believes that with the globalization of transport and communication networks "the leading" economy will not be concentrated in the West but will spread all over the globe (Lebedeva, 2007). Such countries and cities as South Korea, Japan, Taiwan, Hong Kong, Singapore, Australia, New Zealand represent the "North" in terms of per capita income, infrastructure, and access to important markets. Concretely in this sense that the "global economy" is formed anywhere in the world.

Conclusion

Some economists and representatives of the business circles have argued that international free trade and unhindered capital flows across states could lead to a reduction in the North-South divide. Under this circumstances more equal trade and flow of capital would increase the opportunity for developing countries to promote their further socio-economic development.

As several states in the Global South experience rapid development, there is reality that those countries are developing high levels of South-South aid. Brazil, in particular, has been noted for its high levels of aid (\$1 billion annually—ahead of many traditional donors) and the ability to use its own experiences to provide high levels of expertise and knowledge transfer. This has been presented as a "global model in waiting".

The United Nations has also established its responsibility in diminishing the divide between Global North and Global South by the agency of the Millennium Development Goals, all of which had to be achieved by 2015. These purposes seek to eradicate extreme poverty and hunger, achieve global universal education and healthcare, provide gender equality and empower women, decrease child mortality, improve maternal health, combat HIV/AIDS, malaria, and other diseases, ensure environmental sustainability, and develop a global partnership for development. In 2015, there were replaced by 17 Sustainable Development Goals (SDGs). The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by 2030, are part of a UN Resolution called «The 2030 Agenda» (UN, 2015).

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