

GDP and Poverty

- GDP: “**Gross Domestic Product**”

- how much a country is worth
 - the total value of all the goods and services produced in a country in on year
- if you want to compare countries (because these numbers are huge, and size/population skews the results):
 - divide the number of people by the GDP and you get a ‘per capita GDP’
 - this is how we rate the relative wealth of countries

- Canada’s GDP per capita - \$ **48,527**
- Sierra Leone’s GDP per capita - \$ **400**

- the UN rates countries for something called ‘The UN Human Development Index’

- Life Expectancy – how long people usually live
- Adult Literacy Rate – how many people can functionally read and write
- GDP per capita – how much relative wealth people have from country to country

- these are ‘living standards’ and you want to live in countries that rate well

- Canada, most recently (2005) ranked as the 5th best country in the world to live in – DOWN from 1st in prior years

Poverty

- wealth distribution is one of the world’s most pressing issues
 - the 200 richest people in the world have a combined \$1,000,000,000,000 (thousand billion)

- this is greater than the combined income of 41% of the world's population
- an estimated 1.3 billion people live below the poverty line (less than \$1 a day)
- by far, this is the largest social problem in the world today
- in Canada, 17.2% of people (~5.1million) live below the CDN poverty line
 - living in poverty is defined as:
 - “spending more than 56% of a person or family’s income on the necessities of life: food, shelter, and clothing”
 - what might that amount to monetarily?
 - how many of us could leave school right now and live above this line?
 - in Canada, the largest factor leading to poverty is a lack of education...
- worldwide, the causes of poverty are much different
 - crop failures, droughts, economic downturns, debt...
 - for example, to help Africa with poverty, foreign countries lend them money (like Canada)
 - high interest loans...
 - Africa already owes a combined \$227 billion, and interest is accruing every day
 - we also set the prices of their goods on the world market (Structural Adjustment Programs)
 - this helps them to sell, but it ensures that they can never gain profit
 - also, for the money, we encourage Africans to grow cash crops for export
 - does that feed their people?

- Canada has been a world leader for foreign aid of this type, but does it really help?
- people have been protesting/lobbying for the removal of African debt
 - o even if it was for 10 years...
 - o maybe if Africa didn't have to worry about paying its interest to countries like us, they could actually try to pull themselves out of poverty
- countries like Canada don't want to do this, not because we don't want to help, but because money is money
- this whole mindset doesn't make people happy, and every day that goes on, the worse poverty gets
- are there any easy answers?

(see poverty cycle) 404