

Third world poverty essay

[Economics](#), [Currency](#)



Third World PovertyPoverty is a major problem in the world, especially in the underdeveloped countries also referred to as the third world countries.

Sundrum (101) notes that the level of poverty of a country is influenced mainly by its income distribution as well as its per capita income. Per capita income refers to the average income that each person in a country receives annually.

It is obtained through a calculation of is the value of the gross domestic product (GDP) which is then divided by the average population for that country (Hanley 6). It is usually expressed in US dollars which are converted using the current market exchange rate for that country. The following table shows the 2008 per capita income estimates for the United States, Japan, Mexico, Bangladesh and Ethiopia. Per Capita income for selected countries (2008 October estimates) CountryPer capita Income at nominal value (In USD)Bangladesh506.

054Ethiopia324. 047Mexico10, 234. 826Japan38, 559. 112United States46, 859. 058Data source: World Economic Outlook Database- April 2009, International Monetary Fund (IMF). Viewed 28 May 28, 2009 [http://www.](http://www.imf.org/)

[imf. org/](http://www.imf.org/) From the above table, Ethiopia has the lowest per capita income (\$ 324) while the United States has the highest (\$ 46, 859). Per capita income is an expression of the standard of living for people in a particular country. If it is high, it indicates a high standard of living for the residents of a particular country and if it is low then this implies a low standard of living. Thus among the five countries above, Ethiopia has the lowest standard of living for its population while the US has the highest. Japan also portrays a moderately

high standard of living for its population and Mexico a decent though not so high standard.

Bangladesh on the other hand has a low standard of living and is in the same category as Ethiopia. Bangladesh and Ethiopia are third world countries with a high poverty level as indicated by their low per capita income level. The United States and Japan are classified as developed countries due to their high per capita income while Mexico is recognized as a Middle Income country (WorldBank). Other factors which can be considered when making a comparison between these countries are the Gross Domestic Product (GDP) which is a calculation of the total value of goods and services that a country produces, Gross National Product (GNP) and the Purchasing Power Parity (PPP) which is calculated by converting currencies of different countries into a single currency and using these to estimate the per capita income purchasing power for these countries (Lafrance and Schembri

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