9 Global Stratification

Learning Objectives

9.1 Identify positions in global stratification.
9.2 Describe forms of global inequality.
9.3 Discuss the changing positions in the global stratification system.
9.4 Summarize theories of global stratification.
9.5 Explain how consumption is connected to global stratification.¹

¹Note: Paul Dean coauthored this chapter; his help is much appreciated.

edge.sagepub.com/ritzerintro5e
- Take the chapter quiz
- Review key terms with eFlashcards
- Explore multimedia links and SAGE readings

Copyright ©2020 by SAGE Publications, Inc. 
This work may not be reproduced or distributed in any form or by any means without express written permission of the publisher.
Something Is Right in Denmark

Hampus Elofsson has a low-skill service job at a Burger King in Copenhagen. At the end of his workweek, he makes sure his bills are paid, enjoys a night out with friends, and even sets aside some money for savings. He can afford to do this because he earns $20 per hour, the base salary for a fast-food worker in Denmark. As Elofsson notes, “You can make a decent living here working in fast food. You don’t have to struggle to get by.” However, his hourly wage is somewhat deceptive because the cost of living in Denmark is much higher than it is in the United States. This means that the $21-an-hour wage in Denmark equals about $12 an hour in the States. That is still more than the average hourly wage for fast-food workers in the United States, but the advantage to Danish workers is clearly much less than it first appears. That advantage all but disappears because of the higher income tax in Denmark.

However, where Danish fast-food workers really do better than their American counterparts is in benefits received. They enjoy five weeks of paid vacation each year, full health insurance (Denmark has universal health care), paid maternity and paternity leave, a pension plan, and overtime pay for working after 6:00 p.m. and on Sundays. These benefits contrast sharply with the benefits of fast-food workers in the United States. Anthony Moore is a shift manager at a Burger King in Tampa, Florida, where he earns $9.00 per hour. He works 35 hours per week, and his weekly take-home pay is about $300. While his daughters, ages two and five, qualify for Medicaid, he has no health insurance. He says he sometimes asks himself, Do I buy food or do I buy them clothes? His earnings are often not enough to pay his electricity and water bills. Moore’s situation is illustrative of other workers’ experiences in low-wage work in the United States, where workers do not earn enough money to meet basic living expenses, let alone to set aside any savings. One in five U.S. households with a family member working in fast food lives below the poverty line. Wages in the fast-food industry in the United States are so low that more than half of the industry’s workers rely on some sort of public assistance.

The reasons for such vast differences across countries are complex. One of the most important factors is that in contrast with workers in the United States, all fast-food workers in Denmark are represented by a union that bargains for their wages and benefits. The union agrees not to participate in strikes, demonstrations, and boycotts in exchange for higher wages and benefits. Companies like Burger King, McDonald’s, and other fast-food chains still earn a profit in Denmark, but their profits are not as high as they are in the United States.

Other laws and regulations in Denmark, such as universal health care, further help workers.

The inequality in the global fast-food industry described in the vignette pales in comparison to the broader levels of global inequalities. This chapter examines many of these inequalities, including how they originated and how they are changing. Building on Chapter 8, which focused on social stratification in the United States, we shift here to the global level to understand how wealth, income, status, and power are distributed unevenly throughout the world. As is clear in the theories of Immanuel Wallerstein (1974), nations of the world form a stratified system. At the top are those that tend to be better off economically, to wield great power in many parts of the world, and to be looked up to around the globe. Conversely, the nations at the bottom of the global stratification system are likely to be very poor, to have little power outside (and perhaps even inside) their borders, and to be looked down on by many throughout the world. Global stratification is a macro-level phenomenon that has profound effects at the micro level of individuals and their relationships and opportunities. As you read this chapter, you should consider how you fit into this global stratification structure. How have the circumstances of your birth, not only within your own country but also within the world, shaped your life chances?

Positions in Global Stratification

Stratification on the global level is often seen as a divide between those nation-states located in the Northern Hemisphere (more specifically, the north temperate climate zone), or the Global North, and those located in the tropics and Southern Hemisphere, or the Global South (Elizaga 2018; Milanovic 2018).

Global North and Global South

For centuries, the North has dominated, controlled, exploited, and oppressed the South. Today the North encompasses the nations that are the wealthiest and most powerful and have the highest status in the world, such as the United States, China, Germany, France, Great Britain, and Japan. The South, on the other hand, has a disproportionate number of nations that rank at or near the bottom in terms of global wealth, power, and prestige. Most of the nations of Africa and South America are included here, as well as others, especially in Asia, such as Yemen.

A society’s position in the global stratification system greatly affects the stratification within that society. A nation that stands at or near the top of the global stratification system, such as the United States, has a large proportion of
middle- and upper-class positions. In contrast, a low-ranking nation, like Somalia, is dominated by lower-class positions and the poverty associated with them. The problems associated with this stratification system have been recognized by institutions such as the International Monetary Fund, which distributes funds from countries in the Global North to those in the Global South.

While the terms **Global North** and **Global South** are widely used to describe positions within the global hierarchy, they do not always clearly relate to positions on the world map. For example, Australia is in the Southern Hemisphere but is clearly part of the Global North economically. Similarly, there are several very poor countries (e.g., Afghanistan) in the Northern Hemisphere that are economically part of the Global South. This is one of several reasons why some analysts prefer to differentiate countries in terms of average income per person.

**High-, Middle-, and Low-Income Countries**

The wide variation among and between countries is hidden when they are simply categorized as part of either the Global North or the Global South. For example, countries in the same category may have more or less inequality. The United States and France are generally placed in the same category (Global North, high income), but the United States has a greater percentage of people at the bottom of the stratification system living in poverty than France does. Similarly, Vietnam and Nigeria are in the same category (Global South, middle income), but Nigeria has a larger number of wealthy elites than does Vietnam. In other words, the level of income inequality within Nigeria is far greater than that in Vietnam. Argentina has a high standard of living compared with the immense poverty found

![Immanuel Wallerstein's world-systems theory focuses on the world as the unit of analysis, rather than discrete nations.](https://image.pollina.com/ImmanuelWallerstein.jpg)
in many African countries, such as Sudan. However, both countries are considered to be part of the Global South. The Global North–South dichotomy ignores many of the important economic (and political) differences between nations within each category, Global North or Global South. Furthermore, whatever a country’s category may be, immense economic inequalities exist between strata within the country, making daily life very different for the inhabitants at different levels.

A slightly more nuanced category system focuses on low-income, middle-income, and high-income economies (and their countries; see Figure 9.1; Ferrarini and Nelson 2016). As a general rule, low-income countries are concentrated in the Global South, while high-income countries are found in the Global North. Middle-income countries exist in both parts of the world, but a disproportionate number of them are in the Global South.

High-income economies exist in countries with the highest incomes in the world. Countries with gross national income (GNI) per capita of $12,056 are in this category (World Bank 2017a). Currently, 81 countries have GNI that high or higher. As a result, they occupy lofty positions in the global hierarchy. They include countries long considered part of the Global North (e.g., the United States, Canada, Japan, and those in western Europe). However, they also include countries traditionally thought of as part of the Global South, including Chile and Uruguay (South America), Equatorial Guinea (Central Africa), and Oman (Middle East). Some of these countries have been considered to have high-income economies since the Industrial Revolution, while others (e.g., Japan) have industrialized—and grown wealthy—more recently. Still other high-income countries are not yet highly industrialized but derive their income from natural resources, such as oil (e.g., Equatorial Guinea and Oman). The levels of wealth in the latter countries offer a standard of living unimaginable in many other parts of the world.

Middle-income economies are found in countries that have average levels of income on a global level. Countries are placed in this category if they have a GNI per capita between $996 and $12,055. This encompasses a significant range that begins at or near the bottom of per capita income, with the Kyrgyz Republic in central Asia (average GNI of $1,100 per capita) and includes Cabo (Cape) Verde and Sudan (Africa), Nicaragua (Central America), and Vietnam (Asia). Toward the top of this range are upper-middle-income countries including Argentina and Brazil (South America), Cuba (Central America), South Africa, and Thailand (Asia). The World Bank considers 103 countries to be in the middle-income category. Many countries in this range, such as China (and most of Asia), began industrializing relatively recently (the 1970s or later). Other middle-income countries were formerly communist countries. They were highly, albeit primitively, industrialized, but they declined industrially and economically after the collapse of the Soviet Union in the late 1980s.

Low-income economies are in countries that are home to many of the world’s poorest people, have very little of the world’s wealth, and are largely agrarian societies with low levels of industry. The World Bank counts 34 low-income countries with GNI per capita below $995. They include many of the countries in sub-Saharan Africa, Cambodia and North (Democratic Republic of) Korea (East Asia), Afghanistan and Nepal (Asia), and Haiti (Caribbean). As we will see later, scholars continue to debate the reasons why these countries remain poor. Compared with their counterparts in higher-income countries, people in these countries are much more likely to experience disease, hunger, and malnutrition and have a lower life expectancy. Increasingly, they are moving into densely populated cities in search of economic opportunities, only to find themselves in very crowded and unsafe living conditions. They constitute much of the “bottom billion,” to be examined further.

The Richest People in the World: The Global Concentration of Wealth

There is certainly great inequality between the North and the South, or between high-income and low-income countries, but focus on such relationships tends to obscure the full extent of global inequality. A recent report by the global charity Oxfam (2017) offers a stunning picture of the concentration of wealth in the world: As of 2017, the richest 1 percent of people in world owned 50 percent of the wealth. That left only exactly half—50 percent—for the other 99 percent of the world’s population. Furthermore, Oxfam has projected that the top 1 percent may soon have more wealth than everyone else in the world combined. Even more extreme, in 2017 42 individuals held as much wealth as the 3.7 billion people who make up the poorer half of the world’s population. Just eight billionaires (including Jeff Bezos, the richest man in the world) possessed the same amount of wealth as half of the world’s population (Elliott 2017).

The bottom line is that the level of global inequality is staggering and will only increase. This prompts the question: Can we (or at least those not in the top 1 percent) really accept living in such a world?

The Poorest People in the World: The Bottom Billion

Also worth considering is the broader category that includes the world’s poorest people—the “bottom billion” of global residents (Collier forthcoming; Murphy and Walsh 2014). The vast majority (70 percent) of the people in the bottom billion are in Africa, but countries such as Haiti, Bolivia, and Laos also have significant numbers of people who are part of the bottom billion.

Wherever they live, the bottom billion have incomes of only about a fifth of those in other countries in the Global South. They also have many other serious problems, such as these:
A low life expectancy of about 50 years (the average is 67 in other nations in the Global South)

A high infant mortality rate (14 percent of the bottom billion die before their fifth birthday, versus 4 percent in other countries in the Global South)

A higher likelihood of malnourishment (36 percent of the bottom billion show symptoms of malnutrition, as opposed to 20 percent in other countries in the Global South; Collier 2007)

The nations in which most of the bottom billion live rank at or near the bottom of the global stratification system. These countries are extremely poor (with low incomes), exert little or no power on the global stage, and have little prestige. In addition, many of their best-trained and most productive people are migrating to high-income countries in the Global North (Collier 2013). However, these nations still aspire to move up the global ladder.

Some of the bottom billion who live in middle-income countries, such as India and especially China, have had great success in recent decades in improving their positions in the global stratification system. By developing economically, many people within India and China have moved out of the bottom billion, although the pace of such upward movement has slowed in India. However, most nations at the bottom face huge, if not insurmountable, barriers to improving their positions, including frequent conflicts with neighbors, civil wars, and revolutions. They are also likely to have experienced one bad government after another. Some, like Somalia, Yemen, and Libya, are “failed states” that have virtually no national government and, as a result, have lost control of much or even all, of their own countries. Perhaps of greatest importance is the fact that the situation in such countries has grown worse in recent years, and there could now be far more than 1 billion people experiencing desperate poverty (Murphy and Walsh 2014). Many have fallen further behind not only the Global North but the others in the Global South as well.

### CHECKPOINT 9.1

#### Positions in Global Stratification

<table>
<thead>
<tr>
<th>LEVELS OF GLOBAL STRATIFICATION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global North and Global South</td>
<td>The Global North encompasses the wealthiest and most powerful nations. They dominate the South, which has little or no power.</td>
</tr>
<tr>
<td>High-, middle-, and low-income economies</td>
<td>High-income economies have a GNI per capita of $12,746 or more, middle-income economies have a GNI per capita between $1,045 and $12,745, and low-income economies have a GNI per capita below $1,045.</td>
</tr>
<tr>
<td>The richest people in the world</td>
<td>The richest 1 percent own 50 percent of the world’s wealth.</td>
</tr>
<tr>
<td>The bottom billion</td>
<td>The bottom billion have incomes one-fifth of those in the Global South.</td>
</tr>
</tbody>
</table>

### Other Global Inequalities

While related to economic inequality, the process of globalization is also characterized by numerous other inequalities, including unequal access to information and communication technologies (like the internet). Good health and quality health care are also unequally distributed. Relatedly, those residing in the Global South often suffer health problems from exposure to hazardous waste. Gender stratification is a huge problem at the global level, as women in the Global South frequently perform low-wage work in the informal economy. Some migrate and become domestic laborers in the Global North in what has been referred to as a *global care chain.*

### The Global Digital Divide

There were about 3.9 billion internet users worldwide at the end of 2018, and that number will certainly continue to grow (Statista 2019). At least theoretically, the internet allows for participation by anyone, anywhere in the global digital economy. However, in reality there is a daunting and persistent global digital divide (Pick and Sarkar 2015). According to a recent World Bank report, the percentages of individuals using the internet...
in 2017 remained very low in many low-income countries in the Global South, such as Madagascar (10 percent), Niger (10 percent), Togo (13 percent), and Cameroon (23 percent). Compare these figures with the Global North, the world’s most developed countries, where internet usage is usually above 80 percent. Figure 9.2 shows the difference in internet access between households in the developed world (Global North) and those in the developing world (Global South).

The main barrier to global equality in access to, and use of, the internet, and information and communications technology (ICT) more generally, has until now been the lack of infrastructure within the less developed countries of the Global South. However, as the infrastructure gap has been reduced in recent years, at least in some locales, a lack of computer skills and differences in usage have increasingly hampered those in the Global South. Also important are the low incomes in those areas that make complex digital technologies, and therefore access to the internet, prohibitively expensive (Wakefield 2013). Language represents another source of inequality on the internet.

**FIGURE 9.2**

Percentage of Households with Internet Access by Level of Development, 2002–2017

![Percentage of Households with Internet Access by Level of Development, 2002–2017](chart)

**FIGURE 9.3**

Most Frequently Used Languages for Internet Sites, 2017

<table>
<thead>
<tr>
<th>Language</th>
<th>Millions of Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>1,055,272,930</td>
</tr>
<tr>
<td>Chinese</td>
<td>804,634,814</td>
</tr>
<tr>
<td>Spanish</td>
<td>337,892,295</td>
</tr>
<tr>
<td>Arabic</td>
<td>219,041,264</td>
</tr>
<tr>
<td>Portuguese</td>
<td>169,157,589</td>
</tr>
<tr>
<td>Malaysian</td>
<td>168,755,091</td>
</tr>
<tr>
<td>French</td>
<td>134,088,952</td>
</tr>
<tr>
<td>Japanese</td>
<td>118,626,672</td>
</tr>
<tr>
<td>Russian</td>
<td>109,552,842</td>
</tr>
<tr>
<td>German</td>
<td>92,099,951</td>
</tr>
</tbody>
</table>

**Source:** ITU. 2016. “ICT Facts and Figures 2017.”

**Source:** Data from Internet World Stats, 2017.
Most websites are in English, and increasingly in Chinese, as well as eight other languages (see Figure 9.3); comparatively few sites are in the world’s other languages (Bowen 2001; EnglishEnglish.com, n.d.). Clearly, those who do not speak any of these 10 languages—the overwhelming majority of whom live in the Global South—are at a huge disadvantage on the internet. They may even find the internet completely inaccessible because of the language barrier. Those who are illiterate are even worse off in a world increasingly dominated by the internet.

However, there are signs that the global digital divide is being reduced. This was clear, for example, in the wide-scale use of social media in the 2010–2011 Arab Spring revolutions in Tunisia, Libya, and especially Egypt (see Chapters 1 and 18). The Islamic State (IS) also used social media to recruit supporters throughout the world. The United States struck back by using (of course) social media to monitor IS-associated accounts on Facebook and Twitter. Wary of U.S. surveillance, IS began using encrypted apps and the dark web to spread its propaganda and expand its recruitment efforts (McKay 2017).

The digital divide is beginning to be bridged by the rising accessibility of relatively simple and inexpensive smartphones, laptops, and tablets that are essentially mini-computers. Industry analysts indicate that mobile internet access is ramping up significantly faster than desktop internet access ever did.

An important reason for the rapid expansion of mobile access is that mobile devices are not only relatively inexpensive; they also do not require the expensive, hardwired infrastructure needed by traditional computers and computer systems. Cellular signals provide internet access at increasingly high speeds. Some nations have avoided having to build fixed phone line systems by moving straight to mobile phone technology. Figure 9.4 shows the level of mobile-broadband subscriptions based on level of development worldwide. More leapfrogging of the use of computers and traditional computer systems and the further adoption of smartphones instead promises to greatly reduce the global digital divide in a relatively short period. In the future, much of the Global South will also be able to leapfrog stages of other kinds of technological development that were required in the Global North. For example, some countries in the Global South (South Africa, Ghana, Kenya) have leapt straight to solar power rather than erecting huge power plants run by coal, oil, or nuclear energy (Amankwah-Amoah 2015). By adopting solar energy, these countries avoid the enormous infrastructure investments needed for diesel generators, transmission lines, distribution networks, and transformers. They can provide solar energy at a fraction of the cost of the energy produced by diesel generators.

**Global Health Inequality**

While globalization has been associated with increased aggregate life expectancy throughout the world, it also has tended to widen global disparities in life span and health (Lenard and Straehle 2014; Winchester et al. 2016; see also Chapter 16). For example, Johns, Cowling, and Gakidou (2013) found that the widening gap between the world’s rich and poor is continuing to increase differences in life expectancy. According to the World Health Organization (2016), the average life expectancy of newborns in high-income countries is at least 80 years. In contrast, newborns in sub-Saharan African counties will live less than 60 years on average. Economic inequality accounts for many of these health disparities.

Those in poor nations tend to have poorer health as a result of limited access to health services, education, sanitation, adequate nutrition, and housing. In turn, the poor health of residents tends to limit economic growth in those nations, mainly by adversely affecting productivity. The Global South has a disproportionate share of mortality and morbidity, much of which could be prevented inexpensively and treated effectively if the money were available to do so. The majority of the total burden of disease in the world occurs in the Global South. A total of 2.3 billion disability-adjusted life years (DALYS) were lost worldwide in 2016. Over 25 percent of these lost life years occurred in South Asia (591 million), and another 20 percent were in sub-Saharan Africa (500 million). In comparison, 112 million DALYS were lost in western Europe and 101 million in North America (Roser and Ritchie 2018). The improvements seen in the Global South tend to be in those countries (e.g., Brazil, Egypt, Malaysia) that are more deeply integrated in the global economy and have become, or are becoming, middle-income countries. However, for most of the rest, especially the low-income countries, globalization has brought with it a decline in economic growth, an increase in poverty, and, as a result, a decline in health.

Countries in the Global South also suffer disproportionately from hunger and malnutrition (Godecke, Stein, and Qaim 2018). Roughly 800 million people there are affected by these problems, and eight countries suffer from levels of hunger...
that are either “alarming” or “extremely alarming” (Global Hunger Index 2017). Recent political catastrophes have led to hunger crises in Syria, the Ukraine, Chad, Mali, the Central African Republic, South Sudan, and Yemen, among others. Environmental crises, such as droughts and hurricanes, are other major causes of people going hungry. Hunger involves inadequate or almost totally unavailable food supplies and a lack of assured and continual access to food, as well as poor and unbalanced diets. These problems are especially important for children, who are likely to die young from malnutrition. Poor nutrition causes nearly half of all child deaths in the world (UNICEF 2018). Furthermore, those children who survive even though their growth is stunted because of a lack of food are likely to be less physically and intellectually productive when they become adults and to suffer more chronic illnesses and disabilities. This pattern carries on intergenerationally, as the ability of such adults to provide adequate nutrition for their children is compromised.

Complicating matters is a dramatic increase in obesity among other segments of the poor in the Global South (Global Nutrition Report 2016; McNeil Jr. 2016). An estimated 41 million children under five years of age in the world today are overweight, an increase of 10 million from 1990. Those in the Global South are therefore now increasingly likely to suffer from a “double nutritional burden”—that is, some do not have enough to eat, and others eat too much, especially of the wrong kinds of foods (e.g., foods high in fat and cholesterol).

Finally, poor countries are less likely to provide adequate health care for their populations. Low-income countries tend to have fewer hospitals, less capacity for research on health and disease, and fewer (or no) people covered by medical insurance programs. These problems can be addressed through economic growth when national governments prioritize spending on health care. For example, China started to invest heavily in health care over a decade ago and now provides universal basic health care to 95 percent of its population (Hsiao, Li, and Zhang 2017).

Differences among countries in health care were especially apparent during the outbreak of Ebola from 2013 to 2015. Ebola hemorrhagic fever is a deadly viral disease, killing 50 percent to 90 percent of those who contract it. It is not spread by casual contact but rather through direct contact with the blood, body fluids, and tissues of those infected with the disease. It can also occur through the handling of chimpanzees with the disease or those that have died from it. The outbreak, the largest in history, began in several West African countries (mostly in Guinea, Liberia, and Sierra Leone) in 2014. In the end, 28,600 people were infected by the Ebola virus and 11,300 died from it (Penko 2016). The figures on Ebola cases and deaths included more than 300 medical workers who died in West Africa (Fink 2014).

Outbreaks of Ebola continue. In mid-2018 to mid-2019 there were outbreaks of the disease in the Democratic Republic of the Congo. While this outbreak was considered serious, the World Health Organization concluded that it was not yet an international health emergency (Cumming-Bruce and McNeil Jr. 2018).

There have been efforts to find a vaccine (Gladstone 2016a), but as of early 2019 only an experimental vaccine is in (limited) use. Questions remain about whether it is effective and safe enough to receive approval and to no longer be deemed experimental. Practicing basic hygiene—such as routine handwashing and avoiding contact with blood and bodily fluids—is still the best hope of dealing with the spread of the disease, at least in the short run.

Much in the news in recent years has been the mosquito-borne Zika outbreak in South America. The disease causes babies still in the womb to suffer from microcephaly and to be born with abnormally small heads. Microcephaly causes many mental problems and a variety of other health problems as children mature. Many will die prematurely. While Zika has abated in some areas, it continues to show up in other parts of the world (e.g., Angola and India).

New diseases continue to appear. For example, the Nipah virus, naturally found in fruit bats, was first identified in 1998. An outbreak among humans occurred in India in 2018 killing almost all of its initial victims. Like all viruses, it has the potential to become an epidemic (Baumgaertner 2018).

The differences across countries in the experiences of people infected with Zika and Ebola reveal how global stratification shapes health inequalities. Guinea, Liberia, and Sierra Leone are all low-income countries with weak health care systems. Compared with high-income countries, they have fewer trained doctors (many doctors who are sufficiently trained are enticed to work in high-income countries, where they can earn higher salaries), fewer resources to expend on fighting an outbreak, and far fewer people covered by health care.
care systems. As such, these countries are more prone to outbreaks, and individuals in them are more likely to die when outbreaks occur. To make matters worse for these members of the “bottom billion,” these types of outbreaks involve a self-perpetuating cycle. Margaret Chan, former director-general of the World Health Organization, warned that the Ebola outbreak could have delivered a “potentially catastrophic blow” to the economies of the countries involved (Gettleman 2014; O’Grady 2014). While it was predicted that all affected countries would be devastated by the Ebola outbreak, it negatively affected three African countries (Guinea, Liberia, and Sierra Leone). Initial evidence was that the economies of these countries were, in fact, badly hurt (Nossiter 2014). This is because money that could be used elsewhere (such as on new industries) is instead spent fighting the disease. In addition, the labor force is negatively affected by deaths, illness, and fear of contracting the disease. Borders are sealed, often unnecessarily, hurting cross-border commerce.

It is worth noting that a society’s wealth does not always correspond to health coverage or better health outcomes. For example, the United States spends the most in the world on health care, but it ranks significantly lower than other high-income countries on a number of public health indicators. Compared with their counterparts in other high-income countries, Americans tend to live shorter lives, are more likely to experience violent deaths, are more likely to be obese, and have higher rates of many diseases. Unlike the residents of all other countries in the Global North, many Americans (particularly those with low incomes) do not have health coverage.

Twenty million more Americans gained health care coverage with the implementation of the Affordable Care Act (also known as Obamacare). The percentage of those uninsured dropped from over 15 percent in 2010 to 9 percent in 2017 (Sanger-Katz 2018). Although the Trump administration has promised to replace the plan with something new (and “better”), that plan has yet to materialize. The number of those uninsured is likely to rise if the Trump administration succeeds in its promise to rescind the Affordable Care Act. Despite efforts to limit it, the Affordable Care Act remains largely effective, at least as of mid-2019.

The United States is also one of the most economically unequal among high-income countries. Research shows that the greater the economic inequality in a country, the lower the health of its overall population (Pickett and Wilkinson 2011). With a highly inefficient private health insurance system, Americans pay more money for lower-quality health care.

Global Waste and the Churequeros

The flows and uses of waste, or garbage, are also indicative of global stratification. For example, all parts of the world produce garbage that is dangerous, at least potentially. Examples of concern here include electronic waste, or e-waste, such as discarded television sets, computers, printers, and cell phones. However, the highly developed countries of the Global North, with their higher rates of consumption, produce a disproportionate amount of such waste. Once products have outlived their usefulness (or even long before that) and are disposed of as waste, those in high-income countries want no more to do with them. They seek to send much of this waste to low-income countries, which, for their part, are anxious to receive the garbage because it can be transformed into work, jobs, and profits. Very often the waste unloaded on these countries includes valuable components and elements (gold, silver, copper) that are difficult and time-consuming to extract. From the perspective of global corporations and governments, the poorly paid workers of low-income countries are ideal for this unskilled work. Few in high-income countries want to do this work, especially for the pay that those in low-income countries receive.

Some individuals and families in the Global South exist in situations so dire that they actually live and work in garbage dumps. In Managua, the capital of Nicaragua, there is one official garbage dump that receives 1,200 tons of garbage daily (another 300 tons of garbage each day end up in drainage ditches and in hundreds of illegal garbage dumps around the city; Hartmann 2013). The official dump is not filled with garbage from wealthier countries; rather, it is a municipal dump, fueled by urbanization and the spread of “global throwaway culture.” Known as La Chureca, the dump covers 116 acres and is home to more than 250 families, who live near or literally on top of the garbage. Another 1,500 men, women, and children come to La Chureca daily to pick through its garbage. The churequeros (trash pickers) look through the garbage in search of recyclables they can sell, as well as discarded food, clothing, and other goods for their personal consumption. This form of extreme poverty obviously exposes the churequeros to a variety of health risks. To make matters worse, the dump was not subject to any regulations in high-income countries want to do this work, especially for the pay that those in low-income countries receive.

Global Waste and the Churequeros

Gender Stratification

Globally, individuals face barriers in employment, occupations, and wealth based on gender.

Inequality in Employment, Occupations, and Wealth

While men’s labor force participation rates worldwide have decreased slightly over the last several decades, a notable increase has occurred in women’s labor force participation, particularly in the Americas and western Europe. There are significant variations within and across regions, but women’s labor force participation has also risen substantially in sub-Saharan Africa, North Africa, eastern Europe, Southeast Asia, and East Asia over this period (Elborgh-Woytek et al.
While the progress in women's employment status is linked at least in part to gender equality movements, the key factor in this change is the better integration of an increasing number of areas into the world economy through trade and production. Nevertheless, in no part of the world are women as involved as men are in the labor force (see Figure 9.5). In some areas—South Asia, the Middle East, and North Africa—women's labor force participation is markedly lower than that of men.

In much of the Global North, educated middle-class women have made inroads into professional (law, banking, accounting, computing, and architecture) and managerial employment. In the global paid labor market, women predominate as service and clerical workers and in elementary occupations, such as agriculture and manufacturing. They are likely to work as teachers and university professors, as nurses and doctors in public hospitals, and as workers and administrators in government offices. Women have also made inroads in professional services (Cohn 2017).

However, according to the World Bank, women earn less and participate in the labor force less than men do. Globally, Gallup polling finds that men are twice as likely as women to have full-time jobs. The wage gap found in the United States is also a global phenomenon, and the gap is especially large in the Middle East and North Africa. Mothers' wages are lower than fathers' in many countries (Misra and Strader 2013). The historical belief persists that fathers are supporting entire families (and thus need a higher wage), while mothers are not. Despite the gains made by women, high-pay and high-status occupations continue to be dominated by men in both the Global North and the Global South. Even in countries like the United States and those in western Europe, men still have easier access to, and therefore hold a much larger percentage of, professional and managerial jobs.

**Women and Informal Employment**

At the same time that some women are finding success in the paid labor force, others are being limited by the nature of their arrangements with employers. Women are more likely than men to have informal jobs (Limoncelli 2016). Informal employment, which has increased in many countries, includes temporary work without fixed employers, paid employment from home, domestic work for households, and industrial work for subcontractors. Informal sectors are characterized by low pay and a lack of secure contracts, worker benefits, and social protections. Workers in the informal economy do not have wage agreements, employment contracts, regular working hours, or health insurance or unemployment benefits (Rogan et al. 2017). They often earn below the legal minimum wage and may not be paid on time. Many formal jobs have been replaced by informal ones as lower labor and production costs have increasingly become the major organizing factor in global production.

While greater informal employment characterizes the entire labor force globally, women and men are concentrated in different types of informal work (Vanek et al. 2014). Men are concentrated mainly in informal wage-based jobs and agricultural employment, while women are typically concentrated in nonagricultural employment, domestic work, and unpaid work in family enterprises. Compared with men's informal employment, women's employment is much more likely to have lower hourly wages and less stability. To reduce labor costs, most multinational corporations...
E-waste

Many people who use smartphones, tablets, and computers are unaware of the toxic heavy metals these electronic devices contain, such as mercury, lead, and cadmium. Most are also ignorant of what happens to their electronic devices when they discard them. The problems associated with the disposal of these technologies occur at an increasing rate as new technologies appear with increasing frequency and older ones are more rapidly deemed obsolete (Ahmed 2016). As prices decline, repair is less likely than replacement with newer versions. Also pushing consumers in the direction of purchasing newer models are manufacturers less likely to support older models.

Electronic waste, or e-waste, is a growing global problem in the digital age with long-term environmental consequences. The Basel Convention prohibits affluent, developed countries from exporting their hazardous waste, including e-waste, to poorer, developing ones for disposal. However, it does not prevent the exportation of hazardous waste for the purposes of recycling or repair, which is how most e-waste eventually ends up in developing countries (Pickren 2015). The town of Guiyu, China, became an e-waste haven. Many of its residents are involved with recycling e-waste that is hazardous to their health and to the environment. Burning circuit boards creates air pollution that affects workers’ lungs and eyes, as does the mercury released into the atmosphere when flat-screen televisions are disassembled. Lead and cadmium pollute Guiyu’s soil and water, which in turn contaminate local water sources and food supplies (Watson 2013). As the Global South leapfrogs into the digital age, it has to deal with not only hazardous e-waste imported from the Global North but also the e-waste of its own residents.

There are many ways in which we can try to solve the problem of e-waste. Manufacturers can use fewer or no toxic chemicals in the electronic devices they produce. In addition, they can participate in extended producer responsibility programs that require them to properly dispose of or recycle all electronic goods they produce. Consumers can avoid upgrading to new models so frequently. Governments in developed countries can do a better job of tracking and monitoring e-waste, so that it does not end up creating more e-waste havens in poorer countries. The United States in particular needs to better regulate e-waste. Not only has the United States failed to ratify the Basel Convention; it has no federal laws on recycling e-waste.

Engaging the Digital World

Find out what happens to the e-waste generated at your university or college. If your school has an e-waste program, with whom does it have a contract to collect its e-waste? Where does this e-waste go? Is there a designated place where you can drop off your used laptop, tablet, or smartphone to be collected? If there is one, have you used it, or will you use it? Why or why not?

Establish subcontracting networks with local manufacturers employing low-paid workers, mostly women, who can be laid off quickly and easily. In these production networks, women are more likely to work in small workshops or from home. Many women accept the lower wages and less formal working arrangements of home-based work in order to be able to continue to carry out household responsibilities.

The differences in wealth between men and women are much more extreme than the differences in labor force participation, occupations, or incomes. According to the United Nations Development Programme (2014), men own 99 percent of the world’s wealth, while women hold only 1 percent. This provides men with a huge advantage in economic power. Because women own comparatively little property and other wealth, and because they are much more likely than men to be employed in irregular jobs, they also have a more difficult time obtaining loans. Nearly 75 percent of women in the world cannot get a bank loan.

Women in Global Care Chains

Another form of global gender inequality occurs within families through caregiving work. As men and women from low-income countries migrate to find better-paying jobs, women especially find employment in domestic work. Arlie Hochschild (2000) argues that the migration of domestic workers creates global care chains that involve a series of personal relationships between people across the globe based on the paid or unpaid work of caring (Razavi 2017; Yeates 2012). Care includes social, health, and sexual care.

Kimberly Kay Hoang

Vanished women's care labor, both paid and unpaid. Thus, instead of care chains, it might be better to think of this

services, usually involving menial tasks such as cooking, cleaning, and ironing. In global care chains, women supply their own care labor to their employers while consuming other women's care labor, both paid and unpaid. Thus, instead of care chains, it might be better to think of this

Western expatriate businessmen patronized establishments that catered to their insecurities due to their decline in status relative to Asian businessmen. Hoang found that Western budget tourists were most likely to visit hostess bars to purchase sex directly, affirming the power and masculinity abroad that they had lost at home.

Sex workers in the all the different types of hostess bars performed a variety of duties for their clients. Paid sex was not a job requirement for any of them. Most women earned money from tips they received for pouring drinks, playing drinking games, singing karaoke, dancing, or just talking with their clients. Some hostesses, especially those who catered to Western expatriate clients, tried to develop long-term relationships with their clients as a way of securing a steady source of income. This was often accomplished by making a man believe that a particular hostess was his exclusive “girlfriend” whom he had “won” in a competition with other men, confirming his masculinity. Hostesses who targeted Western budget tourists often played the role of a “third-world” victim who needed money to make these men feel like economic providers. Though the sex workers in Hoang’s study had to conform to sexualized stereotypes about their bodies and behaviors, they earned more income, possessed more autonomy, and experienced better working conditions than did their counterparts in factories. As Hoang demonstrates, the global stratification of the contemporary sex industry is quite complex, with “multiple niche markets” that “cater to global and local men… for business and leisure” (2015, 39).

edge.sagepub.com/ritzerintro8e

- Watch Hoang participate on a panel about sex workers at a conference titled “From Prosecution to Empowerment: Fighting Trafficking and Promoting the Rights of Migrants.”
- Watch Toni Mac, a sex worker and activist, discuss different legal models used to legislate sex work around the world in her TED Talk, “The Laws That Sex Workers Really Want.”

of Asia and the subsequent economic decline of Western countries after the 2008 recession, which created a new global hierarchy of men. The wealth, status, and power of men from the Global North began to decrease during this time but increased for Asian men. While most of the women in Hoang’s study were from poor rural or urban families, the men occupied different class and status positions that helped determine what type of hostess bars they patronized and their relationships with sex workers. She found that local Vietnamese and other Asian men frequented exclusive hostess bars to broker business deals and display their power to other men. Vietnamese men who lived abroad (Viet Kieu) and visited their homeland may have used hostess bars to engage in conspicuous consumption and differentiate themselves from Western men. In contrast,

Though not often recognized, the labor of female sex workers is a critical segment of the global economy. Kimberly Hoang spent five years working in different types of hostess bars in Ho Chi Minh City to better understand the relationships between female sex workers, their male clients, and global capital. She situated her study in the context of the economic rise of Asia and the subsequent economic decline of Western men from the global North who began to decrease during this time but increased for Asian men. While most of the women in Hoang’s study were from poor rural or urban families, the men occupied different class and status positions that helped determine what type of hostess bars they patronized and their relationships with sex workers. She found that local Vietnamese and other Asian men frequented exclusive hostess bars to broker business deals and display their power to other men. Vietnamese men who lived abroad (Viet Kieu) and visited their homeland may have used hostess bars to engage in conspicuous consumption and differentiate themselves from Western men. In contrast, Western expatriate businessmen patronized establishments that catered to their insecurities due to their decline in status relative to Asian businessmen. Hoang found that Western budget tourists were most likely to visit hostess bars to purchase sex directly, affirming the power and masculinity abroad that they had lost at home.

Sex workers in the all the different types of hostess bars performed a variety of duties for their clients. Paid sex was not a job requirement for any of them. Most women earned money from tips they received for pouring drinks, playing drinking games, singing karaoke, dancing, or just talking with their clients. Some hostesses, especially those who catered to Western expatriate clients, tried to develop long-term relationships with their clients as a way of securing a steady source of income. This was often accomplished by making a man believe that a particular hostess was his exclusive “girlfriend” whom he had “won” in a competition with other men, confirming his masculinity. Hostesses who targeted Western budget tourists often played the role of a “third-world” victim who needed money to make these men feel like economic providers. Though the sex workers in Hoang’s study had to conform to sexualized stereotypes about their bodies and behaviors, they earned more income, possessed more autonomy, and experienced better working conditions than did their counterparts in factories. As Hoang demonstrates, the global stratification of the contemporary sex industry is quite complex, with “multiple niche markets” that “cater to global and local men… for business and leisure” (2015, 39).

edge.sagepub.com/ritzerintro8e

- Watch Hoang participate on a panel about sex workers at a conference titled “From Prosecution to Empowerment: Fighting Trafficking and Promoting the Rights of Migrants.”
- Watch Toni Mac, a sex worker and activist, discuss different legal models used to legislate sex work around the world in her TED Talk, “The Laws That Sex Workers Really Want.”

of Asia and the subsequent economic decline of Western countries after the 2008 recession, which created a new global hierarchy of men. The wealth, status, and power of men from the Global North began to decrease during this time but increased for Asian men. While most of the women in Hoang’s study were from poor rural or urban families, the men occupied different class and status positions that helped determine what type of hostess bars they patronized and their relationships with sex workers. She found that local Vietnamese and other Asian men frequented exclusive hostess bars to broker business deals and display their power to other men. Vietnamese men who lived abroad (Viet Kieu) and visited their homeland may have used hostess bars to engage in conspicuous consumption and differentiate themselves from Western men. In contrast,

Though not often recognized, the labor of female sex workers is a critical segment of the global economy. Kimberly Hoang spent five years working in different types of hostess bars in Ho Chi Minh City to better understand the relationships between female sex workers, their male clients, and global capital. She situated her study in the context of the economic rise of Asia and the subsequent economic decline of Western men from the global North who began to decrease during this time but increased for Asian men. While most of the women in Hoang’s study were from poor rural or urban families, the men occupied different class and status positions that helped determine what type of hostess bars they patronized and their relationships with sex workers. She found that local Vietnamese and other Asian men frequented exclusive hostess bars to broker business deals and display their power to other men. Vietnamese men who lived abroad (Viet Kieu) and visited their homeland may have used hostess bars to engage in conspicuous consumption and differentiate themselves from Western men. In contrast, Western expatriate businessmen patronized establishments that catered to their insecurities due to their decline in status relative to Asian businessmen. Hoang found that Western budget tourists were most likely to visit hostess bars to purchase sex directly, affirming the power and masculinity abroad that they had lost at home.

Sex workers in the all the different types of hostess bars performed a variety of duties for their clients. Paid sex was not a job requirement for any of them. Most women earned money from tips they received for pouring drinks, playing drinking games, singing karaoke, dancing, or just talking with their clients. Some hostesses, especially those who catered to Western expatriate clients, tried to develop long-term relationships with their clients as a way of securing a steady source of income. This was often accomplished by making a man believe that a particular hostess was his exclusive “girlfriend” whom he had “won” in a competition with other men, confirming his masculinity. Hostesses who targeted Western budget tourists often played the role of a “third-world” victim who needed money to make these men feel like economic providers. Though the sex workers in Hoang’s study had to conform to sexualized stereotypes about their bodies and behaviors, they earned more income, possessed more autonomy, and experienced better working conditions than did their counterparts in factories. As Hoang demonstrates, the global stratification of the contemporary sex industry is quite complex, with “multiple niche markets” that “cater to global and local men… for business and leisure” (2015, 39).

edge.sagepub.com/ritzerintro8e

- Watch Hoang participate on a panel about sex workers at a conference titled “From Prosecution to Empowerment: Fighting Trafficking and Promoting the Rights of Migrants.”
- Watch Toni Mac, a sex worker and activist, discuss different legal models used to legislate sex work around the world in her TED Talk, “The Laws That Sex Workers Really Want.”
high-income country, her young children may be cared for by an older daughter or by a nanny who migrated from a middle- or low-income country. On one end of the chain is a woman in the North pursuing professional employment and finding herself unable to fulfill her duties within the family. On the other end is a domestic worker’s oldest daughter taking over her mother’s familial duties. With the increasing use of the internet, mothers (aka “Skype mothers”) can play a more active role in their families back home, but such a form of motherhood obviously has great limitations.

Referred to also as the international transfer of caretaking, the global nanny chain, and the racial division of reproductive labor, the transfer of reproductive labor (which may include gestational surrogacy, or the use of surrogate mothers) from women in high-income countries to those in low-income countries points to a paradoxical situation in women’s empowerment through participation in the labor force. While women in the North are able to undertake careers, they tend to pass their household duties and reproductive labor on to low-wage immigrant workers. Rather than pushing for a redistribution of household responsibilities among family members, women as employers maintain the gender division of labor by transferring the most devalued work to disadvantaged women. As a result, the worth of reproductive labor by transferring the most devalued work to disadvantaged women. As a result, the worth of reproductive labor (and of women) declines even further (Parreñas 2001). In this sense, women’s labor force participation does not necessarily result in a change in traditional gender roles but rather in the greater exploitation of immigrant women by middle- and upper-class women.

The provision of reproductive labor by migrant domestic workers is not new. It has been obtained by class-privileged women for centuries. However, the flow of reproductive labor has increased due to globalization and the growth of the global economy. There is a substantial and increasing demand for migrant domestic workers in the North, and the bulk of the supply comes from the South.

CHECKPOINT 9.2

Global Economic Inequalities

<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global digital divide</td>
<td>Inequality resulting from the comparative lack of access to the internet in the Global South</td>
</tr>
<tr>
<td>Global health inequalities</td>
<td>Inequalities in life expectancy, disease, nutrition, and health care between the Global North and Global South</td>
</tr>
<tr>
<td>Global gender stratification</td>
<td>The systematic advantages in wealth, occupations, employment, and income conferred on men around the world, relative to women</td>
</tr>
<tr>
<td>Global care chains</td>
<td>Personal relationships between people across the globe based on the paid or unpaid work of caring</td>
</tr>
</tbody>
</table>

Changing Positions in Global Stratification

Despite the several forms of global inequality discussed previously, it is possible for countries to develop economically and change their positions within the global stratification system. This section examines the risky strategy of a race to the bottom in offering cheap labor, the importance of industrial upgrading, and the controversial use of foreign aid as a means of development.

Race to the Bottom

Those countries that rank low in the global stratification system often have to engage in a so-called economic race to the bottom in order to have a chance of eventually moving up the global hierarchy. The basic method is to offer lower prices than the competition does—usually other low-ranking countries. Such nations may lower prices by reducing costs, which they do by offering their citizens lower wages, poorer working conditions, longer hours, ever-escalating pressure and demands, and so on. An especially desperate nation will go further than the others to reduce wages and worsen working conditions in order to lower costs and attract the interest and investments of multinational corporations. However, the “winning” low-income nation remains a favorite of the multinationals only until it is undercut by another low-ranking country eager for jobs. In other words, the countries that get the work are those that “win” the race to the bottom. These, of course, are almost always questionable victories, because the work is poorly paid and subjects workers to horrid circumstances.

A similar point is made by Pietra Rivoli (2015) in her study of the global market for T-shirts. If one takes the long historical view, the nations that won the race to the bottom centuries ago are now among the most successful economies in the world. In textiles, the race to the bottom was won first by England, then the United States, then Japan, then Hong Kong. The most recent winner of this race was China, which now is moving up industrially and economically. If anything, the race to the bottom has sped up in recent years as a result of such changes as the rise of the rapid turnover in fashion, or “fast fashion,” as found in global chains such as Zara and H&M (Rivoli 2015).

ASK YOURSELF

What could the Global North do to reduce other countries’ need to engage in the race to the bottom? Why have such efforts so far been few and generally ineffective? How would slowing or even ending the race to the bottom affect the trend toward consumerism in the countries of the Global North?
Domestic Workers in Kuwait

Despite efforts by organizations like the Human Rights Watch, sponsor of the event seen here, laws to protect domestic workers from exploitation in Kuwait have been slow in coming. Why? Because oil usually commands a high price on the global market, Kuwait, a small Persian Gulf nation-state with vast oil reserves, is exceptionally wealthy. Kuwait’s wealth conveys many advantages to its citizens, who enjoy state-funded education, health care, and retirement income, as well as virtually guaranteed employment, usually in the oil industry or investment banking. Wealth allows Kuwaitis to hire domestic workers, mostly women, from many relatively poor countries, including the Philippines, Sri Lanka, Nepal, and Indonesia (Fahim 2010). Attracted to Kuwait by higher wages than they could earn elsewhere, these workers can send large sums home, but power relationships between them and their employers are starkly unequal (Fernandez 2010).

Rivoli generalizes examples from the global textile industry to argue that nations must win the race to the bottom to succeed. Victory in this race is, in her view, the “ignition switch” that turns the economy on and gets it rolling. Thus, she concludes, those who criticize globalization are misguided in their efforts to end this race.

Rivoli’s view seems to endorse the race to the bottom for all countries interested in development. However, we must take note of the fact that the race initially leads them deeper into poverty, at least for a time. It also greatly disadvantages the wealthy North, which is guaranteed a continuing source of low-priced goods and services as one country replaces another at the bottom. Winning the race to the bottom is no guarantee of moving up the global stratification system, but it is a guarantee of low wages and poverty in developing countries in the South and of cheap goods for the middle and upper classes in the North.

In actuality, winning the race to the bottom might mean that a country remains at or near the bottom. For example, some countries compete in the world economy by focusing on agricultural exports and employing cheap, local labor to plant and harvest crops. As countries battle with one another by paying workers less money, they make their agricultural goods cheaper on the global market. But if these export sectors do not eventually transition to other types of goods and services, with higher wages, the countries might never lift themselves off the bottom.

While some workers are treated well, a large number have complained of sexual and/or physical abuse, unpaid wages, and withholding of their passports. One maid said she was allowed to sleep only two hours per night and finally left when asked to wash windows at 3:00 a.m. A Sri Lankan maid escaped what she claimed had been 13 years of imprisonment, without pay, by her Kuwaiti employer. A Filipina maid was reported to have been tortured and killed by her employers, who tried to make her death appear to be an accident. When one Filipina domestic worker sought help because she was being abused by the family she worked for, her employers threw her out a third-floor window, breaking her back. Many domestic workers have fled to their home countries’ embassies for protection, sleeping there on their luggage or on the floor in crowded rooms.

Globalization is drawing large numbers of poor people far from home in the hope of finding work; some are trafficked illegally. In many places, including the United States, such immigrants have few, if any, rights and are subject to a wide range of abuses. Existing at the bottom of often very highly stratified societies without rights, representation, or resources, they are often powerless.

Think About It

What accounts for the huge disparity in power between wealthy employers and the immigrants who work as their household help? Why do agencies that try to help these employees tend to focus on individual cases and not on the wider problem of power inequality? Would addressing power issues be more effective in the long run? Why or why not?

Industrial Upgrading

In focusing on the losers in the race to the bottom, we must not ignore evidence of improvement in middle-income countries and their industries (Bair and Gereffi 2013; Gereffi 2012). At least some of the countries that enter the global economic market at or near the bottom begin to move up over time by becoming more competitive economically. Industrial upgrading generally takes place as nations,
firms, and even workers take on progressively more complex and higher-value production activities (Gereffi 2005). Industrial upgrading often occurs in four stages:

1. **Assembly.** For example, incorporating electronic components from high-income countries into a smartphone in a process that has been designed by the client and will be sold elsewhere under the client’s brand name.

2. **Original equipment manufacturing.** For example, designing and producing televisions to the client’s specifications and under the client’s brand for distribution by the client.

3. **Original brand-name manufacturing.** For example, designing and selling automobiles under one’s own brand name.

4. **Original design manufacturing.** For example, designing and producing high-end audio equipment, which is simply purchased and resold by the client.

Some variations in this process occur, depending on the nation and industry in question; apparel, electronics, and fresh vegetables all have different processes. However, movement up this hierarchy tends to occur in those nations undergoing industrial upgrading. For example, the early success of industry in China was based on the country’s victory in the race to the bottom, but the Chinese have now moved away from low-end production (such as T-shirt manufacturing) and toward the production of higher-value products (such as original brand-name automobiles and LED lighting [Butollo and Ten Brink 2017]) with higher pay and better working conditions for many Chinese workers.

Another example of industrial upgrading is to be found in Mexico, especially in its maquiladora manufacturing operations (Bair and Gereffi 2013; Gereffi 2005). Maquiladoras are companies located in Mexico but owned by foreign firms. The first-generation maquiladoras were labor-intensive, employed limited technologies, and assembled finished products for export—apparel, for example—using components imported from the United States. Second-generation maquiladoras became more oriented toward manufacturing processes, using automated and semiautomated machines and robots rather than human labor. They were more likely than their predecessors to be centered in the automobile, television, and electrical appliance industries. Third-generation maquiladoras, now supplanting second-generation operations, do more research, design, and development and depend more on highly skilled labor, such as engineers and skilled technicians. One major example, located largely in Tijuana, are high-tech manufacturers of medical devices such as defibrillators and orthopedic devices (Varney 2017). Maquiladoras have gone from relying on inexpensive labor to being competitive based on their productivity and high quality, although the wages of maquiladora workers are still far below those of U.S. workers. The technicians at medical device manufacturers in Tijuana earn about $14 an hour, over $10 less an hour than their peers in the United States.

While the maquiladoras may have advanced, a lot of workers have not kept pace with this development. Many of the maquiladoras employ women, who are seen as more docile and agile than men are. Such factory work has provided women with new economic opportunities, but it has also opened them up to new possibilities of exploitation and violence. In the 1990s and 2000s, researchers and journalists began to draw attention to the “maquiladora murders” (Arriola 2006–2007; Pantaleo 2010) in Ciudad Juárez, a Mexican city directly across the border from El Paso, Texas. While the numbers are debated, conservative estimates are that 300 to 400 women working in maquiladoras disappeared, with many of their bodies turning up in the desert (Arriola 2006–2007). The conditions within the maquiladoras themselves also present health hazards. Filmmakers Vicky Funari and Sergio de la Torre highlight these conditions in their documentary film *Maquilapolis* (2005). The film follows a group of women who work in a maquiladora in Tijuana, Mexico, who organize to protest unsafe working conditions, such as exposure to toxic chemicals and the practice of toxic dumping in their poor neighborhoods. As they push for change in their lives, the globalization of labor begins moving production away from Mexico. In the end, the workers are unsure whether they will still have jobs or the maquiladoras will cross the seas to China in search of cheaper labor. The process of industrial upgrading within a nation is always threatened to some extent by the race to the bottom, but if industry can skillfully move up the hierarchy to more complex and highly valued forms of manufacturing, it can reduce the sting.

**Foreign Aid and Development**

Another way in which global economic inequality can be addressed is through the use of foreign aid to improve a poor country’s position within the world economy: **Foreign aid** is defined as economic assistance given by countries or global institutions to a foreign country in order to promote its development and social welfare. In the form that we now know it, foreign aid began following the economic devastation of World War II with the United States’ Marshall Plan to help struggling European economies. Foreign aid has continued to expand since that time, totaling $142.6 billion in 2016, according to the Organisation for Economic Cooperation and Development (OECD 2017).

The OECD, which sets standards for official development assistance (ODA), states that aid may take the form of grants or subsidized loans and must promote development and welfare. This can include funding or other resources for education, health, debt relief, social or economic infrastructure, humanitarian assistance, or other development projects. To qualify as “aid,” loans must be given with interest rates at least 25 percent below market rates. Most aid is bilateral, or given directly from one country to another. Aid can also be multilateral, where resources of many donors are pooled through a third party like the World Bank, which then

---

2 Miranda Ames made significant contributions to this section.
The Organisation for Economic Co-operation and Development (OECD) plays an important role in the global economy. This includes overseeing foreign aid to countries in need of economic help for such things as humanitarian assistance and infrastructure improvement.

**FIGURE 9.6**

Aid Outflows in Billions of Dollars and as a Percentage of Gross National Income, 2017

The Organisation for Economic Co-operation and Development distributes the aid. This ideally cuts bureaucratic costs and reduces political motivations for giving. The 34 members of the OECD, which include the United States, western European countries, Canada, Japan, Australia, South Korea, and New Zealand, provide the majority of foreign aid. Other providers of significant aid are Brazil, China, India, Kuwait, Qatar, Saudi Arabia, Taiwan, Turkey, and the United Arab Emirates (Williams 2014). The United States is by far the largest donor in terms of dollars, giving more than $35 billion in foreign aid in 2017 alone. However, when measured as a percentage of gross national income, the United States gives only 0.2 percent, which is considerably short of the target of 0.7 percent set by the United Nations (see Figure 9.6). The countries that typically give the most in foreign aid as a percentage of GNI include several Nordic countries (Norway, Denmark, Finland, and Sweden), Luxembourg, the...
United Kingdom, and the Netherlands. They tend to meet or surpass the 0.7 percent target. However, in 2017, the United Arab Emirates gave 1.31 percent of GNI as foreign aid (not shown in Figure 9.6), the highest percentage of any country. The average percentage of GNI donated is 0.3 percent (OECD 2017).

The aim of all this aid is to generate economic growth and domestic savings in recipient countries, but efforts have achieved varying levels of success. Some of the top receivers of aid (in terms of both raw dollars and percentage of GNI), such as Afghanistan, continue to experience significant economic and political turmoil despite long histories of receiving aid.

An examination of studies on who receives aid and how much they receive reveals several important trends. Disproportionate amounts of aid go to countries with smaller populations when analyzed on a per capita basis, primarily because smaller countries show more noticeable changes as a result of aid than do extremely populous countries like India. Additionally, countries that have colonial histories and that align themselves politically with major donor countries receive more aid than countries that do not. These characteristics are much better indicators of how much aid a country will receive than are levels of poverty or democratization or economic openness (Alesina and Dollar 2000).

There are many criticisms of foreign aid, focusing on issues such as its questionable effectiveness, the political agendas of donors and recipients, and the adverse effects it can have on the countries seeking assistance. Donors often seek to promote the economic growth of nations to enhance their own economic interests, preserve access to natural resources, and benefit their political positions. One example of this is the correlation between countries serving as members of the United Nations Security Council and those receiving increased IMF funding (Dreher, Sturm, and Vreeland 2009). Foreign aid is also frequently tied to very specific stipulations about how countries may spend it. Donor countries often provide aid for specific purposes, some of the most common of which are education, transportation and communications infrastructure, and the development of government and civil society institutions. Issues can arise concerning such stipulations when the intentions of the donor country are not in line with those of the receiving country. Causes of this can be anything from miscommunication to blatant corruption, and the end result can be the misuse or misdirection of billions of dollars. While the purposes stipulated by donor countries may seem beneficial, these requirements add levels of bureaucracy, time, and other additional costs to aid-funded development projects (Easterly 2015). Finally, any military or military logistical assistance provided to foreign nations cannot be counted toward ODA, but this does not preclude countries that receive foreign aid from using the aid to free up and redirect their own funds toward the military. In short, it can be argued that while foreign funds are being used for development purposes, there is still the potential for military budgets to increase as an indirect result, thereby fueling further conflicts.

While foreign aid has the potential to address dramatic global inequality, it has long been and will likely continue to be contentious. First, the ability of some countries to give foreign aid clearly reflects existing inequality. Second, the aid can reinforce existing inequalities as well as global power structures.

### CHECKPOINT 9.3

#### Changing Positions in the Global Economy

<table>
<thead>
<tr>
<th>CONCEPT</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race to the bottom</td>
<td>Poor nations compete to decrease wages and working conditions to reduce costs and attract multinational corporations.</td>
</tr>
<tr>
<td>Industrial upgrading</td>
<td>Nations, firms, and workers take on progressively more complex and higher-value production activities.</td>
</tr>
<tr>
<td>Foreign aid and development</td>
<td>A country or global institution gives economic assistance to a foreign country to promote development and social welfare.</td>
</tr>
</tbody>
</table>

#### Theories of Global Stratification

As noted in Chapter 8, the dominant theoretical approaches to social stratification are structural/functional theory and conflict/critical theory. Not only are these the most common theoretical approaches; they are also hotly debated among scholars and practitioners.

### Structural/Functional Theories

A dominant structural/functional theory of global stratification is modernization theory, which explains unequal economic distributions based on the structural (especially technological) and cultural differences between countries. The focus on structure and culture makes it clear that modernization theory is a variant of structural/functional theory. According to this theory, the development of certain structures (especially technologies) and cultural realities (values, norms) is essential for societies to modernize (Jacobsen 2015).

One of the thinkers best known for articulating and promoting modernization theory is Walt Rostow (1960, 1978), an economic theorist who served as an adviser to President John F. Kennedy. In his theory of modernization, which had a major influence on U.S. foreign policy during the Cold War, Rostow argued that low-income countries must abandon their traditional values and ways of life in order to improve their economic standards of living. He saw countries as progressing through four stages in a linear path on their way to economic development.

1. **Traditional stage.** People in traditional societies have lived their lives in the same way for many generations and know only the lives of their ancestors.
Such societies are characterized by hardship and a lack of material comfort, conditions they accept as inherent and inevitable features of life. With traditional values, people are encouraged to follow the paths of others in their families and communities. This acceptance of one’s position in life, along with a cultural focus on family and community, does not give people the incentive to work harder, save money, and acquire more material goods. Before the industrial era, this stage characterized much of the world; it can still be found today in the poorest countries and in regions within middle-income countries (e.g., China and India). From the perspective of modernization theorists, the poverty of these areas is a result of the cultural flaws of the people themselves.

2. **Takeoff stage.** When people in poor countries begin to abandon their traditional values, they think more ambitiously about the future. They start to save and invest, trading with others to acquire profit, and new markets are developed for these exchanges. This stage is marked by greater individualism and a growing desire for material goods, with less emphasis placed on family and community. This kind of economic growth occurred in Great Britain by the end of the 1700s, quickly followed by the United States around 1820. Some countries currently in the takeoff stage might include Malaysia, Peru, and Belize. Advocates of this approach would encourage further modernization in these countries by approving foreign aid to develop infrastructure, promoting advanced technology to develop new industries, and recommending communications systems that would help stimulate consumer culture.

3. **Drive to technological maturity.** A country in this stage continues to experience economic growth with the development of more advanced industries, higher levels of investment, increasing urbanization, and higher standards of living. Institutions and societal values become more oriented toward production and consumption, with individualism trumping traditional values and norms. As people demand more material comforts and gain more education, they continue to promote economic advancement. The United States reached technological maturity around the mid-1800s, and countries such as Mexico, Brazil, and the Czech Republic are currently reaching this stage.

4. **High mass consumption.** For Rostow, a country is fully modernized when large numbers of its people are able to enjoy the high standard of living associated with mass consumption and brought about by economic growth. In the mass consumption stage, people come to expect the everyday conveniences, and even luxuries, of consumer society. Absolute poverty falls significantly as people have more material comforts. However, societal values largely move away from family and community. Much of western Europe, Great Britain, and the United States achieved this stage by 1900.

Among the critics of modernization theory are those associated with dependency theory (a variant of conflict-critical theory, discussed in the following section). They see modernization as having a negative economic effect on less developed countries, making them, among many other things, more dependent on developed countries. However, some have argued that modernization theory (and dependency theory) focuses too narrowly on economic production. Edward Tiryakian contends, “It seems patent that ‘modernization’ in the world today means more than upgrading the conditions of economic production, although it means that also. It also means upgrading the conditions of the life space of individuals and collectivities which have been circumscribed by political arrangements of the state that are viewed as ‘illegitimate’” (1991, 172). Putting forth a theory of neomodernization, Tiryakian argues that technological and cultural differences between countries are important for explaining both economic and social development. He notes that economic modernization can come at a high cost to forms of political and social life. A thriving civic culture, in which people can meaningfully participate in political processes, is also important for a country to be considered modern. The emphasis on cultural values, therefore, extended beyond ideas such as individualism and competition to include democratization. Corruption and clientelism (where, for example, politicians pay for votes), which can minimize trust in government functioning and democratic participation, are inconsistent with views of modernization—even if they are coupled with the drive toward mass consumption.

It is possible to think about China today through the lens of neomodernization. As noted previously, China has varying levels of economic modernization, ranging from traditional values maintained in many villages to increasing levels of technological advancement and consumption in its urban centers. On the whole, however, it is clearly far along, if not well ahead of other countries, including the United States, on the path toward economic modernization. However, the political arrangements that have brought about this modernizing process have relied on the silencing of political dissent, close monitoring of the internet, and the systematic denial of human rights. A narrow focus on economic modernization ignores such dramatic social and political costs.

### Conflict/Critical Theories

At the global level, several conflict/critical theories have implications for the study of stratification. These theories tend to focus on a relationship of dependency (see the previous discussion) between wealthy countries and their transnational corporations that exploit poor countries.
Colonialism, Imperialism, and Postcolonialism

Theories of colonialism deal with the various methods employed by one country to gain control, sometimes through territorial conquest, of another country or geographic area. Colonialism generally involves settlers as well as formal mechanisms of control over a country’s colonies (Williams and Chrisman 1994). The colonial power often creates an administrative apparatus to run a colony’s internal affairs. Once the stronger country is in power, it then seeks to exercise political, economic, cultural, and territorial control over that area. Of course, the main point is to exploit the weaker area for the stronger country’s benefit. In some cases—most famously in the case of the British Empire—many areas of the world have been colonized by one country (see Figure 9.7).

While the era of traditional forms of colonialism, as well as their early giants (such as Great Britain), are long gone, colonialism has today taken new forms with a new leader—China (Bradsher 2019; Millward 2018). The heart of that new form lies in what China calls “One Belt, One Road.” The model for this is the ancient Silk Road. The new Silk Road, currently being created, involves a series of developments, especially in infrastructure, that will increasingly connect China with Central Asia, Pakistan, and the Middle East. Much of the funding will come from China, giving it power over a great swathe of Asia and the Middle East. In addition, China is building ports in several Asian countries, and even new islands, in the South China Sea. While China will not be administering or running most of these areas, it will exercise power over them in a variety of ways, especially economically. Along the same lines, China opened a $20 billion 34-mile sea bridge in late 2018 connecting it to Macau and the semiautonomous Hong Kong. China is seeking to exert increasing control over Hong Kong, and this bridge will help in that.

Imperialism involves control without the creation of colonies, the associated settlers, or the formal methods of control. Imperialism is defined more by economic control and exploitation, while colonialism is more about political control. Of course, the two are often combined. The British were both imperialists and colonialists.

Today few, if any, colonies remain, the result being that we can now think in terms of postcolonialism (Bhamra 2007; G. Steinmetz 2014). Clearly, the term implies the era in a once-colonized area after the colonizing power has departed. However, postcolonial thinking and work are often already well underway before the colonizing power departs. The most notable work on postcolonialism is Edward Said’s Orientalism ([1979] 1994), which deals with this problem in the context of negative stereotypes developed in the West about those who live in the East.

World-systems theory focuses on the current stratification system by viewing the world as a single economic entity (Wallerstein 1974). It envisions a world divided mainly between the core and the periphery. The core includes the wealthiest industrialized countries, such as western European countries, the United States, Australia, and Japan. The nation-states associated with the periphery are dependent on, and exploited by, the core nation-states. The periphery includes most of Africa and parts of Asia (Indonesia, Vietnam, Afghanistan), the Middle East (Iran, Syria), and South America (Peru, Bolivia). There are also a number of states in the middle, the semiperiphery, including much of eastern Europe, Thailand, India, China, South Africa, Brazil, and Argentina.

The current world system has its roots in the early process of colonization. Wealthy European countries searched the globe for natural resources and slave labor. They set up colonies throughout Africa, Southeast Asia, South America, and other places in order to keep resources and labor flowing back to the wealthy core countries. For example, as a British colony, India sent much of its natural resources and food to England. When droughts hit India in the late 1800s, millions of Indians died because the majority of the food produced in India was being redirected from its own people to Britain as the colonizing power (Davis 2002). In other colonized countries around the world, gold, timber, and other natural resources were extracted from colonized countries (i.e., the periphery) for the benefit of the colonizers (i.e., the core).

More recently, the core has been able to benefit from the periphery in other ways. Core nation-states have helped keep the countries of the periphery focused on narrow export-oriented economies rather than on developing their industrial capacity. The race to the bottom discussed previously benefits the core by providing the periphery’s cheap labor and helps keep profits flowing back to the core. The core can also make loans to peripheral countries, but because of the power imbalance, the core can dictate the terms of the loans. Currently, poor countries owe the United States and other core countries trillions of dollars, leaving them in a weak economic position relative to the core.

World-systems theory argues that because of this relationship between the core and periphery, we cannot understand an individual nation’s wealth today by simply understanding how much wealth or what level of income the country might have. Instead, we can understand a nation’s position in the world system only by examining its current relationship to other countries. Of course, countries in the core, periphery, and semiperiphery can shift positions over time. At one time, Great Britain was the dominant core nation-state in the world, but by the time of World War II, it had been replaced by the United States. Today, the United States is slipping, and China, at one time a peripheral country, shows every sign of moving to the core.

**World-Systems Theory**

**World-systems theory** focuses on the current stratification system by viewing the world as a single economic entity (Wallerstein 1974). It envisions a world divided mainly between the core and the periphery. The core includes the wealthiest industrialized countries, such as western European countries, the United States, Australia, and Japan. The nation-states associated with the periphery are dependent on, and exploited by, the core nation-states. The periphery includes most of Africa and parts of Asia (Indonesia, Vietnam, Afghanistan), the Middle East (Iran, Syria), and South America (Peru, Bolivia). There are also a number of states in the middle, the semiperiphery, including much of eastern Europe, Thailand, India, China, South Africa, Brazil, and Argentina.

The current world system has its roots in the early process of colonization. Wealthy European countries searched the globe for natural resources and slave labor. They set up colonies throughout Africa, Southeast Asia, South America, and other places in order to keep resources and labor flowing back to the wealthy core countries. For example, as a British colony, India sent much of its natural resources and food to England. When droughts hit India in the late 1800s, millions of Indians died because the majority of the food produced in India was being redirected from its own people to Britain as the colonizing power (Davis 2002). In other colonized countries around the world, gold, timber, and other natural resources were extracted from colonized countries (i.e., the periphery) for the benefit of the colonizers (i.e., the core).

More recently, the core has been able to benefit from the periphery in other ways. Core nation-states have helped keep the countries of the periphery focused on narrow export-oriented economies rather than on developing their industrial capacity. The race to the bottom discussed previously benefits the core by providing the periphery’s cheap labor and helps keep profits flowing back to the core. The core can also make loans to peripheral countries, but because of the power imbalance, the core can dictate the terms of the loans. Currently, poor countries owe the United States and other core countries trillions of dollars, leaving them in a weak economic position relative to the core.

World-systems theory argues that because of this relationship between the core and periphery, we cannot understand an individual nation’s wealth today by simply understanding how much wealth or what level of income the country might have. Instead, we can understand a nation’s position in the world system only by examining its current relationship to other countries. Of course, countries in the core, periphery, and semiperiphery can shift positions over time. At one time, Great Britain was the dominant core nation-state in the world, but by the time of World War II, it had been replaced by the United States. Today, the United States is slipping, and China, at one time a peripheral country, shows every sign of moving to the core.

---

**CHECKPOINT 9.4**

**Theories of Global Stratification**

<table>
<thead>
<tr>
<th>TYPE OF THEORY</th>
<th>MAIN HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural/functional theories</td>
<td>Technological and cultural factors explain countries’ varying levels of economic and social development.</td>
</tr>
<tr>
<td>Conflict theories</td>
<td>Wealthy countries and transnational corporations exploit poor countries and make poor countries dependent on them.</td>
</tr>
</tbody>
</table>

**Consumption and Global Stratification**

Consumption is especially interesting from the perspective of global stratification. As discussed next, consumption can simultaneously reflect, reinforce, and be used to address global stratification.
Global Consumer Culture and Inequality

This chapter has highlighted the inequalities in wealth, occupations, and income that permit varying levels of consumption. One way to think about these different levels of consumption is to consider how they enable different standards of living. For example, proponents of modernization theory argue that a society is fully modernized when its people can enjoy the fruits of their labor by enjoying mass consumption. In other words, having a spacious house, air-conditioning, a car for every family member, a smartphone and tablet, a flat-screen TV, and other consumer items can make life more comfortable and enjoyable. To the degree that there are global inequalities in consumption, there are inequalities in the levels of comfort in people’s lives. But there is another way to think about how mass consumption relates to inequality.

In Chapter 4, we discussed the rise of consumer culture, in which core ideas and material objects relate to consumption and consumption is a primary source of meaning in life. We noted there that consumer culture is becoming increasingly globalized, with previous production-oriented cultures (e.g., China) focusing more and more on consumption. Some conflict/critical theorists argue that this rise of mass consumerism, and consumer culture itself, helps reinforce existing inequalities.

As usual, McDonald’s, as well as the fast-food industry in general, offers wonderful examples of the globalization of consumer culture. McDonald’s offers types of food in many parts of the world that, while highly McDonaldized (see Chapter 1), are adapted to local tastes, as the examples in Table 9.1 illustrate.

Horkheimer and Adorno ([1944] 1997) argued that all people, especially those experiencing poor economic conditions, are seduced into passivity through consumption. As a result of corporate branding and advertising, people are seduced into wanting all sorts of consumer items. For example, through the marketing efforts of Apple (the most profitable brand in the world), we have come to interpret iPhones, Mac computers, iPads, and Apple’s other lines of consumer electronics, such as Apple Watches, as hip, cool, and unique. People intensely desire these consumer items for themselves and come to feel that they cannot be cool or happy without them. When a new iPhone is released, consumers wait in long lines just to be among the first to get one. Or, to quote Tyler Durden (played by Brad Pitt) in the popular film Fight Club, “The things you own end up owning you.”

This phenomenon relates to global stratification through the spread of consumer culture. Leslie Sklair’s theory of globalization focuses on the “culture-ideology of consumerism,” the goal of which is to “persuade people to consume not simply to satisfy their biological and other modest needs but in response to artificially created desires in order to perpetuate the accumulation of capital for private profit” (2002, 62). This consumer culture promotes consumption as a value and constructs both the desire for it and the means to achieve it. As a result of globalization, people around the world have had this particular type of culture imposed on them. It is facilitated by information and communication technologies, which have proliferated through the spread of the internet, computers, and smartphones. Beginning at very early ages, people are bombarded with images and other messages that create new wants and encourage the pursuit of such wants.

This emphasis on consumption draws people’s attention away from the dramatic inequalities documented in this chapter, such as in wealth, income, and health. Rather than becoming dismayed at the injustice of such inequalities, people are seduced into focusing on the types of consumer products on which these systems rely. Instead of acting to change the economic system, they buy into it by consuming more and more goods. However, each consumer item provides satisfaction for only a short time. The need to keep up constantly with the most recent iPhone or other consumer gadget keeps people working harder and harder to consume more and more. From this perspective, this continuous desire helps corporations and their wealthy home countries by maintaining steady flows of profits, but it does not actually make people any happier, and it does not address the inequalities in the system of stratification itself. Low-income countries that become more oriented toward consumer culture are likely to dig themselves further into debt and grow ever more reliant on large corporations and wealthy countries for steady streams of money and consumer goods.

### Table 9.1

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>MENU ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Black Burger (so named because the buns are dyed with squid ink)</td>
</tr>
<tr>
<td>Korea</td>
<td>Shrimp Burger</td>
</tr>
<tr>
<td>Canada</td>
<td>Poutine (french fries with brown gravy and cheese curds)</td>
</tr>
<tr>
<td>Mexico</td>
<td>McMoleslettes (English muffins with refried beans, salsa, and cheese)</td>
</tr>
<tr>
<td>India</td>
<td>McAloo Tikki Burger (a bun with a pea-and-potato patty)</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Georgie Pie (one version includes Steak Mince ‘N’ Cheese)</td>
</tr>
<tr>
<td>Philippines</td>
<td>Chicken (fried leg) McDo with Rice</td>
</tr>
<tr>
<td>Italy</td>
<td>Pizzarotto (dough filled with cheese and marinara sauce)</td>
</tr>
<tr>
<td>France</td>
<td>Le M Burger (burger served on a ciabatta roll baked in a stone oven)</td>
</tr>
</tbody>
</table>


Copyright ©2020 by SAGE Publications, Inc. This work may not be reproduced or distributed in any form or by any means without express written permission of the publisher.
Fair Trade

The concept of fair trade offers a different way of approaching consumption and global stratification (Brown 2013; Moberg 2015; Reynolds and Bennett 2015). Fair trade is an alternative way of organizing highly unequal global trade, with the aim of mitigating global inequalities. The fair trade system links consumers in the Global North to producers in the Global South, so that consumers know where their products come from and under what conditions they were produced. Fair trade producers are given better prices for their products, with the goal of addressing the income and power imbalance between producer and consumer countries. Fair trade is meant to reduce global economic inequalities by helping empower workers and alleviate poverty in the Global South.

One of the most common products in the fair trade system is coffee, and it offers a good example of how the system works. Coffee is one of the world’s most important primary products. Much of the world’s coffee is produced by small-scale farmers in the Global South. Producing coffee is very labor-intensive, and it offers low financial return. In the global market, conventional (i.e., non–fair trade) coffee is subject to fluctuations in pricing on the global market. Prices dropped as low as $0.43 per pound in 2001 and rose as high as $3.40 in 1977 (in late 2018, farmers were paid an average of $1.17 per pound). When prices fluctuate so unpredictably and can drop so low, many farmers cannot earn enough money from their coffee to sustain themselves. In other words, farmers’ costs of production can exceed the price they are paid for their coffee. In these instances, farmers are likely to experience extreme poverty, hunger, and malnutrition; they may not be able to send their children to school and can lose their farms and livelihood, increasing local unemployment.

The fair trade system seeks to address these hardships in several ways. First, it guarantees farmers a minimum price for their coffee, rather than allowing the price to be subject to the whims of the global market. In 2016, farmers in the fair trade system were paid a minimum of $1.40 per pound for coffee (or $1.70 per pound if it was also certified organic). Unlike coffee growers in conventional markets, fair trade farmers are also given advance payments for their coffee—they do not have to wait for payment until an entire crop is harvested. This helps farmers by giving them a steady stream of income to feed their families and cover other basic personal and business expenses. Fair trade coffee farmers are also required to be part of a cooperative, and wholesale buyers of fair trade coffee make additional payments of $0.20 to $0.30 per pound to the cooperative for use in the community. This premium is often used to build schools, establish community health centers, and improve farming techniques.

To participate in the fair trade system, farmers must meet a set of conditions regarding their production practices that are meant to empower workers and improve environmental sustainability. Participants must be small-scale farmers who own their own farms and are organized into self-governing cooperatives with democratic decision-making procedures. They must meet certain working conditions and cannot employ child labor. They are required to follow protocols regarding the use of fertilizers, pesticides, and other farming practices to promote environmental sustainability. In addition to needing to meet quality standards, farmers who sell fair trade coffee are regularly monitored to ensure they meet these social and environmental standards.

When consumers in the Global North (e.g., the United States, Canada, England, or Australia) buy fair trade coffee, they tend to pay a little more than they would for other coffee, for moral or ethical reasons (Brown 2013). Given their position within the global stratification structure, Global North consumers use their higher incomes to pay a fair price and to address at least some of the economic injustices inherent in the global system. In the case of coffee, these premiums go back to the 30 countries where fair trade coffee is produced, with the majority of fair trade coffee coming from Colombia, Brazil, Peru, Nicaragua, and Costa Rica.

The first fair trade product (coffee) appeared on the market in 1988. While coffee remains the most important fair trade commodity (accounting for 25 percent of all retail sales), fair trade has expanded tremendously. Other food products include bananas, cocoa, dried fruit, fresh fruit and vegetables, honey, juices, nuts, oil, quinoa, and vegetables.
Global stratification refers to the hierarchical differences and inequalities among countries and individuals across the world. This stratification is evident in the oppression of the Global South by the Global North; the differences among high-, middle-, and low-income countries; and the differences between the richest and poorest people in the world.

Global economic inequalities take many forms. For example, a large and persistent global digital divide limits the ability of some people in less developed countries from accessing and using the internet. Differences in wealth also lead to global health inequalities, including vastly different life expectancies, levels of nutrition, and disease rates. Though gender stratification exists throughout the world, it is more pronounced in some countries. Typically, men have greater access to high-pay and high-status occupations and wealth, while women are more likely to be found in low-skill jobs that offer less pay and status.

While global inequalities are highly persistent, it is possible for countries to develop economically and to change their positions within the global stratification system. Some scholars argue that poor countries can compete to offer the lowest wages possible in order to attract further development or focus on industrial upgrading. Foreign aid may also be offered to countries to encourage development and to improve social welfare. Although such aid is at least at times in the self-interest of the giving nation.

The dominant structural/functional theory of global stratification is modernization theory, which argues that technological and cultural factors explain countries’ varying levels of economic and social development.

In contrast, conflict theorists argue that rich countries oppress and exploit poor countries, thus keeping them poor. Consumption is related to global stratification in several ways. For example, different levels of economic wealth enable different levels of consumption and standards of living. The increasing global desire for consumer goods helps reinforce existing power structures. Fair trade is one way in which people can engage in ethical consumerism to address global power imbalances.
KEY TERMS

colonialism, 233  
fair trade, 236  
foreign aid, 229  
global care chain, 225  
high-income economies, 218  
imperialism, 233  
industrial upgrading, 228  
low-income economies, 218  
middle-income economies, 218  
modernization theory, 231  
neomodernization, 232  
Orientalism, 233  
postcolonialism, 233  
theories of colonialism, 233  
world-systems theory, 234

REVIEW QUESTIONS

1. Compare ways of classifying countries in the global stratification system. What does each classification emphasize?

2. How does access to the internet and new technologies relate to the global system of stratification? How can the internet be used to alter this system?

3. How much health inequality exists in the world? Using the Ebola outbreak as an example, explain how differences in wealth affect health outcomes.

4. How are men and women affected differently by the global economy? Do you expect these differences to change significantly in the future? Why or why not?

5. How are families affected by global stratification?

6. Does a race to the bottom provide opportunities for economic development? How would world-systems theory explain the race to the bottom?


8. According to structural/functional theories, how is culture related to global stratification?

9. Is foreign aid an effective way of addressing global poverty? How might conflict theories explain the role of foreign aid in global stratification?

10. What are the benefits and limitations of promoting consumption, even through fair trade, to address global stratification? What are the effects of global consumer culture on inequality?