



# Global Stratification and Classification

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Just as America's wealth is increasingly concentrated among its richest citizens while the middle class slowly disappears, global inequality involves the concentration of resources in certain nations, significantly affecting the opportunities of individuals in poorer and less powerful countries. But before we delve into the complexities of global inequality, let's consider how the three major sociological perspectives might contribute to our understanding of it.

The functionalist perspective is a macroanalytical view that focuses on the way that all aspects of society are integral to the continued health and viability of the whole. A functionalist might focus on why we have global inequality and what social purposes it serves. This view might assert, for example, that we have global inequality because some nations are better than others at adapting to new technologies and profiting from a globalized economy, and that when core nation companies locate in peripheral nations, they expand the local economy and benefit the workers.

Conflict theory focuses on the creation and reproduction of inequality. A conflict theorist would likely address the systematic inequality created when core nations exploit the resources of peripheral nations. For example, how many American companies take advantage of overseas workers who lack the constitutional protection and guaranteed minimum wages that exist in the United States? Doing so allows them to maximize profits, but at what cost?

The symbolic interaction perspective studies the day-to-day impact of global inequality, the meanings individuals attach to global stratification, and the subjective nature of poverty. Someone applying this view to global inequality would probably focus on understanding the difference between what someone living in a core nation defines as poverty (relative poverty, defined as being unable to live the lifestyle of the average person in your country) and what someone living in a peripheral nation defines as poverty (absolute poverty, defined as being barely able, or unable, to afford basic necessities, such as food).

## Global Stratification

While stratification in the United States refers to the unequal distribution of resources among individuals, global stratification refers to this unequal distribution among nations. There are two dimensions to this stratification: gaps between nations and gaps within nations. When it comes to global inequality, both economic inequality and social inequality may concentrate the burden of poverty among certain segments of the earth's population (Myrdal 1970). As the chart below illustrates, people's life expectancy depends heavily on where they happen to be born.

Statistics such as infant mortality rates and life expectancy vary greatly by country of origin. (Central Intelligence Agency 2011)

Country	Infant Mortality Rate	Life Expectancy
Canada	4.9 deaths per 1000 live births	81 years
Mexico	17.2 deaths per 1000 live births	76 years
Democratic Republic of Congo	78.4 deaths per 1000 live births	55 years

Most of us are accustomed to thinking of global stratification as economic inequality. For example, we can compare China's average worker's wage to America's average wage. Social inequality, however, is just as harmful as economic discrepancies. Prejudice and discrimination—whether against a certain race, ethnicity, religion, or the like—can create and aggravate conditions of economic equality, both within and between nations. Think about the inequity that existed for decades within the nation of South Africa. Apartheid, one of the most extreme cases of institutionalized and legal racism, created a social inequality that earned it the world's condemnation. When looking at inequity between nations, think also about the disregard of the crisis in Darfur by most Western nations. Since few citizens of Western nations identified with the impoverished, non-white victims of the genocide, there has been little push to provide aid.

Gender inequity is another global concern. Consider the controversy surrounding female genital mutilation. Nations that practice this female circumcision procedure defend it as a longstanding cultural tradition in certain tribes and argue that the West shouldn't interfere. Western nations, however, decry the practice and are working to stop it.

Inequalities based on sexual orientation and gender identity exist around the globe. According to Amnesty International, there are a number of crimes committed against individuals who do not conform to traditional gender roles or sexual orientations (however those are culturally defined). From culturally sanctioned rape to state-sanctioned executions, the abuses are serious. These legalized and culturally accepted forms of prejudice and discrimination exist everywhere—from the United States to

Somalia to Tibet—restricting the freedom of individuals and often putting their lives at risk (Amnesty International 2012).

### **Global Classification**

A major concern when discussing global inequality is how to avoid an ethnocentric bias implying that less developed nations want to be like those who've attained post-industrial global power. Terms such as developing (non-industrialized) and developed (industrialized) imply that unindustrialized countries are somehow inferior, and must improve to participate successfully in the global economy, a label indicating that all aspects of the economy cross national borders. We must take care in how we delineate different countries. Over time, terminology has shifted to make way for a more inclusive view of the world.

### **Cold War Terminology**

Cold War terminology was developed during the Cold War era (1945–1980). Familiar and still used by many, it involves classifying countries into first world, second world, and third world nations based on respective economic development and standards of living. When this nomenclature was developed, capitalistic democracies such as the U.S. and Japan were considered part of the first world. The poorest, most undeveloped countries were referred to as the third world and included most of sub-Saharan Africa, Latin America, and Asia. The second world was the in-between category: nations not as limited in development as the third world, but not as well off as the first world, having moderate economies and standard of living, such as China or Cuba. Later, sociologist Manuel Castells (1998) added the term fourth world to refer to stigmatized minority groups that were denied a political voice all over the globe (indigenous minority populations, prisoners, and the homeless, for example).

Also during the Cold War, global inequality was described in terms of economic development. Along with developing and developed nations, the terms less-developed nation and underdeveloped nation were used. This was the era when the idea of *noblesse oblige* (first-world responsibility) took root, suggesting that the so-termed developed nations should provide foreign aid to the less-developed and underdeveloped nations in order to raise their standard of living.

### **Immanuel Wallerstein: World Systems Approach**

Wallerstein's (1979) world systems approach uses an economic basis to understand global inequality. He conceived the global economy as a complex system supporting an economic hierarchy that placed some nations in positions of power with numerous resources and other nations in a state of economic subordination. Those that were in a state of subordination faced significant obstacles to mobilization.

Core nations are dominant capitalist countries, highly industrialized, technological, and urbanized. For example, Wallerstein contends that the U.S. is an economic powerhouse that can support or deny support to important economic legislation with far-reaching implications, thus exerting control over every aspect of the global economy and exploiting both semi-peripheral and peripheral nations. One can look at free trade agreements such as the North American Free Trade Agreement (NAFTA) as an example of how a core nation is able to leverage its power to gain the most advantageous position in the matter of global trade.

Peripheral nations have very little industrialization; what they do have often represents the outdated castoffs of core nations or the factories and means of production owned by core nations. They typically have unstable government, inadequate social programs, and are economically dependent on core nations for jobs and aid. There are abundant examples of countries in this category. Check the label of your jeans or sweatshirt and see where it was made. Chances are it was a peripheral nation such as Guatemala, Bangladesh, Malaysia, or Colombia. One can be sure the workers in these factories, which are owned or leased by global core nation companies, are not enjoying the same privileges and rights of American workers.

Semi-peripheral nations are in-between nations, not powerful enough to dictate policy but nevertheless acting as a major source for raw material and an expanding middle-class marketplace for core nations, while also exploiting peripheral nations. Mexico is an example, providing abundant cheap agricultural labor to the U.S., and supplying goods to the U.S. market at a rate dictated by the U.S. without the constitutional protections offered to U.S. workers.

### **World Bank Economic Classification by Income**

While there is often criticism of the World Bank, both for its policies and its method of calculating data, it is still a common source for global economic data. When using the World Bank categorization to classify economies, the measure of GNI, or gross national income, provides a picture of the overall economic health of nation. Gross national income equals all goods and services plus net income earned outside the country by nationals and corporations headquartered in the country doing business out of the country, measured in U.S. dollars. In other words, the GNI of a country includes not only the value of goods and services inside the country, but also the value of income earned outside the country if it is earned by U.S. nationals or U.S. businesses. That means that multinational corporations that might earn billions in offices and factories around the globe are considered part of the United States' GNI if they have headquarters in the U.S. Along with tracking the economy, the World Bank tracks demographics and environmental health to provide a complete picture of whether a nation is high-income, middle-income, or low-income.

## High-Income Nations

The World Bank defines high-income nations as having a gross national income of at least \$12,276. It separates out the OECD (Organization for Economic and Cooperative Development) countries, a group of 34 nations whose governments work together to promote economic growth and sustainability. According to the World Bank (2011), in 2010, the average GNI of a high-income nation belonging to the OECD was \$40,136 and the average population was over one billion (1,032,856,261); on average, 77 percent of the population in these nations was urban. Some of these countries include the United States, Germany, Canada, and the United Kingdom (World Bank 2011). In 2010, the average GNI of a high-income nation that did *not* belong to the OECD was \$23,839 and the average population was about 94 million, of which 83 percent was urban. Examples of these countries include Saudi Arabia and Qatar (World Bank 2011).

There are two major issues facing high-income countries: capital flight and deindustrialization. Capital flight refers to the movement (flight) of capital from one nation to another, as when General Motors automotive company closed American factories in Michigan and opened factories in Mexico. Deindustrialization, a related issue, occurs as a consequence of capital flight, as no new companies open to replace jobs lost to foreign nations. As expected, global companies move their industrial processes to the places where they can get the most production with the least cost, including the building of infrastructure, training of workers, shipment of goods, and, of course, employee wages. This means that as emerging economies create their own industrial zones, global companies see the opportunity for existing infrastructure and much lower costs. Those opportunities lead to businesses closing the factories that provide jobs to the middle-class within core nations and moving their industrial production to peripheral and semi-peripheral nations.

### Capital Flight, Outsourcing, and Jobs in America



*This dilapidated auto supply store in Detroit is a victim of auto industry outsourcing. (Photo courtesy of Bob Jagendorf/flickr)*

As mentioned above, capital flight describes jobs and infrastructure moving from one nation to another. Look at the American automobile industry. In the early 20th century, the cars driven in America were made in America, employing thousands of workers in Detroit, and providing an abundance of jobs in the factories and companies that produced everything that made building cars possible. However, once the fuel crisis of the 1970s hit and Americans increasingly looked to imported cars with better gas mileage, American auto manufacturing began to decline. During the recession of 2008, the U.S. government bailed out the three main auto companies, underscoring their vulnerability. At the same time, Japanese-owned Toyota and Honda and South Korean Kia maintained stable sales levels.

Capital flight also occurs when services (as opposed to manufacturing) are relocated. Chances are if you have called the tech support line for your cell phone or internet provider, you've spoken to someone halfway across the globe. This professional might tell you her name is Susan or Joan, but her accent makes it clear that her real name might be Parvati or Indira. It might be the middle of the night in that country, yet these service providers pick up the line saying, "good morning," as though they are in the next town over. They know everything about your phone or your modem, often using a remote server to log in to your home computer to accomplish what is needed. These are the workers of the 21st century. They are not on factory floors or in traditional sweatshops; they are educated, speak at least two languages, and usually have significant technology skills. They are skilled workers, but they are paid a fraction of what similar workers are paid in the U.S. For American and multinational companies, the equation makes sense. India and other semi-peripheral countries have emerging infrastructures and education systems to fill their needs, without core nation costs.

As services are relocated, so are jobs. In the United States, unemployment is high. Many college-educated people are unable to find work, and those with only a high school diploma are in even worse shape. We have, as a country, outsourced ourselves out of jobs, and not just menial jobs, but white-collar work as well. But before we complain too bitterly, we must look at the culture of consumerism that Americans embrace. A flat screen television that might have cost \$1,000 a few years ago is now \$350. That cost savings has to come from somewhere. When Americans seek the lowest possible price, shop at big box stores for the biggest discount they can get, and generally ignore other factors in exchange for low cost, they are building the market for outsourcing. And as the demand is built, the market will ensure it is met, even at the expense of the people who wanted it in the first place.



*Is this international call center the wave of the future? (Photo courtesy of Vilma.com/flickr)*

### **Middle-Income Nations**

The World Bank defines lower middle income countries as having a GNI that ranges from \$1,006 to \$3,975 and upper middle income countries as having a GNI ranging from \$3,976 to \$12,275. According to the World Bank (2011), in 2010, the average GNI of an upper middle income nation was \$5,886 with an average population of 2,452,168,701, of which 57 percent was urban. Thailand, China, and Namibia are examples of middle-income nations (World Bank 2011).

Perhaps the most pressing issue for middle-income nations is the problem of debt accumulation. As the name suggests, debt accumulation is the buildup of external debt, wherein countries borrow money from other nations to fund their expansion or growth goals. As the uncertainties of the global economy make repaying these debts, or even paying the interest on them, more challenging, nations can find themselves in trouble. Once global markets have reduced the value of a country's goods, it can be very difficult to ever manage the debt burden. Such issues have plagued middle-income countries in Latin America and the Caribbean, as well as East Asian and Pacific nations (Dogruel and Dogruel 2007). By way of example, even in the European Union, which is composed of more core nations than semi-peripheral nations, the semi-peripheral nations of Italy and Greece face increasing debt burdens. The economic downturns in both Greece and Italy are threatening the economy of the entire European Union.

### **Low-Income Nations**

The World Bank defines low-income countries as nations whose GNI was \$1,005 or less in 2010. According to the World Bank (2011), in 2010, the average GNI of a low-income nation was \$528 and the average population was 796,261,360, with 28 percent located in urban areas. For example, Myanmar, Ethiopia, and Somalia are considered low-income countries. Low-income economies are primarily found in Asia and Africa (World Bank 2011), where most of the world's population lives. There are two major

challenges that these countries face: women are disproportionately affected by poverty (in a trend towards a global feminization of poverty) and much of the population lives in absolute poverty.

In some ways, the term global feminization of poverty says it all: around the world, women are bearing a disproportionate percentage of the burden of poverty. This means more women live in poor conditions, receive inadequate healthcare, bear the brunt of malnutrition and inadequate drinking water, and so on. Throughout the 1990s, data indicated that while overall poverty rates were rising, especially in peripheral nations, the rates of impoverishment increased for women nearly 20 percent more than for men (Mogadham 2005).

Why is this happening? While there are myriad variables affecting women's poverty, research specializing in this issue identifies three causes:

1. The expansion of female-headed households
  2. The persistence and consequences of intra-household inequalities and biases against women
  3. The implementation of neoliberal economic policies around the world
- (Mogadham 2005)

In short, this means that within an impoverished household, women are more likely to go hungry than men; in agricultural aid programs, women are less likely to receive help than men; and often, women are left taking care of families with no male counterpart.

### Summary

Stratification refers to the gaps in resources both between nations and within nations. While economic equality is of great concern, so is social equality, like the discrimination stemming from race, ethnicity, gender, religion, and/or sexual orientation. While global inequality is nothing new, several factors make it more relevant than ever, like the global marketplace and the pace of information sharing. Researchers try to understand global inequality by classifying it according to factors such as how industrialized a nation is, whether a country serves as a means of production or as an owner, and what income a nation produces.

### Section Quiz

A sociologist who focuses on the way that multinational corporations headquartered in core nations exploit the local workers in their peripheral nation factories is using a \_\_\_\_\_ perspective to understand the global economy.

1. functional



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2. conflict theory
3. feminist
4. symbolic interactionist

Answer

B

A \_\_\_\_\_ perspective theorist might find it particularly noteworthy that wealthy corporations improve the quality of life in peripheral nations by providing workers with jobs, pumping money into the local economy, and improving transportation infrastructure.

1. functional
2. conflict
3. feminist
4. symbolic interactionist

Answer

A

A sociologist working from a symbolic interaction perspective would:

1. study how inequality is created and reproduced
2. study how corporations can improve the lives of their low-income workers
3. try to understand how companies provide an advantage to high-income nations compared to low-income nations
4. want to interview women working in factories to understand how they manage the expectations of their supervisors, make ends meet, and support their households on a day-to-day basis

Answer

D

France might be classified as which kind of nation?

1. Global
2. Core
3. Semi-peripheral
4. Peripheral

Answer

B

In the past, the United States manufactured clothes. Many clothing corporations have shut down their American factories and relocated to China. This is an example of:

1. conflict theory
2. OECD
3. global inequality
4. capital flight

Answer

D

### **Short Answer**

Consider the matter of rock-bottom prices at Walmart. What would a functionalist think of their model of squeezing vendors to get the absolute lowest prices so they can pass them along to core nation consumers?

Why do you think some scholars find Cold War terminology (“first world” and so on) objectionable?

Give an example of the feminization of poverty in core nations. How is it the same or different in peripheral nations?

Pretend you are a sociologist studying global inequality by looking at child labor manufacturing Barbie dolls in China. What do you focus on? How will you find this information? What theoretical perspective might you use?

### **Further Research**

To learn more about the United Nations Millennium Development Goals, look here: <http://www.undp.org/mdg/basics.shtml>

To learn more about the existence and impact of global poverty, peruse the data here: <http://povertydata.worldbank.org/poverty/home>

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