

Macroeconomic Activity: Poverty Around the World

The following macroeconomics activity is taken from the Instructor's Manual to Accompany "Teaching Tools for Microeconomics from John Stossel -- College edition" by James Gwartney, John Morton, Mark Schug, and Joseph Calhoun. The accompanying Stossel DVDs may be purchased at: AbcNewstore.com

Common Sense Economics

Part II: Concluding Section or **Part III:** Elements 6 and 7

Key Economic Words and Concepts: Poverty

One way to analyze relative poverty is to discuss statistics from different countries. One source is the *Pocket World in Figures*, an annual publication of *The Economist*. Another source is the *CIA World Factbook*, which is available online at <http://www.odci.gov/cia/publications/factbook/index.html>

Here are a few figures the students could consider:

	U.S.	Japan	Egypt	Mexico	India
GDP per head	\$35,200	\$32,520	\$1,430	\$6,150	\$470
Life expect. Men	74.3 yrs.	77.9 yrs.	66.7 yrs.	70.4 yrs.	63.2 yrs.
Life expect. Women	79.9 yrs.	85.1 yrs.	71.0 yrs.	76.4 yrs.	64.6 yrs.
Adult literacy	99.0%	99.0%	56.1%	91.7%	58.0%
Color TVs per 100 households	99.5	99.1	47.3	89.4	31.1
Computers per 100 population	62.3	34.9	1.6	6.7	0.6

Source: *Pocket World in Figures*, 2004 Edition.

In 2004 the nation with the highest per capita GDP was Luxembourg at \$41,950. The United States had the third-highest per capita GDP. The lowest per capita GDP was \$100 in Congo, Ethiopia, and Myanmar.

Ask these questions:

1. How does the economic quality of life relate to per capita GDP?
(The higher the per capita GDP, the higher the economic quality of life.)
2. Do countries with high per capita GDP have little poverty?
(Every country has poverty, but it is more severe in countries with low per capita GDP.)