Third world

Politics, International Relations

Nationssocl 105 midterm exam Short Answer Question #1 What comes to mind when you here the term “ Third World”? Most of the people in the United States find it hard to come to terms with the life style and struggles that are associated with this term. The term, “ Third World” was first introduced during theCold War. During this time, the “ First World” referred to the United States and its’ allies, “ Second World” consisted of the Soviet Union and its allies and the “ Third World” was associated with the non-allied and neutral countries.

After the second world war, these countries, who were mostly new to independence, were left trying to keep up with the fast growing world economy. The countries that couldn’t keep up were in dyer need of foreign involvement to help them develop. Thus, the term Third World ‘ development’ was introduced. These underdeveloped countries were categorized by their low per-capita incomes, high illiteracy rates, limited development of industry, agriculture based economies, short life expectancy, and were often unstable politically (class notes).

Plans to help promote development in these “ Third World” countries were first conceived at the Bretton Woods conference in 1944. Representatives of 44 countries met in Bretton Woods, N. H to talk about postwar financial arrangements. It was at this meeting that the International Bank forReconstructionand Development (World Bank) and International Monetary Fund were developed.

The World Bank consisted of five divisions the International Bank for Reconstruction and Development (IBRD; its main component), theInternational DevelopmentAssociation (IDA), the

InternationalFinanceCorporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID) (answers. com/topic/worldbank). The two main divisions associated with development were the IFC and IDA. The IFC did its part by lendingmoneyto private business in developing countries.

With fresh capital, the hope was that these businesses would be able to produce goods, which could then be purchased by the countries people and in-turn create a stable economy within the developing country. The purpose of the IDA was to help out the banks poorest countries by providing interest free loans. As seen in the class film “ Life and Debt,” Jamaica was able to go to the World Bank and ask for a loan when they’re country was forced to come up with money that wasn’t available. This loan request was most likely handled by the IDA.

Another institution that was created was the International Monetary Fund. With more than 180 countries as members, the purpose of the IMF was to help ensure the smooth international buying and selling of currency. The IMF met this requirement by stabilizing currency-exchange rates and by providing advice and technical assistance to its barrowing countries. Member countries do their part by contributing operating funds and receive voting rights based on their involvement in international trade and national income.

There are many terms that are associated with countries that have not reached an industrial state. Developing nations, third world, and global south are some terms that can be used in describing these nations (class notes). Being a country that is labeled by one of these terms can be tough. If you were a developed nation would you want to get involved economically with a country with lifestyle associated with these terms. This is why its it so difficult for the underdeveloped countries to get involved with the world economy because of their reputation and the biased judgment that comes with it.

Short Answer Question #2 One of the main indicators of development in a country is its Gross Domestic Product or GDP. Gross Domestic Product is measures the amount of goods and services produced in a specific country or region. GDP has become one of the main statistics used by scholars to measure a countries development, however, some say that GDP is an inaccurate measurement and that it has created some problems as the main indicator for development. GDP includes goods and services that do not include a countries economic wealth and, on the other hand, excludes things that do.

According to paecon. net, GDP excludes three main categories. The first category that has been excluded by GDP is household production. Statistics say that most people spend more than 17% more time doing domestic work than paid work. That means that most of the people in these developing countries are too busy doing work around the house. That includes activities such as house cleaning, cooking, and caring for their children. Are we to say that because these people spend more time caring for their families they are to be penalized for it with a decrease in GDP?

Another problem associated with GDP is the amount of voluntary work that may occur in a country. What was once done by a paid professional and accounted for in GDP, could have now been done voluntarily. Therefore, societies with widespread voluntary work may will have a lower GDP but have a good economic well-being. Another big form of income that is overlooked by GDP is the informal economy within these developing countries. Informal economy includes any direct sale activities such as odd jobs, street trading, and most of all the black market.

This selling of goods and services often goes untaxed and unrecorded therefore is not included into a countries GDP. Overall GDP overlooks many forms of income, which can result in a misinterpretation of a countries economic well-being. There are other aspects of development that can also being affected by a countries' GDP. It is believed that the people are the real economic drive to a nation, as a result, the Human Development Index was created. The HDI is a combination of different statistics to help judge the development of the people within a certain country.

These statistics include life expectancy, education, and GDP. Therefore, the HDI of a country can be underestimated if its' GDP is incorrect. The HDI also helped introduce the Gender Development Index (GDI). The GDI is a measure of the achievement of men and women within a country and also takes into account the inequality. GDI has a direct relationship to HDI, therefore, if the achievement of men and women goes down or one genders achievement becomes increasingly higher than the other, HDI will go down. The next step in human development comes in the form of the Gender Empowerment Measure (GEM).

This statistic is now related to GDI in that it takes the capabilities achieved by the men and women and shows how they apply them to everyday life. GEM focuses on if the genders become active economically and politically within their country. Because these forms of human development are intertwined, and GDP is included in HDI, a miscalculated GDP could result in a snowball effect causing all the numbers to be skewed. The measurement of Gross Domestic Product has a negative effect on most developing countries.

GDP overlooks the presence of household production, voluntary work, and the informal economy within a country; which causes GDP to often be underestimate and the worth of a country seem much less. Short Answer Question #4 Third World countries grew at a rate of 4. 7 percent during the 1960s. The growth rate of the East Asian NICs was 7 to 10 percent. These newly industrialized countries of East Asian included South Korea, Taiwan, Hong Kong, and Singapore. These countries managed to fulfill thegoalsof the development project and raise their living standards politically, economically and socially.

However, they also showed how development initiatives can be very selective and how other countries may not have the same success if the same path is followed. One of the first steps these countries took towards improving their economy was by receiving a healthy amount of foreign investment. A good amount of this capital was directed towards developing facilities to manufacture exports such as textiles, shoes, electronics, and other apparel. Foreign investors were drawn to the cheap yet efficient labor that was available in the Asian NICs, which allowed businesses to keep coming.

These countries offered a comparative advantage through their low-wage but relatively skilled and educated workforce. As a kid it seemed as if every toy or electronic that was being used was branded with the mark ‘ MADE IN TAIWAN’ or ‘ MADE IN HONG KONG. ’ Throughout the 1960s and 70s, the

East Asian NICs continued to grow into the industrialized superpowers we see today. Though the East Asian countries had great success following the development project, the result was not the same for other countries in the Third World. The manufacturing section in GDP was extremely low in countries such as Africa and Latin America.

By 1972, the Oraganisation for Economic Co-operation and Development realized that one size did not fit all and that, “ the measures designed to help developing countries as a group have not been effective for the least developed countries” (Development and Social Change: A Global Perspective). It was clear that different countries required a plan to deal specifically with their problems. It seemed to be too tough for the Eastern European Countries to follow the same path as those countries that had involvement with a western power.

The countries that had once been colonized had hands on experiences on how a country should be run. These previously colonized countries also received aid in the form of export processing zones or free trade zones as seen in the video “ Life and Debt”. These zones where specifically designed to create jobs and give the people of the country the opportunity to earn an income by producing goods for the investing nation. Eastern European countries did not have that luxury. They, like other struggling Third World countries, focused on an agricultural based economy that proved to be not as successful.

Every Third world country is going to respond differently to the development initiatives. The path taken by the East Asian NICs may not be suitable for another underdeveloped country. The East Asian path worked for the NICs because they had a workforce that could support the labor needed to manufacture ‘ money making’ exports. Again, going back to the movie “ Life and Debt”, the Jamaican workers were replaced by Asians whom were able to get the job done and meet the quotas set by the investing nation.

I believethat every Third World country is given the same opportunity to develop and it is up to them to use the resources provided by the world powers to make a change. However, some Third World countries have dug themselves too deep of a hole. In the case in Africa, a massive debt burden has accumulated in the attempt to develop and foreign aid could only undermine Africa’s domestic products at this time (class notes). It seems the more these stagnant countries try to fight toward development, the more they slip toward increasing debt and a permanence as a Third World county.

Essay: There are three main theories in development: modernization theory, dependency theory and world systems theory. The two theories that seem to clash ideals the most are the modernization theory and dependency theory. At the end of WW II the world was divided into three main divisions: Capitalism in the United States, Communism in the Soviet Union, and newly independent nations that became known as the Third World. The United States began studies on these Third World countries, hoping to promote development through their eyes instead of communist Soviet Union.

Through these studies emerged a new bread of American political scientists who together developed the basis for a modernization theory of development. The dependency theory, however, was created from a Third World perspective. It was designed with the developing country in mind and not through an already developed countries eyes. Both theories have different views on the right path to development. In search for a basis for its theory, the modernization theory became a hybrid of the functionalist theory and the evolutionary theory (So, Alvin.

Chapter 2: The Modernization Perspective). Most members in the modernization school had previously studied the functionalist theory, therefore, it became the trademark of the modernization theory. The other aspect, evolutionary theory, supported the idea that Third World countries must evolve from a traditional to a modern society throughtechnologyand institutions. One of the main strengths of the modernization theory was that is was developed by the most powerful nations at that time, the United States.

The United States had grown to become one of the most powerful countries in the world economically, socially, and politically. Although the gap between the rich and poor in the United States is still great, the poor are still better off today then they were back in the early 1900s. The weakness that ties along with that topic is that the United States assumed that the Third World countries had some form of stability and are going through the same problems that the United States faced in their early development stage, which is not the case.

The governments in third world countries are often corrupt and not necessarily looking out for the best interest of the people. Therefore, what may have worked for the United States could not work in the Third World countries who are faced with different and more extreme problems. Another strength that goes along with the modernization theory is that it has worked before with the East Asia NICs. Countries such as Hong Kong and South

Korea grew throughout the 1960s and 70s by manufacturing and exporting foreign goods.

With the success that Eastern Asian had using the theory it’s hard not think that it could work in other Third World Countries. Another problem that could occur with foreign involvement, however, is that the Third World countries could become too dependent on developed countries to provide them with work. As long as underdeveloped countries are going to manufacture products at a cheap labor cost, developed countries are going to keep exploiting them for their own profit.

The modernization theory has worked in the past, however, not all situations are the same and it can cause Third World countries to become too dependent on the core countries. The dependency theory is based around a completely different concept. The dependency theory was first developed in Latin America after the crash of the program U. N. Economic Commission for Latin America (So, Alvin. Chapter 5: The Dependency Perspective). In the 1960s Latin American faced a tough time of economic stagnation along with a crisis of orthodox Marxism. Revolutionists turned to the ideas of neo-Marxism as a to base their dependency theory.

Unlike orthodox Marxism, neo-Marxism saw the development issues through a Third World countries perspective. This was one of the main strengths that went along with the dependency theory. It realized that each countries situation is going to be different and also takes into account the historical context of that country. Where modernization says to throw away tradition, dependency says to go with what has worked for your country in the past.

Another strength is that it allows for countries to think of development on a more long-term scale.

Instead of jumping from the manufacturing of one exploited good to another, you can become more dependent on the goods and services that your own country can produce which can allow the Third World countries to develop and stabilize based on their own best interest and not just working to please the west. However, leaving an undeveloped country to develop by themselves, could have very negative consequences. Everything is worse in the third world. The governments are more corrupt, the poor are poorer, and there is a lack, if any, of infrastructure.

It seems as if they are set up to fail if left on their own. A negative aspect that goes along with that idea is, what happens when western influence is removed? If Nike decides to open up a factory in Thailand, they don't just set up the factory and let it be run by the people of Thailand. The factory is managed by the west. Policies in the workplace are enforced by the west. A factory ran by a Third World country may notice a huge decrease in efficiency, due to lack of experience and ultimately result in them not being able to compete in the world market.

Dependency theory allows for the Third World country to develop themselves based on their conditions, however, some of these countries are so underdeveloped that self -stabilization may seem impossible. These two opposing theories have offered ideas to help more current development situations. The World Bank offers loans to the Third World countries who need the economic help. However, you still have to pay them back with interest. A country who supports dependency theory than has to use that money toward building on their own and finding a way to make that money back.

A current example of modernization theory would be the current war in Iraq. The United States sent military forces overseas to discard of the traditional lifestyle of the Iraqi people and help move them toward modernization. The ideas of dependency and modernization theory can be useful in dealing with current development issues. There is an on going debate on the right path to development. You could choose to follow the policies set by the dependency theory. Peripheral countries break away from core countries to develop independency and allow for a socialist revolution to knock of the old peripheral elites.

Or you could decide that the modernization theory is the best route to take and receive aid from the west and allow for an international division of labor. Both theories have their positives and negatives yet both are reaching for the same goal of Third World development.

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