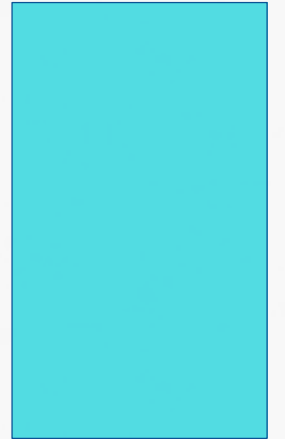


# THREE WORLDS THEORY



GLOBAL STRATIFICATION



# OUTLINE

- Wealth and Poverty in Global Perspective
- Problems in Studying Global Inequality
- Classification of Economies by Income
- Measuring Global Wealth and Poverty

# OUTLINE

- Global Poverty and Human Development Issues
- Theories of Global Inequality
- Global Inequality in the Future

# GLOBAL STRATIFICATION

- The unequal distribution of wealth, power, and prestige on a global basis, resulting in people having vastly different lifestyles and life chances both within and among the nations of the world.

# HIGH-INCOME COUNTRIES

- Characterized by highly industrialized economies; technologically advanced industrial, administrative, and service occupations; and high levels of national and per capita income.



# MIDDLE-INCOME COUNTRIES

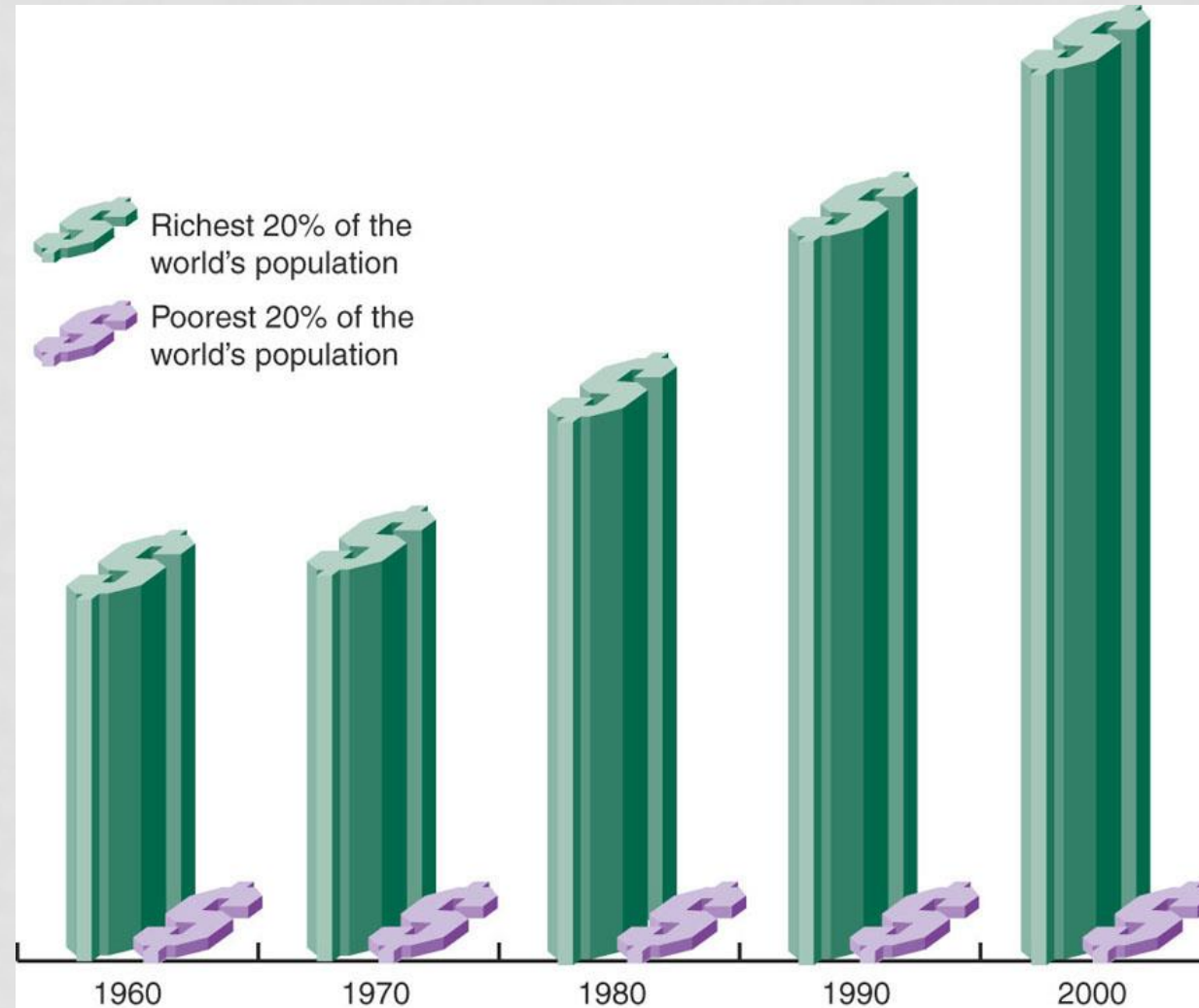
- Nations with industrializing economies, particularly in urban areas, and moderate levels of national and personal income.

# LOW-INCOME COUNTRIES

- Primarily agrarian nations with little industrialization and low levels of national and personal income.



# INCOME GAP: WORLD'S RICHEST AND POOREST PEOPLE





# THE “THREE WORLDS” APPROACH

- First World nations were said to consist of the rich, industrialized nations that primarily had capitalist economic systems and democratic political systems.
- Second World nations were said to be countries with at least a moderate level of economic development and a moderate standard of living.
- Third World countries have little or no industrialization and the lowest standards of living, shortest life expectancies, and highest rates of mortality.

# THEORIES OF GLOBAL INEQUALITY

**Development theory;** A perspective that links global inequality to different levels of economic development and suggests that low income countries can alleviate the worst effects of poverty by the attempts of industrialized nations.

# THEORIES OF GLOBAL INEQUALITY

**Three world approach;** is the differences among nations on the bases of their levels of economic development and the standard living of their citizen. Gross national income and gross domestic product.

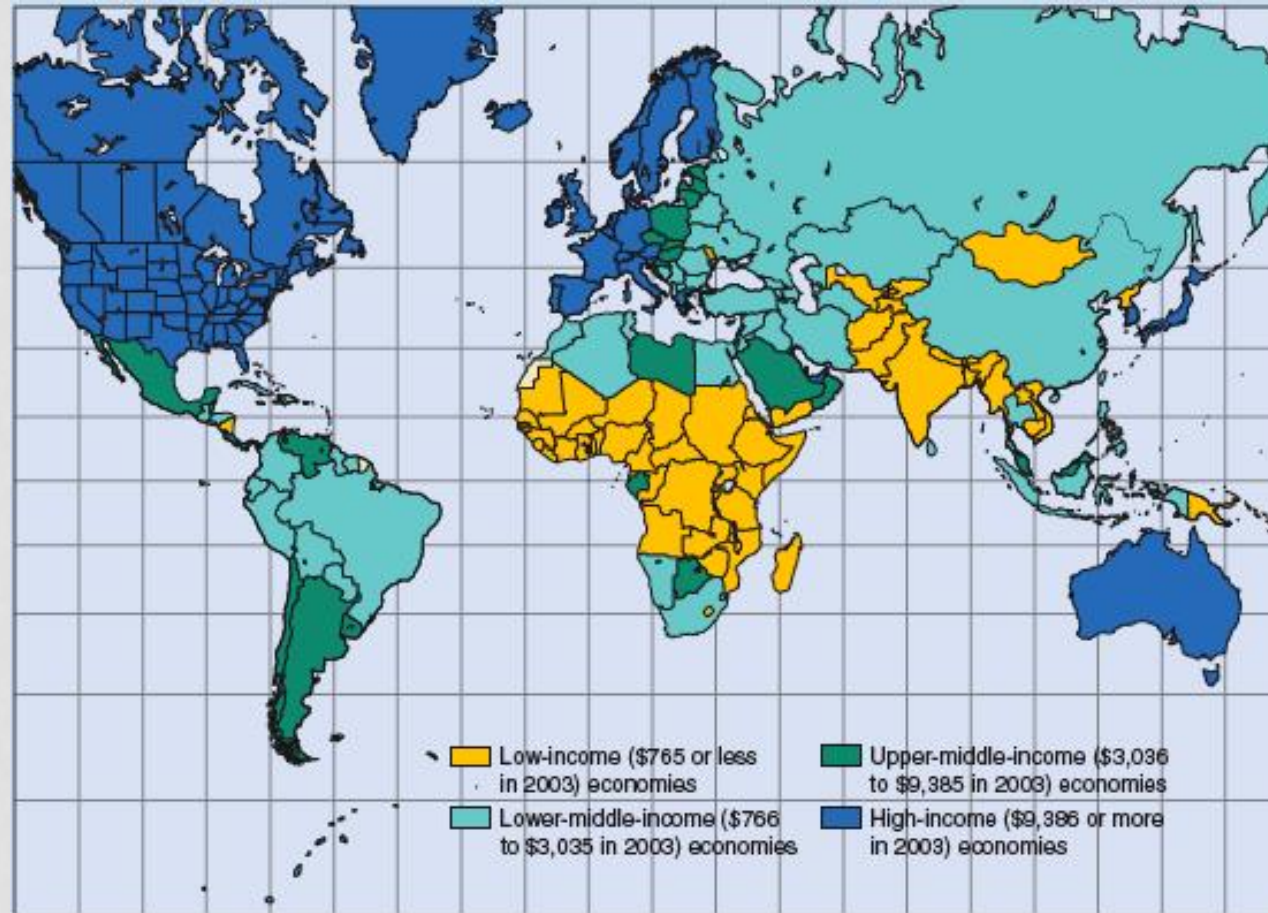
# LEVELS OF DEVELOPMENT APPROACH

- Among the most controversial terminology for describing world poverty and global stratification.
- Terminology based on levels of development includes concepts such as developed nations, developing nations, less developed nations, and underdevelopment.

# WORLD BANK CLASSIFICATION OF ECONOMIES BY INCOME

- The World Bank classifies nations into three economic categories:
  - low-income economies (a GNI per capita of \$765 or less in 2003)
  - middle-income economies (a GNI per capita between \$766 and \$9,385 in 2003)
  - high-income economies (a GNI per capita of more than \$9,385 in 2003).

# ECONOMIES IN GLOBAL PERSPECTIVE



# GROSS DOMESTIC PRODUCT (GDP)

- All the goods and services produced within a country's economy during a given year.
- The GDP does not include any income earned by individuals or corporations if the revenue comes from sources outside of the country.

# GLOBAL POVERTY

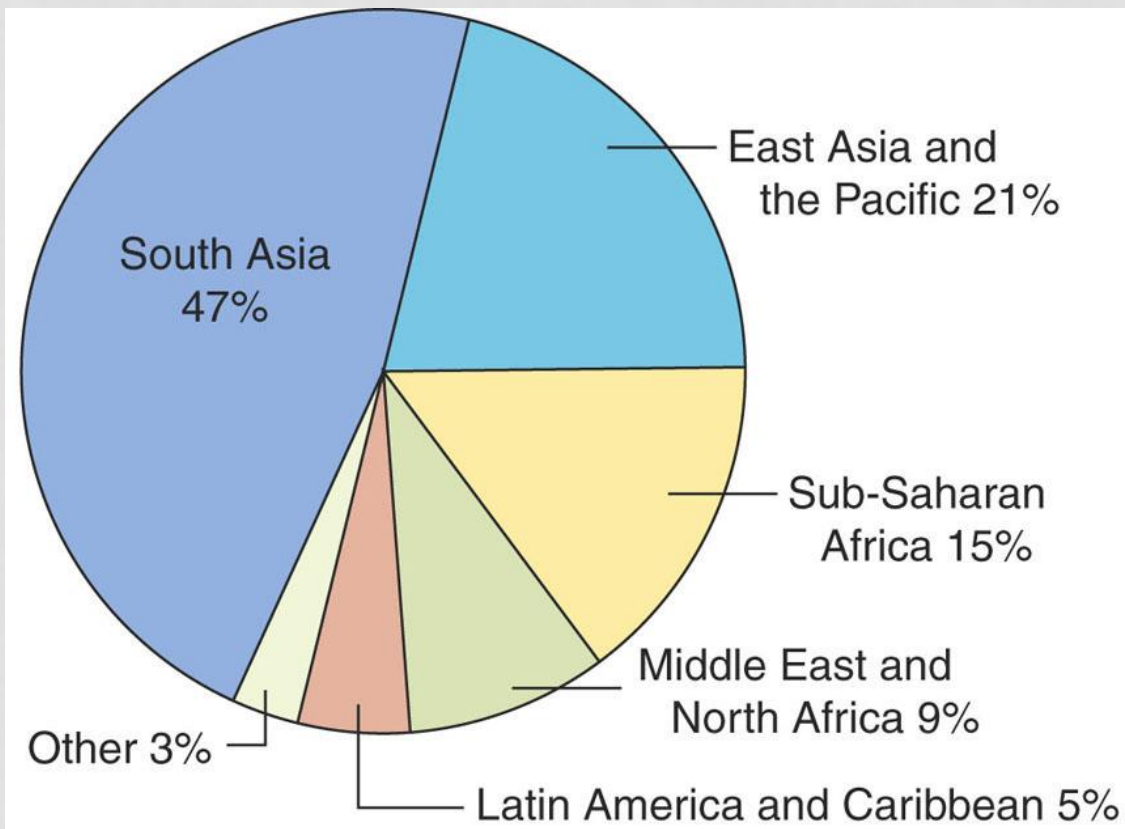
- **Absolute poverty;** would be measured by comparing personal or household income or expenses with the cost of buying a given quantity of goods and services.
- **Relative poverty;** exists when people may be able to afford basic necessities but are still unable to maintain an average standard of living.
- Subjective poverty would be measured by comparing the actual income against the income earner's expectations and perceptions.



# DIMENSIONS OF DEFINING LEVELS OF POVERTY

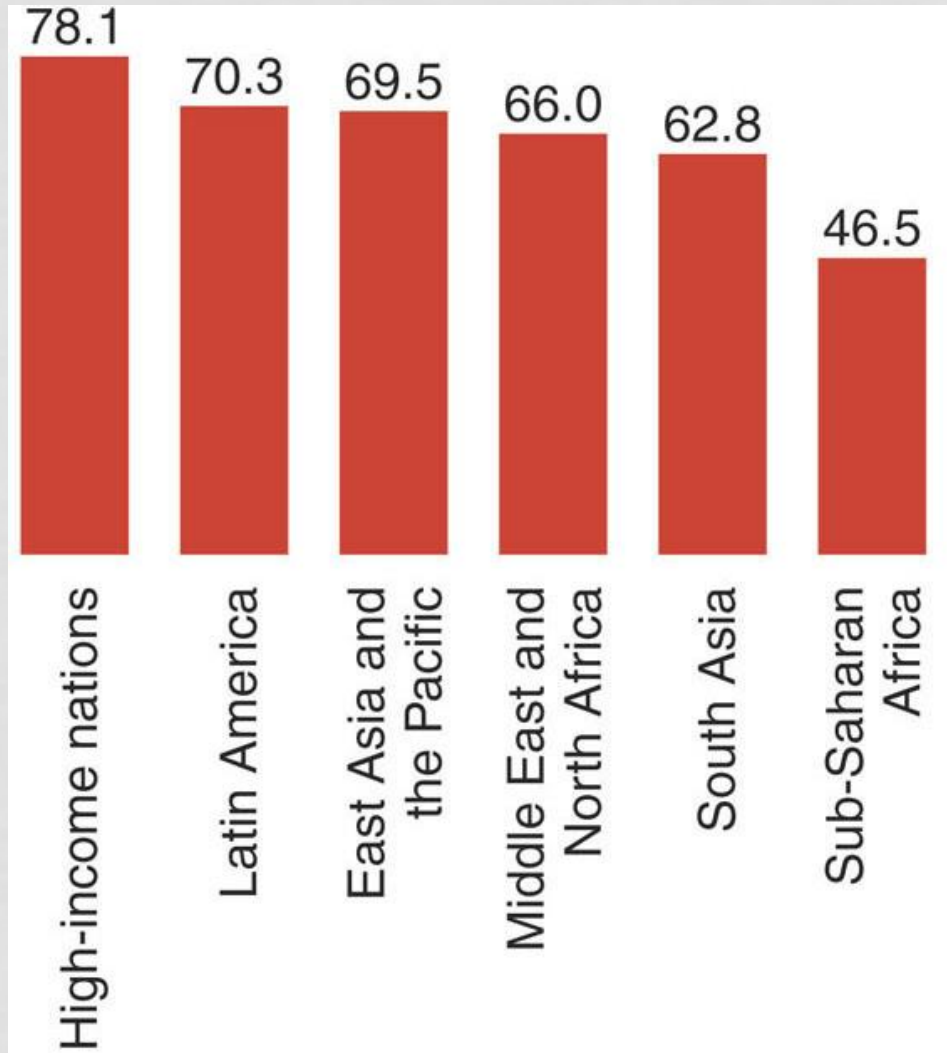
1. How many people are poor.
2. How far below the poverty line people's incomes fall.
3. How long they have been poor (is the poverty temporary or long term?).

# THE WORLD'S ILLITERATE POPULATION, AGE 15 AND OLDER BY REGION

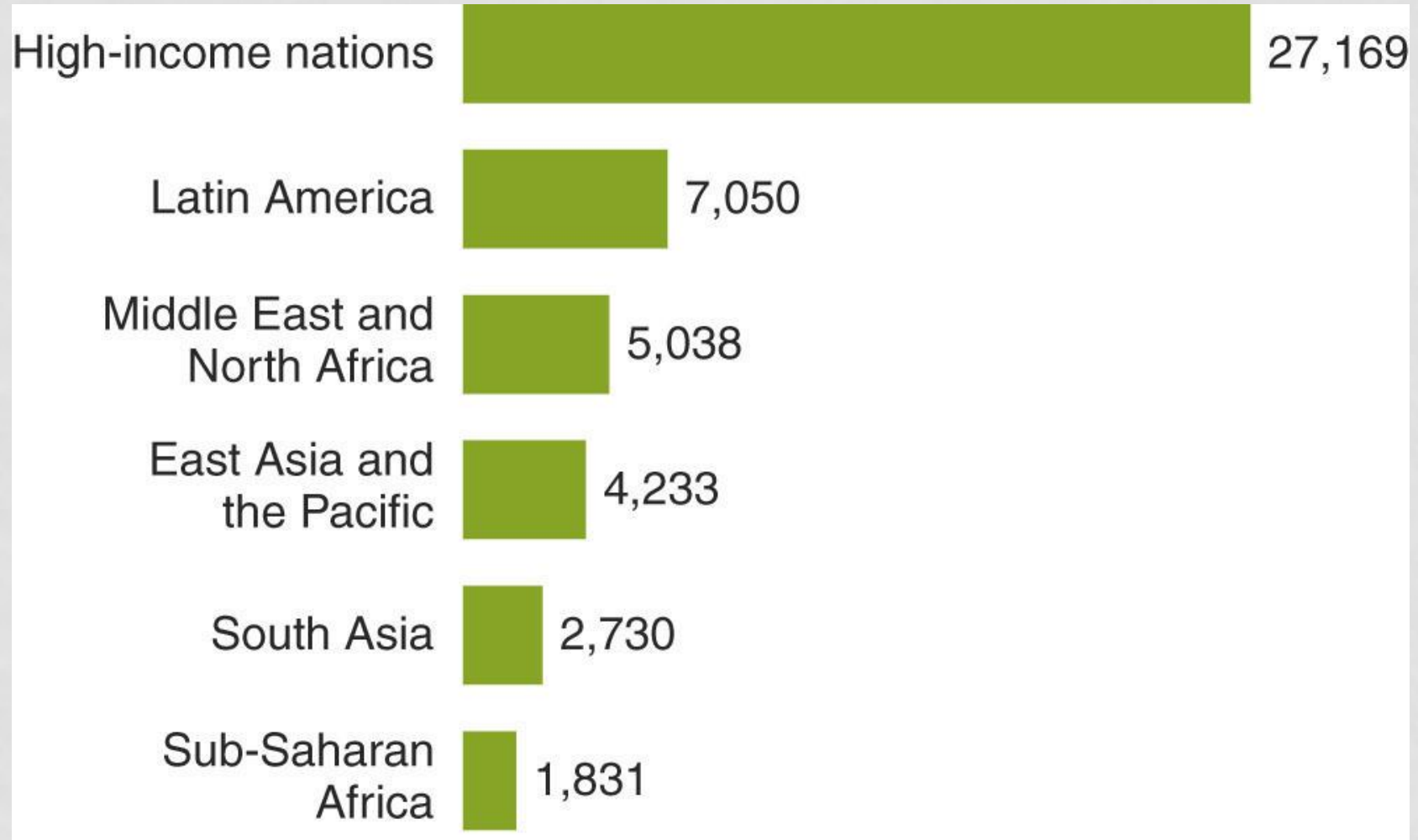


a. Distribution of the world's illiterate population, age fifteen and older, by region.

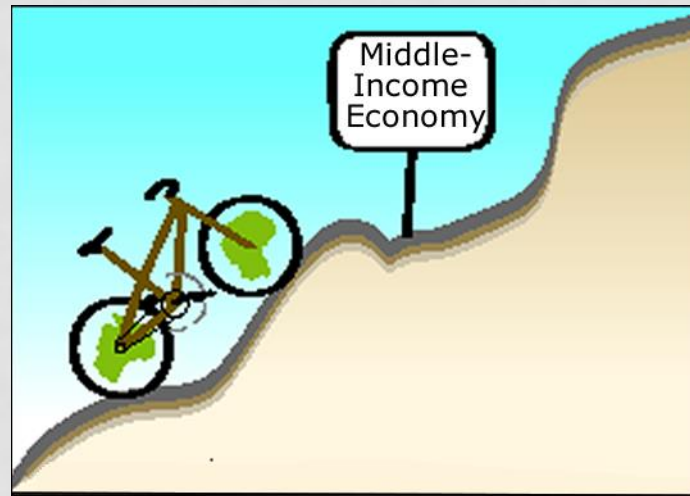
# LIFE EXPECTANCY IN YEARS FOR PERSONS BORN IN 2001



# PER CAPITA GROSS DOMESTIC PRODUCT IN U.S. DOLLARS



# MODERNIZATION THEORY



Low-income, less developed countries can move to middle- and high-income economies by achieving self-sustained economic growth.

# DEPENDENCY THEORY



Poor nations are trapped in a cycle of dependency on richer nations.

# WORLD SYSTEMS THEORY



How a country is incorporated into the global capitalist economy is the key feature in determining how economic development takes place in that nation.

# NEW INTERNATIONAL DIVISION OF LABOR THEORY



Commodity production is split into fragments, each of which can be moved to whichever part of the world can provide the best combination of capital and labor.