

Comment on the
nature of differences
between nogales,
arizona, usa and
nogales



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Institutions are always products of customs within the society. That is why, if the latter is full of corruption or dishonesty, it produces corrupt institutions, while a transparent culture creates transparent ones. Throughout the history, social scientists affirm that institutions play a very instrumental role in shaping the affluence and paucity of various nations due to varied factors. In connection with this, there is the alternative theory of world inequality, which is a geography hypothesis contending that the great divide between rich and poor countries is caused by geographical disparities. Nonetheless, the block that divides Nogales, Arizona, USA, and Nogales, Sonora, Mexico acts as a natural experiment in the process of classifying human societies. On the American side, life expectancy is relatively higher, healthcare facilities and road networks are better, and crime rates are lower. However, both Americans and Mexicans share a similar ecological environment and human inhabitants. It is apparent that the present political and economic institutions attribute to notable differences between Nogales, Arizona, USA, and Nogales, Sonora, Mexico.

To begin with, walking through the city center of Nogales (Arizona) and turning south for a moment, there are rundown houses. After crossing the border of Mexico in Nogales (Sonora), disparity is immense. Nevertheless, Nogales in Arizona and the one in Sonora were united at one point. The differences between the two halves of Nogales are examples of huge discrepancies in prosperity and living standards experienced globally. For instance, Mexico as a whole has a low level of the GDP per capita of the United States of America. Taking, for example, “ Peru with almost a seventh of the GDP of the USA, the difference is apparent” (Sachs). The fact is that

these differences are outcomes of diverse political and economic institutions of the two divides that contribute to extremely different incentives.

Secondly, the example mentioned above is highlighted further by Acemoglu and Robinson in their book titled *Why Nations Fail*. In their contention, the authors affirm that authority, paucity, and opulence diverge significantly all over the world. For instance, they analyze Norway as one of the richest countries, approximately 497 times richer than Burundi, the poorest country in the world. Acemoglu and Robinson further support their views by saying, “The average per capita of the two countries is roughly \$84,390 and \$172 respectively, in respect to the World Bank” (12). The reason behind the divergence in terms of the economical status of Norway and Burundi is economic and political settings. Economists have different views regarding the significance of factors that make other countries richer than others.

Thirdly, a widely discussed factor or theory is “good institutions,” which is the law and practices that motivate the population of any given nation to strive and work hard to become economically productive (Acemoglu and Robinson 21). It forms the basis of the Nogales anecdote and the focus of the book *Why Nations Fail* by Acemoglu and Robinson. According to the authors, “the factors behind Nogales, Arizona, being richer than Nogales, Sonora, are straightforward.” The first one is because of the political and economic set-up of the two divides. Another factor is the very residents of Nogales, Arizona, as opposed to Nogales, Sonora. The driving factors among economic institutions that motivate citizens to consume products are numerous. Some of them include “opportunities of investments, prospective contract

enforcements, private property rights, ability to control money, control
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inflation, and open exchange of currency” (Diamond 8). Investment opportunities drive any economy, since they motivate citizens to invest and earn advantageously. Looking at the nature of development records dated back from the time of dividing Nogales, Arizona, USA and Nogales, Sonora, Mexico, it is apparent that the latter has fewer investment opportunities.

Finally, the strongest evidence that supports the above notion is a natural experiment behind borders. It implies that dividing a uniform environment and human populace by a political border separating two Nogales cities eventually tampers with their economic and political institutions. It is what creates the difference in the wealth of the two divides. Undoubtedly, good institutions play a crucial role in determining country’s wealth; however, the question is the reason behind some countries ending up with perfect institutions that guarantee affluence. Acemoglu and Robinson state, “ The crucial factor behind the emergence of most prosperous countries is the historical duration of centralized government” (23). Before the rise of the first states in the world in 3400 BC, countries existed without the complex economic institution of governments. It is another issue that contributes to high poverty levels of other nations, since the sudden introduction of government is unlikely to guarantee good institutions.

To sum it up, factors behind good institutions are notable differences between Nogales, Arizona, USA, and Nogales, Sonora, Mexico. Apparently, the present political or economic institutions, and the geological environment of the human populace are behind these divergent prosperity levels of the two divides.